



GivingBack



Annual Report 2018

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





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United Suriname Holding Company





1958

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

Toeti Froeti Bar and Grill.

1959



1973

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

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

1982



1990

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

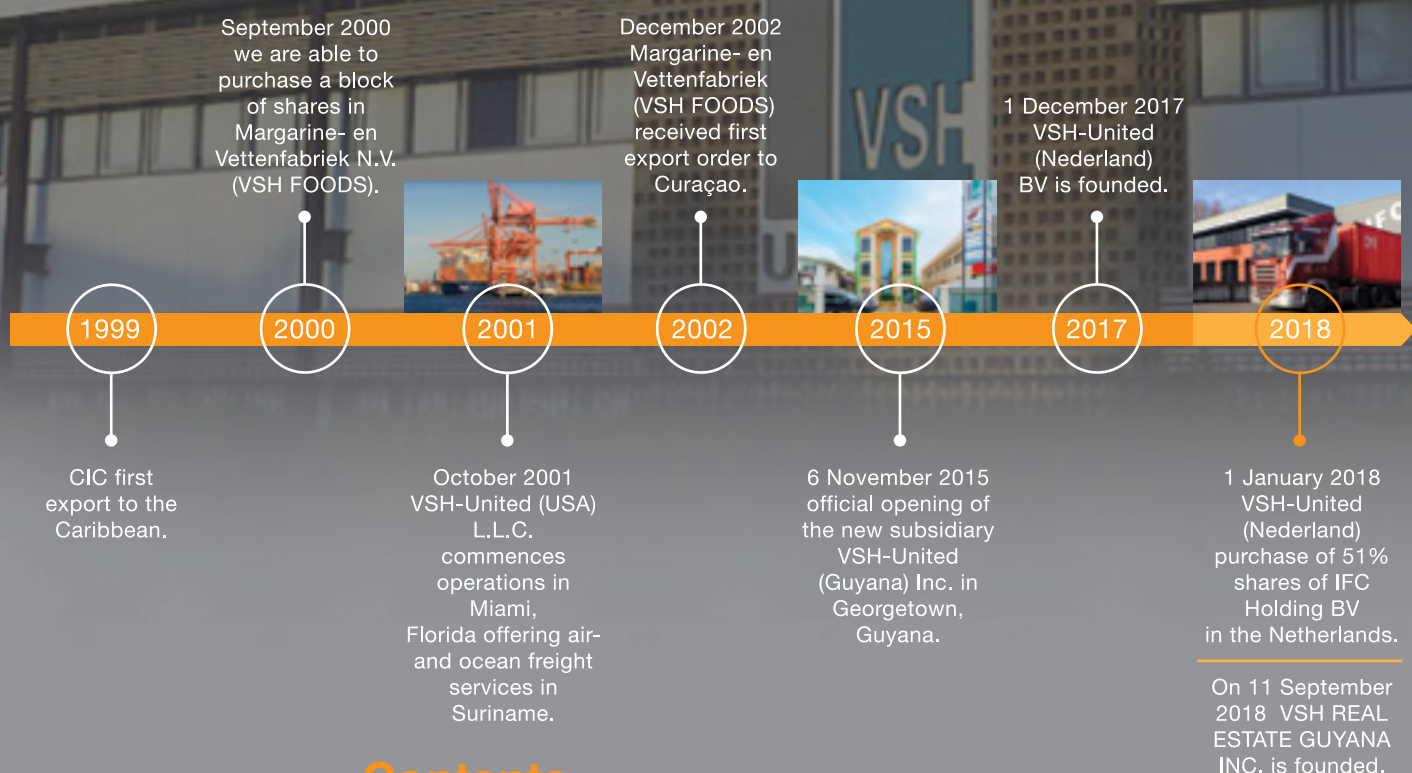
First Export order of the Steel Company (VSH STEEL) to French Guiana.

1993



1998

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



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Education:
Donation to the Ministry of Education, Science
and Culture; Canon copy machine for
Examine Material



Education:
Donation to the the National Public Music School ;
Music lessons for children



VSH canteen

Giving Back, 60 year company anniversary

The 2018 Annual Report theme of **“Giving Back”** celebrates the company 60th year anniversary and demonstrates the company Corporate Social Responsibility commitment to be a **“Champion for our Customers, Partners and in the Community”** based on a strong set of values.

The achievements in strengthening and growing our product and service portfolio the past 60 years is reflected in this anniversary annual report 2018, further reinforcing our commitment to our stakeholders that **“Your success is our desire”**. This 2018 anniversary annual report further shows our commitment to our stakeholders in building **“Trust in our relationships and personally responsible for all our actions”**. The profit realized in 2018 allowed improved pay-out to the shareholder, enabled the 60th anniversary donations made to the Suriname community and solidified out commitment in **“Creating a better company for a better world”**.

It is with pleasure that we can report on the great efforts made by the members of the VSH Community Fund project team in collaboration with VSH United Group to identify those institutions that were eligible for financial donations for improving their infrastructure and/or support equipment in providing services to the Suriname Community.

Our VSH personnel and family are an important factor in our success and at this special 60th anniversary we treated our VSH kids on a educational event during the “Pinkster” Holiday at the kids museum “Villa Zapakara”. VSH also paid for music lessons for a number of VSH kids at National Public Music School, giving them a chance to develop themselves in music. By upgrading the canteen facility we stimulate a healthy lifestyle and an environment to enjoy a stress-free lunchbreak. The 60th anniversary year was closed off with a special **Giving Back** party allowing all VSH personnel with their partners to celebrate this special year and to give thanks to the success of VSH team exceptional contribution.

• Medical care including hospitals	SRD	517,264
• Educational institutions and or student support organizations	SRD	327,389
• Sporting clubs and or events	SRD	37,570
• Community centers	SRD	511,806
• Environmental organizations	SRD	82,950



02 Management of the Group

N.V. VERENIGDE SURINAAMSE HOLDINGMIJ.-
UNITED SURINAME HOLDING COMPANY
Established in Paramaribo, Suriname



P. Healy

Managing Director,
Chief Executive Officer (CEO)



M. Ramsundersingh

Managing Director,
Chief Legal Officer (CLO)



P. Brahim

Managing Director,
Chief Financial Officer (CFO)



G. Tai-Apin

Assistant Managing Director,
Chief Information Officer (CIO)



R. Steenland

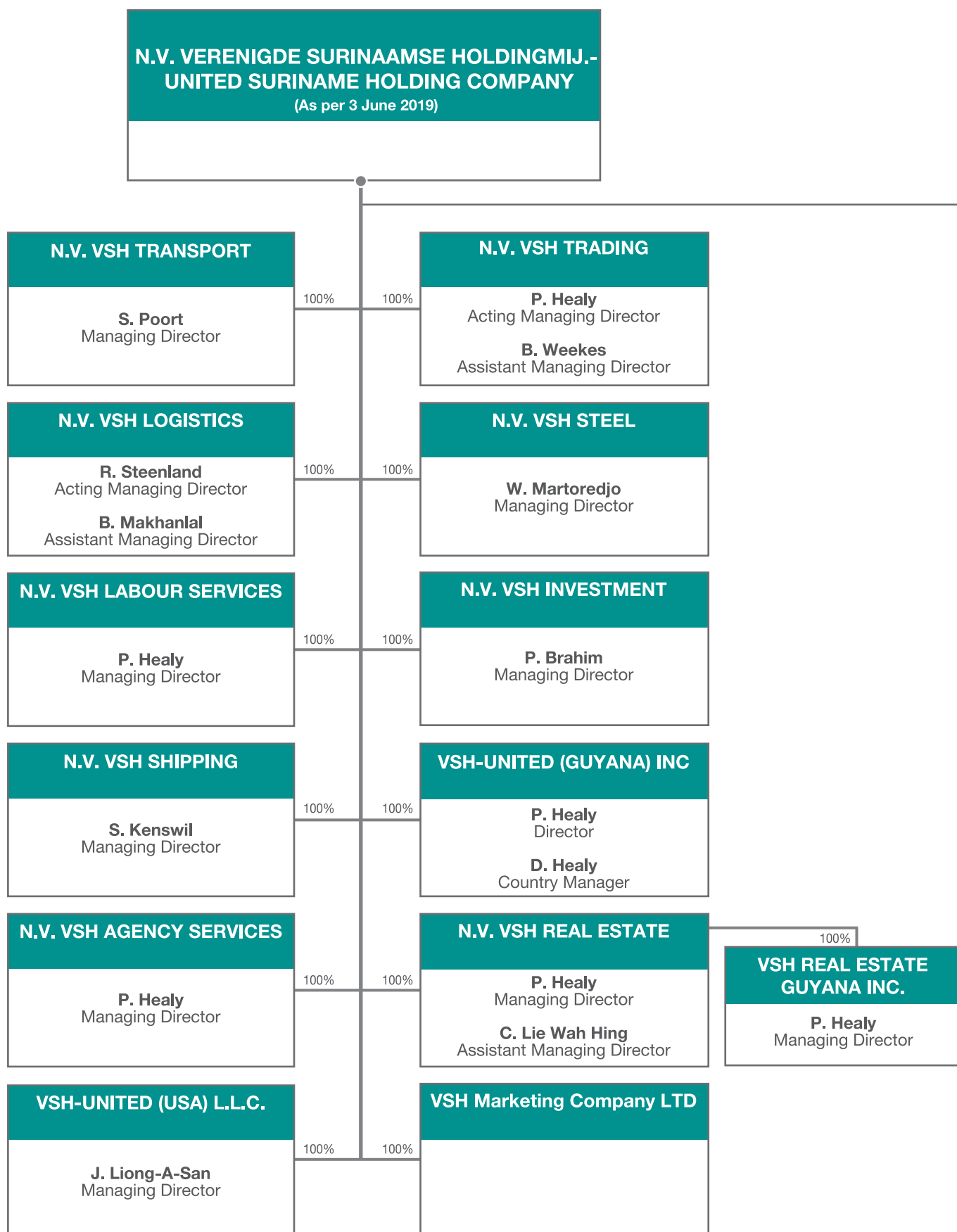
Assistant Managing Director,
Chief Business Development Officer (CBDO)



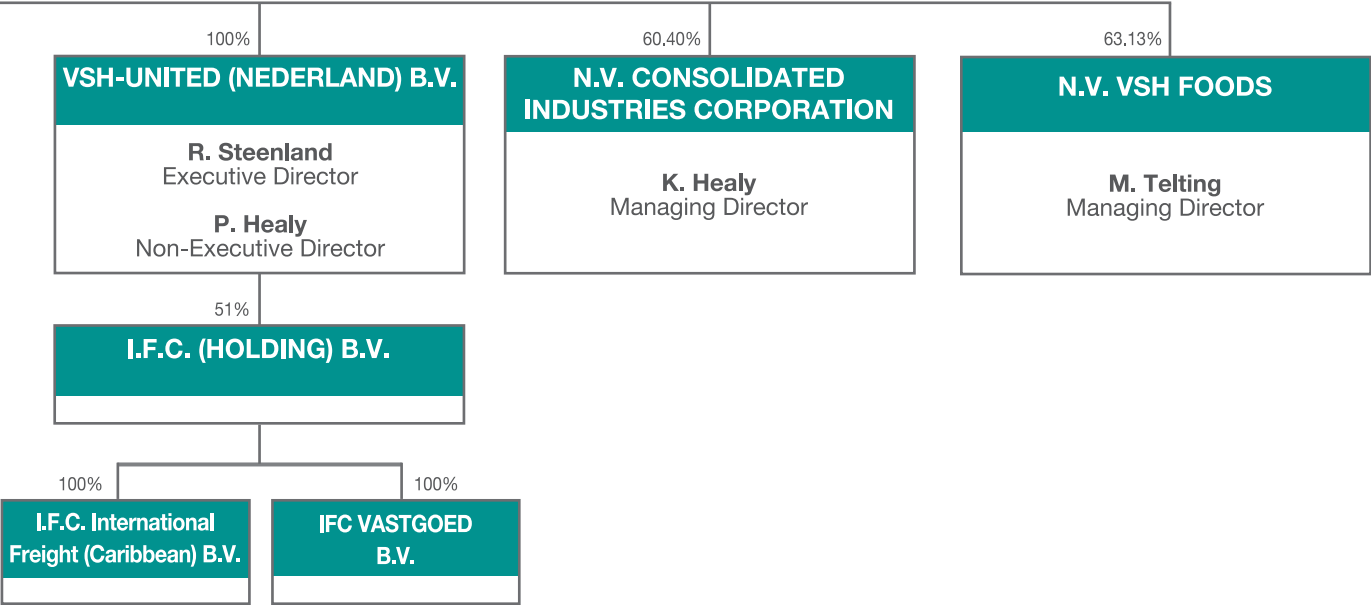
V. Finck

Head Internal Audit

The VSH Group of Companies



The VSH Group of Companies



Management of the Group (Subsidiaries)



W. Martoredjo



K. Healy



M. Telting



J. Liong-A-San



S. Poort

Management of the Group (Subsidiaries)



S. Kenswil



B. Makhanlal



B. Weekes



C. Lie Wah Hing



D. Healy



Community project: Renovation of the public swimming facility "Wi-Kontren"



WI-KONTREN ZWEMBAD

03 Group Associated Brands

04 Suriname



VSH kids event at Villa Zapakara



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

The population of some 530,300 souls is one of the most polyglot in the world and includes indigenous Indians, African descendants, Hindustanis, Javanese, Chinese, Lebanese, Jews and Europeans. Recent arrivals include Brazilians and so called new Chinese. Almost half of the population is concentrated in and around the capital city Paramaribo.

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

Mining is the backbone of the economy. Gold is mined in large, medium and small scale operations and

provides employment to hinterland communities and migrant workers from Brazil.

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

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

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

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

VSH kids event at Villa Zapakara



05 Growing outside of Suriname



Florida, USA, 2001

Taking advantage of Florida's business-friendly legislation, favorable tax climate and its geographical proximity to the Caribbean and South American, we commenced operations in Miami, Florida in October of 2001, offering air- and ocean freight services to and from Suriname. Florida is not only the top travel destination in the world. The Sunshine State also relies heavily on international trade, agriculture, aerospace and aviation, and the life sciences. As of 2015, Florida has the fourth largest economy in the USA with a real gross domestic product (GDP) of USD 840 billion and a USD 77 billion budget. Florida is home to the nation's 2nd largest foreign trade zone network. The overwhelming share of Florida's trade moves to and from Latin America and the Caribbean, through the state's seaports and airports. Most of these movements are intermodal in nature, requiring also a highway and/or rail connection. The nominal value of exports and imports leaving from and coming to Florida has more than quadrupled over the last 20 years. Trade with Asia and Latin America is expected to increase, and improvements to the Panama and Suez Canals will allow a larger share of trade to move directly to Florida.



Georgetown, Guyana, 2015

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

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

The Co-Operative Republic of Guyana is a sovereign State on the northern mainland of South America. Guyana is bordered by the Atlantic Ocean to the north, Brazil to the south and southwest, Suriname to the east and Venezuela to the west.

The official language is English. Guyana is part of the Anglophone Caribbean and member of CARICOM (Caribbean Community). CARICOM's main objective is to promote economic integration and cooperation among its members with a regional single market. The secretariat headquarters is in Georgetown, Guyana. CARICOM is an official United Nations Observer. In 2008, Guyana joined the Union of South American Nations as a founding member.



Moerdijk, the Netherlands, 2018

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

Suriname/Guyana region required a strong VSH EU branch. Consequently, we commenced operations in Moerdijk, the Netherlands, in January 2018. Various offshore service providers from Europe have been contracted for Guyana. VSH United is now the majority shareholder in a strategic and efficient NVOCC company/warehouse that is specialized in the Dutch Caribbean and will be able to support NVOCC development targeting Suriname/Guyana.

The Netherlands is located in Western Europe with a population of seventeen million. It forms a constituent country of the Kingdom of the Netherlands with three island territories (Bonaire, Sint Eustatius and Saba) and three constituent countries (Aruba, Curaçao and Sint Maarten) in the Caribbean. Suriname was Dutch territory until 1975, hence the trade connection. The European portion of the Netherlands borders Germany, Belgium, and the North Sea, sharing maritime borders in the North Sea with Belgium, the United Kingdom, and Germany. The Port of Rotterdam is the largest port in Europe, located in the city of Rotterdam, Netherlands. Until 2004 it was the world's busiest port. In 2011, the port of Rotterdam was the world's eleventh largest container port in terms of twenty-foot equivalent units (TEU) handled. In 2012 Rotterdam was the world's sixth-largest port in terms of annual cargo tonnage. The port of Rotterdam is mostly dependent on the petrochemical industry and general cargo transshipment handlings. The harbor functions as an important transit point for transport of bulk and other goods between the European continent and other parts of the world.



GOOD
vibes
ONLY

THINK
OUTSIDE
THE
BOX

1958-2018

VSH
60 YEAR JUBILEE
UNITED

Opening VSH canteen



06 Supervisory Board of Directors



Diana R. Halfhide (58)
Chairman of the Board

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



Robert Hahn (43)
Vice Chairman of the Board

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



Philip Fernandes (48)
Board member

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



James J. Healy Jr. (68)
Board member

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

Supervisory Board of Directors



Vincent Kenswil (48)
Board member

- Elected member of the Supervisory Board in 2018
- Servant Catalyst and Co Founder of Spang Makandra Studio N.V.
- Co Founder Digital Talents Academy
- Secretary of Creative Talents Foundation
- Secretary of ICT Association Suriname (2012-2018)
- Bachelor's degree in Architectural Engineering



Kenneth R. Lim A Po (63)
Board member

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



Stephen Smit (65)
Board member

- Elected member of the Supervisory Board in 2017
- Member of the Audit committee of the Board
- Member of the Supervisory Board of Directors of Assuria N.V., N.V. VSH FOODS, N.V. Consolidated Industries Corporation, Torarica Holding N.V. and N.V. TBL Multiplex
- Chairman of the Board of the Stichting Nationale Volksmuziekschool
- Honorary Consul of Canada in Suriname
- Honorary Member of the Caribbean Actuarial Association
- Master's degree in Mathematics and Actuarial Science

To the Shareholders

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

Consultation and decision making

The Supervisory Board of Directors held regular monthly meetings, 12 in total. The board members regularly attended the board meetings. In addition, resolutions on urgent matters were adopted in writing or by electronic communication and later approved during official meetings. The subjects discussed in the meetings included the financial position and results, company long-term strategy 2016 - 2021, company policy, business plans and appraisals, health, safety and environment, investments, internal audit reports, management development and appointments. In the board meeting held on 16 August 2018, the Supervisory Board approved the purchase of a piece of land of 10 acres in Guyana. In the board meeting held on 18 October 2018, management presented financial statements over the first half year 2018. In the board meeting held on 15 November 2018 management presented the operational plans for 2019 and the multi-year projections for 2019-2021. In the same meeting the Supervisory Board advised management to decide about how to proceed with VSH Steel. VSH Steel has underperformed in recent years on several occasions requiring Group support. There were also no prospects for new projects for the first quarter of 2019. In the board meeting held on 13 December 2018 the Supervisory Board approved capital expenditures for 2019. In the board meeting held on 14 February 2019 management presented a review of the "Project Professionalize Exact" regarding the upgrade of the financial software Exact.

Corporate Governance

In a meeting held on 9 July 2018, a mid-year review of the internal audit plan 2018 was presented. In the meeting held on 17 January 2019 the results of the internal audits 2018 were presented and the internal audit plan for 2019 was approved. In the same meeting the IT annual plan 2019 was presented and approved. In the board meeting of 14 February 2019, the Corporate Governance Code was reviewed. No changes were required.

Audit Committee

(J.J. Healy Jr., S. Smit and R. Hahn)
In a meeting held on 29 October 2018 the Audit Committee and the external auditor discussed the half year financials 2018 and the follow up by management of the recommendations noted in the management letters 2016 and 2017. Special attention was given to cost control and the follow up regarding the upgrade of the financial software. In a meeting held on 13 December 2018 the Audit Committee together with the external auditor, internal auditor and management discussed findings in relation to the interim audit and the financial position and results 2018. The performance of the Head Internal Audit was evaluated and was found to be satisfactory. In a meeting held on 14 March 2019 the Audit Committee, management, internal auditor and the external auditor discussed the management letter 2018. Special attention was given to the process to comply with IFRS reporting standards. In the meeting held on 3 June 2019 the Audit Committee, Management and internal auditor discussed the financial position and results 2018. During each board meeting company's action points from the Audit Committee were monitored.

Remuneration Committee

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

Management remuneration was evaluated and approved in the board meeting held on 13 December 2018.

On 13 December 2018 the Supervisory Board of Directors evaluated the overall performance of the Managing Directors of the United Suriname Holding Company and found the performance to be good. Specific areas of attention were discussed with the Management including business development opportunities, succession planning within the Group, information security awareness, decision about VSH Steel as well as further development of financial administration software tools, to identify risk and establishing risk tolerance parameters and monitoring developments at the overseas companies.

Report of the Supervisory Board of Directors

On a consolidated basis, the VSH United Group attained a return on capital employed of 21.5% which is above the minimum target of 15%.

Therefore the CEO will receive a short-term bonus of SRD 270,764 and the CLO will receive a short-term bonus of SRD 135,382.

For the three-year period (2016 - 2018) gross profit grew by 95.9% and thus the growth target of 15% was achieved. Therefore the CEO will receive a long-term bonus of SRD 497,038 and the CLO will receive a long-term bonus of SRD 248,519.

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 55.0% of return on capital employed. Based on the return on capital employed of 73.1% of the Shipping Group as a whole the Managing Director of VSH Transport will receive a short-term bonus amounting to SRD 283,767 and the Managing Director of VSH-United (USA) will receive a short-term bonus amounting to SRD 1,973.

In a meeting held on 3 June 2019 the remuneration committee approved the payment of the above mentioned short- and long-term bonuses. The other subsidiaries either did not meet their respective minimum target of return on capital employed or were not eligible to receive the short-term bonus.

Changes in the bylaws

In the meeting of the Supervisory Board of Directors held on 3 June 2019 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 4.22 in the "Capital" section, Article 5.42, 5.60, 5.90 and 5a in the "Shares" section, Article 6.50 and 6.51 in the "Executive Board" section, Article 8.12 and 8.30 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 13 June 2019.

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 6 July 2018. In this meeting five members, Mrs. D. Halfhide, Mr. R. Hahn, Mr. J. Healy Jr., Mr. S. Smit and Mr. K. Lim A Po were re-elected as members of the Supervisory Board of Directors. To fill the vacancy left by Mr. R. Khodadin who resigned from the Supervisory Board of Directors effective 1 July 2018 and to add a new member, Mr. V. Kenswil and Mr. P. Fernandes were elected members of the Supervisory Board of Directors.

Being eligible, the members Mr. J. Healy Jr., Mrs. D. Halfhide, Mr. R. Hahn, Mr. S. Smit, Mr. K. Lim A Po, Mr. V. Kenswil and Mr. P. Fernandes offer themselves for re-election in the Annual General Meeting of Shareholders to be held on 13 June 2019. The Supervisory Board of Directors recommends that the members mentioned be re-elected.

Management changes and appointments

Effective 1 July 2018, Mr. P. Brahim was appointed Managing Director/ CFO of N.V. Verenigde Surinaamse Holdingmij.-/United Surinam Holding Company.

Effective 1 November 2018, Mrs. S. Kenswil was appointed Acting Managing Director of N.V. VSH Shipping.

Effective 1 January 2019, Mr. D. Healy was appointed Country Manager of VSH-UNITED (GUYANA) Inc.

Performance of the Supervisory Board of Directors

In a meeting held on 13 December 2018 the Supervisory Board of Directors evaluated the performance of the Board. Based upon individual appraisals they found the performance collectively as well as individually to be satisfactory. The Board identified key areas of attention including risk management, the long-term strategic plan and more involvement in the foreign companies.

Dividend Policy and Interim Dividend

The policy of the Company is to pay a dividend in the order of 30%-35% of the net earnings, not included the other comprehensive income, and after deduction of unrealized profit from subsidiaries and the associate company. Depending on circumstances the Supervisory Board of Directors may elect to deviate from this target. The Supervisory Board of Directors endorses the recommendation of the Management to change from four quarterly interim dividend payments to one interim dividend payment. This is in line with good business practices.

Financial Statements and Division of Profit

In compliance with the requirements of article 9.20 of the bylaws, Management presented the financial statements 2018 to the Supervisory Board of Directors on 3 June 2019.

These financial statements can be found on pages 34 to 56 of this annual report. The independent external auditor, Lutchman & Co N.V., audited the financial statements. Their independent auditor's report can be found on pages 57 and 58.

The net earnings attributable to Shareholders amounts to SRD 31,034,468 (2017: SRD 20,719,097).

Report of the Supervisory Board of Directors

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 2018 of SRD 7,945,353. If approved, total dividend will amount to SRD 4.00 per share and the balance of the net earnings amounting to SRD 23,089,115 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 3.40 per share. This dividend represents a payout ratio of 30.98% which is in line with the group's dividend policy of 30% - 35% pay-out ratio. We advise the Shareholders to approve the dividend as recommended.

Remuneration of the Supervisory Board of Directors

The remuneration of the Supervisory Board of Directors amounts to SRD 206,520 per year and was last adjusted on 1 July 2018. The Supervisory Board of Directors endorses the recommendation of the Management to increase the remuneration of the Supervisory Board of Directors to SRD 227,172 per year effective 1 July 2019.

Appreciation

Our thanks and appreciations go to the members of Management, and all the employees of VSH United, its subsidiaries and the associated company for their contribution in 2018. 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, 3 June 2019

The Supervisory Board of Directors,

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

07 Salient Figures

in SRD	2018	2017	2016	2015	2014
Revenue	169,671,069	125,214,325	123,853,321	76,650,642	65,282,561
Earnings from continuing operations	40,715,669	24,060,469	34,453,587	14,087,885	15,568,891
Income from associate and investments	8,617,048	8,971,915	17,504,547	11,828,381	12,228,766
Net earnings to Shareholders	31,034,468	20,719,097	36,799,667	18,555,091	20,151,842
Cashflow	42,353,246	29,291,737	44,287,285	25,378,349	26,436,909
Working capital	79,947,928	84,727,528	79,916,406	46,970,581	40,178,943
Shareholders' equity	212,422,034	183,738,100	185,825,295	163,321,866	166,198,086
Paid-in capital	198,634¹	198,634 ¹	19,863	19,863	19,863

Per share of SRD 0.10¹

Cash dividend	4.00	2.65	2.80	1.70	1.65
Intrinsic value	106.94	92.50	93.55	82.22	83.67
Market value	77.00	72.00	72.00	72.00	50.50

Exchange rates per end of the year

USD	7.60	7.55	7.50	4.20	3.35
EURO	8.70	9.04	7.93	4.58	4.07
GYD (per 100)	3.53	3.51	3.57	2.05	-

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



Environmental: Signage of the contract with the Suriname Conservation Foundation (SCF) to cooperate in activities regarding the Protection of the environment and the Preservation of nature in Suriname

Introduction

In the past sixty years the VSH United Group of Companies has grown to become one of the most diversified groups in Suriname. The company celebrated its 60th anniversary on August 26, 2018, the date of incorporation of the first Company of what has now become VSH United Group. Expansion ambitions saw the company establish subsidiaries in Miami, U.S.A. (2001), Georgetown, Guyana (2015) and Moerdijk, the Netherlands (2018). The Group's major activities include ship agency, freight forwarding, port terminal operations, offshore support, trading, manufacturing, real estate development and management. Through our associated company and our strategic investment VSH United is involved in the insurance and hotel business.

VSH United

Group results for the year 2018 were higher in comparison to the year 2017. Revenue from all segments improved. Revenue from associate and investments saw a decline in 2018 compared to 2017.

At the Annual General Meeting of Shareholders held on 6 July 2018 the financial statement 2017 and a dividend of SRD 5,263,796 or SRD 2.65 per share of nominal SRD 0.10 were approved.

The year 2018 was the third year of the Strategic Long-term Plan 2016-2021. In line with our long-term strategic professionalization objective we continued with the contracted services of an Exact software consultant to provide onsite expertise to improve use of the licensed Exact administrative modules. In addition individual companies implemented various other "smart" software/production systems to improve business processes. With the further implementation of the Strategic Long-term Plan 2016-2021 of regional dominance VSH Real Estate established a subsidiary VSH Real Estate Guyana. Also, as mentioned in the Notes to the Financial Statements annual report 2017- "events after reporting date", VSH-United (Nederland) B.V. was established in December 2017 to facilitate the acquisition of majority shares in I.F.C. Holding B.V. per 1 January 2018, an existing company in the Netherlands. We can report that the of I.F.C. Holding B.V. subsidiaries I.F.C. International Freight (Caribbean) B.V. and IFC Vastgoed B.V., produced better than expected results. Our subsidiary VSH-UNITED (Guyana) Inc. continued to underperform and a change in business strategy was executed in 2018 (see segment Trading for more information). The manufacturing companies reported an increase in export but under budgeted volumes.

The **VSH Corporate Governance Code** is an integral part of the Group's Management policy. The Code and related Internal Audit/IT Charter were reviewed on 14 February 2019 and no changes were made. In line with international audit compliance

requirements VSH United (Holding) was **TRACE certified** in 2018. TRACE is a globally recognized anti-bribery business organization and leading provider of third-party risk management solutions. Trace membership helps companies conduct business ethically and in compliance with U.S. Foreign Corrupt practices Act, U.K. Bribery Act and other anti-bribery legislation.

The Business Environment

The Suriname economy/GDP grew by 2.0%* (2017: 1.2%) in 2018 as a result of relatively stable commodity prices for key exports in the oil and mining industry. This modest growth and a relatively stable currency SRD 7.60 (2017: SRD 7.50) kept inflation at its lowest level 5.4%** in 3 years (2017: 9.2%, 2016: 52.4%).

Continued high government expenditures, financed for the most part by loans from international financial institutions are increasing the already high budget. No efforts have been made to improve government tax collections and dependence on income from volatile mineral resources continues to effect real economic growth.

Weak import (value of goods) controls, poorly implemented government quality standards and conflicting import versus local production policies are undermining non-mineral manufacturing activities. Discussions about supporting increased non-mineral production efforts to stimulate economic diversification have again not materialized in effective policy in 2018.

Production from the Newmont gold mining project at Nassau in eastern Suriname continues to report better than expected gold production. Iamgold Saramacca mine expansion investment is in progress and is expected to start supplying the existing mill with ore in the second half of 2019.

State Oil has indicated that the year 2018 will be closed with positive results. Improved performance came for the most part from downstream subsidiaries and income from their interest in the gold mine of Newmont Suriname. Efforts to improve production from the oil fields in Saramacca are ongoing while near shore drilling activities are scheduled for 2019. The refinery performance is dependent on crude oil supplies from the Saramacca on-shore production wells and anticipated near-shore oil reserves. Exploration activities offshore in 2018 were not successful but expectations from the now thirteen offshore oil finds in neighboring Guyana and increased Suriname basin research data are fueling the drive for further Suriname offshore exploration programs.

* IMF – International Monetary Fund
** General Bureau of Statistics

Report of the Managing Directors

The bauxite and alumina industry in Suriname developed by Alcoa/Suralco dates back to 1916. In July 2015 Alcoa/Suralco announced that they would discontinue their operation in Suriname. Dutch contractor Koole was awarded the first phase contract for the demolition work of the Paranam refinery. The work has commenced in 2018. Local contractors Haukes and Baitali were awarded the contract for containing the existing mud lakes adjacent to the refinery at Paranam. Final exit negotiations are ongoing between Alcoa/Suralco and the government of Suriname.

FAI - Food and Agriculture Industries N.V.- continues to struggle with decreased banana production levels (down by +/- 40%) due to the so-called Moko disease affecting the banana plants. Efforts are ongoing to contain the spread of the disease while alternative crops are being explored.

Rice production continued to decline and exports were effected by world market surplus and related low prices. Fisheries have seen improved exports.

In the air transport sector, overall passenger arrivals via Johan Adolf Pengel International Airport increased by 18%* in 2018 compared to 2017. Additionally the international air travel via the smaller local airport at "Zorg en Hoop" continues to increase, +/-22%* 2018 versus 2017 indicating increased interest by Suriname Companies to tap into business opportunities, as a result of major crude oil discoveries in Guyana. Other ports of entry at Albina en Nickerie continues to see increased passenger movements. Tourism remains the leading sector that offers growth opportunities for economic diversification.

Financial Overview

In line with IFRS compliance and newly implemented Financial Statement Act effective by 2020, changes have been made to the presentation of the final results. The Group's earnings from continuing operations amounted to SRD 40,715,669 (2017: SRD 24,060,469). Total revenue amounted to SRD 169,671,069 (2017: SRD 125,214,325). Operating expense amounted to SRD 133,937,843 (2017: SRD 105,224,449).

The share of profit in associate company Assuria and investment income amounted to SRD 8,617,048 (2017: SRD 8,971,915).

Earnings before tax amounted to SRD 49,332,717 (2017: SRD 33,032,384). Net earnings for the year amounted to SRD 34,945,176 (2017: SRD 22,987,218).

Segment Performance and Reporting

Shipping

The ship agency companies **VSH Shipping**, **VSH Logistics** and newly established **VSH Agency Services** represent carriers that offer liner services from ports in Latin America, the Caribbean, North America, the Far East and Europe. These ship agency companies also provide vessel agency services to various incidental project cargo and bulk carriers. **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 the USA and far east (Hong Kong) to Paramaribo and Guyana. New to the VSH shipping group is **IFC - International Freight (Caribbean) B.V.** (effective 1 January 2018 as a subsidiary under the VSH-United Nederland B.V. /I.F.C. Holding B.V. structure), a NVOCC based in Moerdijk, the Netherlands. IFC is specialized in cargo movements from Europe to the Dutch Caribbean (Curacao, Aruba, Bonaire and St. Maarten) and has expanded services into Suriname and Guyana. **VSH Transport** is the port terminal operator offering stevedoring, terminal cargo handling, offshore shore base services, warehousing, project logistic support, customs brokerage and trucking services. **VSH Labour Services** provides the required specialized personnel to support the activities of VSH Transport.

Shipping income was 64.4% higher in comparison to 2017 and amounted to SRD 95,959,231 (2017: SRD 58,368,098). This increase in income is due to an increase in cargo handling activities supported by strategic agency/terminal expansion of services targeting the Suriname/Guyana cargo market and the successful entry into the Dutch Caribbean market through the acquisition of a majority share in IFC – International Freight (Caribbean) B.V.

Container Volume Statistics Drs. Jules Sedney Port - Paramaribo - TEUS						
	2018		2017		2016	
Discharge Port	60,896		57,088		51,975	
VSH Transport	26,468	43%	22,864	40%	18,696	36%
Total loaded Port	57,779		49,861		46,677	
VSH Transport	28,393	49%	25,520	51%	22,469	48%
Total containers -Port	118,674		106,949		98,652	
VSH Transport	54,861	46%	48,384	45%	41,165	42%
Breakbulk Volume Statistics Drs. Jules Sedney Port - Paramaribo						
Metric tons-Port	101,570		91,004		83,255	
VSH Transport	60,693	60%	47,309	52%	41,201	49%
Container Volume handled by VSH United (USA) - TEUS						
VSH USA exports Miami Florida	1,086		683		417	
Container Volume handled by IFC Consolidators (Netherlands) - TEUS						
IFC Consolidators exports Netherlands	2,802					

TEUS, twenty foot equivalents units

* Stichting Toerisme Suriname

Report of the Managing Directors

N.V. Havenbeheer Suriname reported a 10% increase in incoming full container volumes which can for the most part be contributed to imports related to the oil and mining industry. The Iamgold Saramacca mine expansion project contributed to this increase. The reported 6% increase in full containers outwards, relates to an increase in the export of round logs. Services operated by EUKOR Car Carriers, Seaboard Marine, Intermarine, Seatrade, Atlantic Feeder Service (AFS), Hamburg Sud, Maersk Line and Sealand offer worldwide reliable shipping options within the group and in-house custom brokerage services complements our one-stop-shop logistics approach. This business model supported cargo market share volume growth and increase in cargo handling revenue generating activities. Total number of cargo vessels handled in 2018 was 371 (2017: 346).

One offshore project was supported with services in the period May till November 2018. A near-shore support services tender submission was not successful and from lessons learned our strategy is being reviewed and will be adapted for future tenders. VSH Transport will continue to invest in shore base capacity and services to ensure success in this highly competitive bidding environment.

Risk Management - VSH Shipping and VSH Transport are ISO 9001:2015/14001:2015 certified. In October 2018 an audit took place and the companies were successfully re-certified. In addition VSH Transport was also re-certified in OSHAS 28001 - safety standards in the work place. These certifications address the operational and environmental risks. Yearly internal appraisals enhance maritime industry risks discussion and mitigation. VSH United (Holding) is Trace certified which completes compliance requirements to allow effective participation in international logistical support bidding processes.

The segment operating result amounted to SRD 46,871,164 (2017: SRD 25,028,843). Continued investments in modern terminal equipment, upgraded software systems, personnel training and terminal expansion is required to maintain volume growth and increase efficiency. VSH-United (USA) L.L.C. (Miami) and IFC (Moerdijk) cargo consolidation services will support sister company VSH-UNITED (Guyana) Inc. efforts to expand market share in the anticipated growth of the Guyana cargo market driven by the offshore industry sector.

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. Attempts to expand into the Guyana SOHO (Small Office Home Office) equipment market with sister company **VSH-UNITED (Guyana) Inc.** were not

successful and sales were terminated in 2018. We can add that there is an official Canon office equipment (copiers) dealer in Guyana which prohibits sale of copiers by VSH-UNITED (Guyana). Both companies are official distributors for Red Wing products, and they supply major industries with quality footwear for the workplace. A full line of Personal Protective Equipment (PPE) complements the assortment available to customers.

Trading operating income is stated after deduction of cost of goods sold. Operating income was higher and amounted to SRD 9,325,105 (2017: SRD 6,783,768). Segment operating result amounted to a loss of SRD 671,183 (2017: loss SRD 1,252,421).

Increased Trading segment operating income was generated by an increase in Suriname market sales by VSH Trading and an increase in resale items at VSH Steel. As reported earlier, VSH-UNITED (Guyana) continued to underperform in 2018 and a change in business strategy was executed. The startup business model of targeting the wider Guyana market with safety shoes/PPE/office equipment sales combined with sales support for VSH-United (USA) cargo consolidation services and sales for VSH Steel products was streamlined. Anticipated market growth driven by the developing oil industry in the Guyana started to materialize in the second half of 2018. The Liza Phase 1 oil field development is on track to start production in 2020. A large influx of expats brought in by the many offshore contracting companies have set-up offices and shore base infrastructure, all signaling increased demand for safety shoes and PPE supplies. Significant shore-side investments by local and international oil industry service companies supported a more focused business to business sales strategy in safety shoes/PPE targeting specific companies. Improved sales talking points were used to target other local business, Government owned utilities, infrastructure and maritime related companies in promoting the benefits of sourcing quality safety shoes/PPE products with warranty conditions. Finally, a more aggressive business to business sales effort was implemented to grow sales volumes targeting the established mining companies.

Overall sales of safety shoes increased by 9% and PPE sales increased by 5% compared to 2017. Sales in office equipment increased by 21%. The implementation of the administrative software professionalization process combined with improved management capacity and dedicated support staff at VSH Trading and VSH-UNITED (Guyana) has positioned the trading segment to further improve operating income and results for the coming years.

1958-2018

VSH
60 YEAR JUBILEE
UNITED

*Medical:
Donation of two LUCAS Chest Compression
Systems; a PRISMAFLEX CVVH System for Critical
Care and a Sordal-X dialysis machine to the "Acade-
misch Ziekenhuis Paramaribo" hospital*



Report of the Managing Directors

Foods

The Foods segment is related to activities of **N.V. VSH FOODS** (VSH share position 2018: 56.01%, share position May 2019: 63.13%), which includes the production and distribution of margarine, butter and shortening. VSH FOODS proudly celebrated its 55th anniversary on 16 October 2018. This anniversary celebration commemorated the “Samen 100 jaar/ Together 100 years” anniversary of two brands that stood the test of time - Yellow Bird/Gelebek (55 years) and Golden brand (45 years).

Operating income is stated after deduction of cost of packaging and raw materials. Segment operating income in 2018 was 13.4% higher than 2017 and amounted to SRD 17,897,762 (2017: SRD 15,779,357). Segment operating result in 2018 was 0.6% lower than 2017 and amounted to SRD 3,249,723 (2017: SRD 3,269,253).

Weak consumer spending power continues to effect local sales and the retail segment showed a volume decline of 3.3% compared to 2017. The food service segment showed a volume increase of 4.4%. The 2018 overall domestic volume increased by 0.5% in 2018. Exports volumes 2018 increased by 2.0% compared to 2017 and contributed 27.4% of total sales volume. Interesting to note is the combined Jamaica and Trinidad volume growth of 22.2% in 2018 compared to 2017. Commercial challenges forced a retreat from the Guyana market in 2018 but product development activities have been on going and exports will resume in 2019.

The local market conditions continue to underscore the importance of exports. Overall 2018 sales revenues increase of 4.4% was realized for the most part by export revenues increase of 10.2% compared to 2017. In 2018 export contributed 18.6% to total revenues.

Continued investments in modernizing the production facility effected productivity negatively in 2018. The successful installation of a new packaging line in 2018 will be followed by steam room and oil transfer system improvements to be completed in 2019. Smart planning allowed for equipment upgrades while maintaining production to meet sales requirements.

Food safety is of paramount importance to VSH FOODS and in October 2018 the ISO 22000:2015 Food Management System certificate was renewed ensuring that the necessary controls are in place for possible food safety hazards and guaranteeing safe production and distribution.

The management team backed by 55 years' experience in manufacturing quality foods products has confidence in their strong market potential and

understands the need for continued administrative and production improvements to ensure revenue growth in these ever changing and competitive local and export food markets.

Detergents

N.V. Consolidated Industries Corporation

(VSH share position 2018: 60.15%, VSH share position May 2019: 60.40%) manufactures a wide range of industrial/household detergents and plastic packaging materials. The Company's products command an important share of the local and regional markets.

Operating income is reported after deduction of cost of packaging and raw materials. Segment income decreased by 0.7% in 2018 and amounted to SRD 36,552,458 (2017: SRD 36,793,328). Segment operating result was 68.7% lower than 2017 and amounted to SRD 1,646,872 (2017: SRD 5,264,040).

Production volumes increased by 3.1% in 2018 to 6,919 metric ton compared to 6,711 metric ton in 2017. Unexpected price increases in key raw materials negatively affected segment income and operating results. Increase in sales by 5.6% - SRD 77.5 million compared to 2017 - SRD 73.4 million were offset by higher cost of sales of +11.8% - SRD 41.0 million compared to 2017 - SRD 36.6 million. By implementing adjusted pricing strategies in the second half of the year the company was able to mitigate some of the effects of these significant cost of sale increases. Continued weak consumer spending and influx of substandard products continues to negatively affect pricing strategies and ultimately sales margins in Suriname and in regional markets.

- Exports sales increased by 5.7% in 2018
- Powder detergent production volume decreased by 1%
- Liquid detergent production volume increased by 5%
- Production quantities in the plastic blow molding increased by 10%

The challenging raw material pricing and overall weak market conditions during the year 2018 motivated the company to implement new and creative ways to innovate and focus on profitability for specific product groups both locally and in the regional markets. Great effort was put into the launch of the new Ozon powder detergents. The investments made in the automated powder packaging equipment and a second blow molding machine will support improved production volume capacity.

Risk Management - the ISO 9001:2015/14001:2015 certified systems in place, were audited and re-certified in October 2018 and address operational and environmental risk. Yearly internal appraisals session support competitive, economic and strategic risks discussion and mitigation.

Report of the Managing Directors

The highly motivated CIC organization with strong established brands is focused on developing product and production strategies to ensure increased profitability.

Steel

N.V. VSH Steel provides engineering services and produces prefabricated steel structures for the construction industry in Suriname, the Caribbean and Central America. Operating income is reported after deduction of cost of raw materials. Segment operating income improved in 2018 to SRD 7,384,784 (2017: SRD 4,360,485).

Segment operating results amounted to a profit of SRD 49,045 (2017: loss SRD 2,850,679). Production volume for the year amounted to 1,117 MT (2017: 208 MT) of which 37.0% was export.

During the year 2018 VSH Steel management in consultation with VSH United (Holding) management did an overall review of the existing business model supported by financial performance data for the period 2008-2018 and presented capital expenditures (CAPEX) requirements 2019 to modernize the production facility that dates back some 35 years. In analyzing the VSH Steel financial performance in the period 2008-2018 it was found that the company managed to turn a profit in only (4) four of these 10 years. Additionally, these profitable years did not achieve the targeted Return on Capital Employed (ROCE). The consolidated financial results of these 10 years also ended up with an overall loss. VSH Steel management and VSH United (Holding) management agreed that the business model in place was financially not effective in competing in the Suriname and regional business environment. The production facility infrastructure was outdated and renewed investments in improvements to a unsuccessful business model without prospects for return on investment was unacceptable.

It was agreed that VSH Steel management will prepare a feasibility on the strengths of offering VSH Steel engineering services and to explore outsourcing steel frame production to keep the VSH Steel brand alive. In the month December it was announced that the VSH Steel production department would complete on-going fabrication work and cease production activities by 1 June 2019. A management feasibility study is being prepared to re-think the business model based on the strong brand developed in the past 35 years.

It is important to report that we were successful in placing the vast majority of the production employees at other VSH companies and with strategic partner companies in Suriname. Additionally, we can report that first quarter 2019 financial results were positive.

VSH Steel organization has a proven track record of delivering quality engineering services and steel frames. VSH Steel management in consultation with VSH United (Holding) is committed to consider all options in developing an alternative and more effective business model in support of our strong brand.

Real Estate

N.V. VSH Real Estate owns, develops and manages real estate objects for use by the Group or for limited rental to external tenants. This segment also includes income from the historic apartment building at Waterkant owned by VSH Trading. Real Estate income amounted to SRD 8,075,095 (2017: SRD 7,709,606) and operating result amounted to SRD 2,959,424 (2017: SRD 3,312,507). This decrease is mainly due to a lower occupancy. The project to build a modern office building on our last vacant property in Paramaribo at Van 't Hogerhuysstraat is on hold pending improvement of economic conditions. In line with our efforts to support the VSH Group strategic objectives, the company continues to explore real estate opportunities whether in developing the existing strategic lots at Paramaribo area or possible new investments. One such a strategic investment was made by the newly established subsidiary VSH Real Estate Guyana Inc. at the Houston Estate in Georgetown Guyana with the acquisition of a 10 acre lot. Site improvement activities are being engineered while much needed office building and warehouse units are being designed.

Under the VSH-United (Nederland) B.V. acquisition of majority shares in I.F.C. Holding B.V. (1 January 2018) is the real estate subsidiary IFC Vastgoed B.V. that owns a modern 4,500 m² warehouse and an 650 m² office building in Moerdijk the Netherlands and is rented by sister company I.F.C. International Freight (Caribbean) B.V. as NVOCC offering freight consolidation services.

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 share position in De Surinaamsche Bank N.V., the largest retail bank in Suriname was reduced to 18% from 44% after a share issue was held in November 2018. The Bank Act of 2011 required Assuria to reduce its shareholding in De Surinaamsche Bank N.V. to under 20%. The difficult economic climate, especially in the Suriname market had its effects on the insurance industry. For Assuria the life and general insurance business of the insurance companies in Suriname continued to perform well in 2018. The medical insurance business, on the other hand showed a loss.

Report of the Managing Directors

The insurance branches in Guyana, Trinidad and Tobago and other Caribbean territories performed well in 2018. In the real estate company the results for 2018 were at a loss compared to a profit in 2017.

The Company's share in the equity of Assuria amounted to SRD 69,800,094 (2017: SRD 62,001,133). The price for an Assuria share on the last trading session in 2018 at the Suriname Stock Exchange amounted to SRD 85.00 (2017: SRD 94.20). The Company's share in the net profit of Assuria amounted to SRD 6,916,811 (2017: SRD 7,926,056). During the year an amount of SRD 2,985,802 (2017: SRD 3,082,639) was received as cash dividend.

Investments

Investments include the Company's strategic investment in Torarica Holding N.V., the subsidiary N.V. VSH Investment and other investments in local production companies and financial institutions. Investment income amounted to SRD 1,700,237 (2017: SRD 1,045,859). At year end investment assets stood at SRD 34,189,186 (2017: SRD 20,111,096).

Strategic Investment

Torarica Holding N.V. (VSH share position 2018: 14.19%, VSH share position May 2019: 15.30%) operates three hotels in prime locations along the Suriname River. The Royal Torarica is a 105-room luxury hotel located next to Torarica Resort, a 130 room first class hotel and casino in the entertainment center of Paramaribo. A short walk from Torarica Resort is a fine 122-room hotel called Eco Torarica. These hotels provide state of the art accommodation mainly to business visitors and tourists.

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 decreased; from 9,531 at the end of 2017 to 8,875 at the end of 2018, a decrease of 6.9%.

Proposed Dividend

Earnings attributable to the Shareholders of the Company amounted to SRD 31,034,468 (2017: SRD 20,719,097). Quarterly interim dividend amounted to SRD 1,191,803 or SRD 0.60 per share of nominal SRD 0.10 per share. Management proposes a final cash dividend of SRD 6,753,550 or SRD 3.40 per share of nominal SRD 0.10 per share. Total dividend then amounts to SRD 7,945,353. This dividend proposal represents 31.0% of the net realized earnings and is in line with the Company policy to pay a dividend in the order of 30% to 35%. Management further recommends that the remaining earnings amounting to SRD 23,089,115 be transferred to retained earnings. Should the proposed dividend be approved, Shareholders equity will amount to SRD 211,099,632 at the end of the year.

Share Price

At the end of the year the price for shares of the Company at the Suriname Stock Exchange amounted to SRD 77.00 per share (2017: 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 42,256,121 (2017: SRD 36,799,801). In 2018 operating activities generated SRD 46,146,053 (2017: SRD 15,814,087) in cash and cash equivalents. Investments in financial and fixed assets amounted to SRD 45,902,320 (2017: SRD 15,739,369) and were partially financed by own means.

Assets and capital structure

Equity and debt

The Group's capital structure is as follows:

in SRD	2018	2017
Interest-bearing loans and borrowings	48,026,116	23,947,818
Cash and cash equivalents	(42,256,121)	(36,799,801)
Total equity	237,072,796	202,860,373
Total net capital employed	242,842,791	190,008,390

Investments financed by own means amounted to SRD 21,762,320 (2017: SRD 14,779,796).

Personnel and Organization

Management consists of 10 Managing Directors; 5 Assistant Managing Directors and 35 specialized staff members. At the end of the year the Group employed 467 persons (2017: 405 persons). Of the 467 employees 31% is female while 69% 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 and specialized training. Training during the year included: Leadership Management International course, first aid refresher courses, Excel advance courses, Time Management courses, Container Technician Certificate course, VSH Code of Conduct refresher sessions, Cyber security courses, Project Management training, HSEQ courses and Customer Service & Sales courses, Bachelor and Masters courses.

Bonuses and salary adjustments are based on performance evaluation. Bonuses paid for the year amounted to SRD 9,911,115 (2017: SRD 6,297,024). A medical insurance plan provides medical services to employees and their families. Employees contribute 4% and the management 6% of gross wages to the medical insurance plan. Medical insurance for employees of VSH Labour Services is insured with a "Nationale Basis Zorgverzekering".

Report of the Managing Directors

Employees of VSH Labour Services contribute 50% of the premium to the medical plan.

The VSH Pension Fund is incorporated in a separate legal entity, which is governed by a board consisting of four members of whom Management appoints the Chairman and Secretary and two other members are elected by the Pension Fund participants. At the end of the year there were 236 active pension fund members, 64 persons with deferred pension and 28 pensioners, 4 widows and 5 orphans receiving pension. Premium reserve at 31 December 2018 amounted to SRD 56,229,798 (2017: SRD 49,430,278). Total equity of the fund amounted to SRD 72,394,717.48 (2017: SRD 70,679,384) *. Pension benefits for 128 CIC employees are insured. Under this plan there are 35 pensioners and 4 persons with disability pension. Pension benefits for 76 VSH Labour Services employees are secured in "Algemeen Pensioen Fonds", which is maintained by a foundation managed by the Government.

Personnel Activities

On 14 December 2018, the traditional closing of the year party was held with the employees of the Group to honor employees celebrating 10, 12½, 15, 20, 30 and 35 years of service. We honored in total 59 employees for:

- 10 years of service: 13 employees;
- 12,5 years of Service: 4 employees;
- 15 years of service: 12 employees;
- 20 years of service: 8 employees;
- 25 years of service: 16 employees;
- 30 years of service: 5 employees;
- 40 years of service: 1 employee.

We honored Mr. W. Kaarsbaan (41 years of service VSH FOODS), Mr. S. Sontoidjojo (22 years of service VSH Steel), Mr. K. Soedikromo (24 years of service CIC), Mrs. J. Aviankoi (28 years of service CIC), Mr. H. Kromosoeto (39 years of service CIC) and Mr. R. Bhugwandass (19 years of service VSH Labour Services) all six of them retired on 1 January 2019.

Community Activities

The VSH Community Fund is incorporated in a separate legal entity, which is governed by a board consisting of three members of Management. The Fund supports sustainable community projects in education, environment and healthcare. Some of the ongoing 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 Rotary Clubs for supporting the Go Glo educational project and the Students Excellence Award project;
- to the Suripop XX Golden edition;
- to the National Art Fair;
- to the Salvation Army Christmas Charity Project.

As reported in the "Giving Back Annual Report" theme page, during the year special donations were made to medical, educational, sport, community and environmental organizations. The following organizations were selected:

- **Medical:** "Academisch Ziekenhuis Paramaribo" / University Medical Center
- **Educational:** Ministry of Education, "Nationale Volksmuziekschool"
- **Sport:** Ministry of Justice & Police, fire department sport articles
- **Community:** "Wi-Kontren" renovation of swim facilities
- **Environmental:** Conservation International Suriname

Outlook

The expectation is that the Suriname economy is to grow by 2.2%* in 2019 (GDP) and by 2.5%* in the election year 2020 (GDP). Projected economic growth continues to depend on the traditional oil and mining sector and remains a concern. Little has been done to strengthen local investor confidence. Concerns about monitoring capacities of the implementation of the Financial Statements Act undermines its effectiveness in improving conditions for a level playing field. Suriname will be audited by the CFATF – Caribbean Financial Action Task Force in 2020. Recommendations issued during the last audit to resolve strategic deficiencies identified to combat money laundering and the financing of terrorism highlights the effects of informal sector on the Suriname economy.

The VSH Group of Companies will continue to build on the success of our market expansion and export growth strategies. Professionalization of our internal support services by expanding use of modern automated business processes and manufacturing systems will be further implemented. Strong VSH Group product and service innovations will continue to support strategic growth objectives. In closing we want to reiterate our 60 year Anniversary theme – Bringing Together – Growing Together

Appreciation

We want to thank the Supervisory Board of Directors for their advice and support during the year. The effects of change management in implementing improved business processes and where required streamlining business activities has not discouraged the VSH personnel from supporting the VSH Group "Bringing Together – Growing Together" anniversary theme.

* Unaudited

Report of the Managing Directors

The VSH personnel commitment to the company is the foundation of its growth and success.

To our suppliers we say thank you for your contribution. To our customers we say, we very much understand that you have a choice in product and service providers and want to express our appreciation for choosing the products manufactured and the services offered by the VSH Group of Companies.

Paramaribo, 3 June 2019

Patrick Healy

Managing Director

Chief Executive Officer

Malini Ramsundersingh

Managing Director

Chief Legal & HR Officer

Paul Brahim

Managing Director

Chief Financial Officer

Jubilees of the VSH Group of Companies



10 YEARS OF SERVICE

ARTIST	DONOVAN	AGENCY SERVICES
WONGSOSEMADI	RIRIEN	HOLDING
IMANREDJO	NICOL	HOLDING
SADHOE	DENNIS	HOLDING
FINISIE	WENDELL	LABOUR SERVICES
LACHMAN	ANOORKUMAR	LABOUR SERVICES
OEMATIE	HENK	LABOUR SERVICES
JAJOE	MARCIANO	LABOUR SERVICES
DJODARMO	VIRGIL	REAL ESTATE
DARMOWIREDDJO	GLADYS	SHIPPING
MARTOREDJO	WAYNE	STEEL
SJAUW	STEPHANIE	STEEL
TODIKROMO	SALISTA	TRADING

12.5 YEARS OF SERVICE

GREB	FABIAN	CIC
WONGSODJIWO	ENRICO	CIC
MORSEN	BERNICE	CIC
TJITROKARIO	HENDRIK	CIC

15 YEARS OF SERVICE

TJOKROPAWIRO	SANDINO	STEEL
JETHOE	PERKASH	LABOUR SERVICES
BHAWANIE	OEDEBANSING	LABOUR SERVICES
DANKOOR	KENNETH	LABOUR SERVICES
GEZIUS	ARTHUR	LABOUR SERVICES
MIJNALS	CARLO	LABOUR SERVICES
OVERLOON	MARTIN	LABOUR SERVICES
BELONG	CLYDE	LABOUR SERVICES
MADJOERANA	HUMBERT	LABOUR SERVICES
JAKHARI	SANTOSHKOEMAR	LABOUR SERVICES
DARSON	MARCIANO	LABOUR SERVICES
DESADIEN	ASHOKKOEMAR	LABOUR SERVICES

20 YEARS OF SERVICE

KADIR	ROSITA	FOODS
ALIDIKROMO	MAUREEN	FOODS
ARKASAN	AMITA	HOLDING
MAKHANLAL	BHARATI	LOGISTICS
KLINK	LOES	REAL ESTATE
CHAROE	SARWANKOEMAR	TRADING
PEEL	MAIKEL	TRANSPORT
KROMOWIDJOJO	AMIN	TRANSPORT

25 YEARS OF SERVICE

MATSARI	ARMAND	STEEL
FING FING	HOWARD	STEEL
KROMOPAWIRO	HENK	SHIPPING
MARDAN	JOAN	FOODS
SOEMBA	HUGO	CIC
BERRENSTEIN	WINSTON	CIC
JOEROEJA	JOHN	CIC
REDJODIKROMO	JIMMY	CIC
BHAGOLE	BIDJAIPERKASH	CIC
KOENDJBIHARIE	SOENILKOEMAR	CIC
RAALTE	RYDEL	CIC
MAHABIER	RATTANKOEMAR	CIC
BAAL	ROY	CIC
BEIEREN	DENNIS	CIC
OVEREEM	RUBEN	CIC
KERTOWIJOJO	WASIMIN	CIC

30 YEARS OF SERVICE

LIE WAH HING	CHARITA	REAL ESTATE
WATERLAND	MARCEL	STEEL
DOERAHMAN	ANNEKE	FOODS
ABDOELLAH	RICHARD	FOODS
SANGGAM	RANDJIETKOEMAR	FOODS

40 YEARS OF SERVICE

AKONG	KOMISIE	FOODS
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09 Statement of Income

for the year ended 31 December 2018



	<i>note</i>	2018 SRD	2017 SRD
Income from			
Subsidiaries		21,077,465	10,764,042
Share of profit in associate		6,916,811	7,926,056
Investments		1,681,085	1,043,586
Other		2,123,604	1,539,708
		31,798,965	21,273,392
Earnings			
Earnings before income tax		31,798,965	21,273,392
Income tax		(764,497)	(554,295)
Net earnings		31,034,468	20,719,097
Division of net earnings			
Interim dividend	7	1,191,803	1,191,803
Final dividend	7	6,753,550	4,071,993
Surplus		23,089,115	15,455,301
		31,034,468	20,719,097

The accompanying notes are an integral part of these financial statements

Paramaribo, 3 June 2019
Supervisory Board of Directors
D. Halfhide, Chairman
R. Hahn, Vice Chairman
J. Healy Jr.
K. Lim A Po
S. Smit
P. Fernandes
V. Kenswil

Managing Directors
P. Healy
M. Ramsundersingh
P. Brahim

Statement of Financial Position at 31 December 2018

before appropriation of profit

ASSETS	2018 SRD	2017 SRD
Non-current assets		
Property, plant and equipment	2,559,738	1,406,839
Intangible assets	746,095	574,183
Financial assets	19,631,785	19,484,536
Subsidiary interest	127,005,006	113,208,358
Investment in associate	69,800,094	62,001,133
Total non-current assets	219,742,718	196,675,049
Current assets		
Subsidiary receivables	18,701,213	11,044,696
Trade and other receivables	5,235,239	21,947,085
Cash and cash equivalents	26,681,903	32,551,233
Total current assets	50,618,355	65,543,014
Total assets	270,361,073	262,218,063
EQUITY AND LIABILITIES		
Equity		
Issued capital	198,634	198,634
Capital in excess of par value	61,654	61,654
Retained earnings	151,511,222	135,965,032
Result for the year	31,034,468	20,719,097
Revaluation reserves	29,616,056	26,793,683
Total equity	212,422,034	183,738,100
Liabilities		
Non-current liabilities		
Deferred tax	8,374,153	8,814,179
Total non-current liabilities	8,374,153	8,814,179
Current liabilities		
Subsidiary payables	34,889,088	61,424,698
Provisions	4,912,555	3,072,123
Income tax payable	526,250	316,048
Trade and other payables	9,236,993	4,852,915
Total current liabilities	49,564,886	69,665,784
Total equity and liabilities	270,361,073	262,218,063

The accompanying notes are an integral part of these financial statements

Paramaribo, 3 June 2019
Supervisory Board of Directors
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P. Brahim

Consolidated Statement of Income

for the year ended 31 December 2018

note 2018 SRD 2017 SRD

Revenue

Trading		10,189,981	8,839,993
Industry		60,970,128	54,876,945
Shipping		95,959,231	58,820,396
Real estate		2,551,729	2,676,991
		169,671,069	125,214,325

Other income	4	7,707,777	6,611,278
Personnel expenses	4	(69,597,756)	(47,764,284)
Administrative expenses	4	(49,000,100)	(48,014,418)
Depreciation and amortisation	8	(11,318,778)	(8,572,640)
Provisions	4	(4,021,209)	(873,157)
Operating profit		43,441,003	26,601,104

Finance income		250,771	37,407
Finance costs		(2,976,105)	(2,578,042)
Finance costs-net		(2,725,334)	(2,540,635)

Earnings from continuing operations		40,715,669	24,060,469
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Share of profit in associate	10	6,916,811	7,926,056
Investments		1,700,237	1,045,859

Earnings

Earnings before income tax		49,332,717	33,032,384
Income tax	5	(14,387,541)	(10,045,166)
Net earnings		34,945,176	22,987,218

Attributable to:

Non-controlling interests		3,910,708	2,268,121
Equity holders of the parent company		31,034,468	20,719,097

Weighted average number of shares	6	1,986,338	1,986,338
Earnings per share	6	15.62	10.43

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2018

note 2018 SRD 2017 SRD

Net earnings		34,945,176	22,987,218
Non-controlling interests		(3,516,738)	(2,268,121)
		31,428,438	20,719,097

Other comprehensive income

Actuarial (loss)/ gain on defined benefit obligation		(1,544,738)	-
		(1,544,738)	-
Income tax		556,106	-
Other comprehensive income net of tax		(988,632)	-
Total comprehensive income		30,439,806	20,719,097

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

Paramaribo, 3 June 2019

Supervisory Board of Directors

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

Managing Directors

P. Healy
M. Ramsundersingh
P. Brahim

Consolidated Statement of Financial Position at 31 December 2018

before appropriation of profit



	note	2018 SRD	2017 SRD
ASSETS			
Non-current assets			
Property, plant and equipment	8	104,903,253	70,305,521
Intangible assets	8	917,152	979,220
Subsidiary interest	9	200,000	200,000
Discontinued operations	9	1,937,973	1,922,960
Financial assets	9	34,189,186	20,111,096
Investment in associate	10	69,800,094	62,001,133
Total non-current assets		211,947,658	155,519,930
Current assets			
Inventories	11	56,588,241	46,210,598
Trade and other receivables	12	83,047,334	77,874,992
Cash and cash equivalents	13	42,256,121	36,799,801
Total current assets		181,891,696	160,885,391
Total assets		393,839,354	316,405,321
EQUITY AND LIABILITIES			
Equity			
Issued capital	14	198,634	198,634
Capital in excess of par value	14	61,654	61,654
Retained earnings	14	151,511,222	135,965,032
Result for the year		31,034,468	20,719,097
Revaluation reserves	14	29,616,046	26,793,683
Equity attributable to equity holders of the parent company		212,422,034	183,738,100
Non-controlling interest		24,650,762	19,122,273
Total equity		237,072,796	202,860,373
Liabilities			
Non-current liabilities			
Long-term borrowings	16	34,425,672	17,910,572
Deferred tax	5	14,822,624	15,680,865
Long-term provisions	17	5,574,494	3,802,305
Total non-current liabilities		54,822,790	37,393,742
Current liabilities			
Trade and other payables	18	78,599,176	64,943,093
Short-term borrowings	16	13,600,444	6,037,246
Current tax payable	5	7,900,108	3,876,031
Short-term provisions	17	1,844,040	1,294,836
Total current liabilities		101,943,768	76,151,206
Total equity and liabilities		393,839,354	316,405,321

The accompanying notes are an integral part of these financial statements

Paramaribo, 3 June 2019
Supervisory Board of Directors
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P. Brahim

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018



in SRD	Share capital	Capital in excess of par value	Retained earnings	Revaluation reserve	Total	Non-controlling interest	Total
Equity at 1 January 2017	19,863	240,425	137,029,799	44,165,264	181,455,351	17,060,418	198,515,769
Earnings after tax	-	-	20,719,097	-	20,719,097	2,268,121	22,987,218
Earnings distributions	-	-	(1,191,803)	-	(1,191,803)	(205,695)	(1,397,498)
Revaluation	-	-	-	(17,244,545)	(17,244,545)	(2,744)	(17,247,289)
Realized revaluation	-	-	127,036	(127,036)	-	-	-
Issued shares	178,771	(178,771)	-	-	-	-	-
Unclaimed dividend	-	-	-	-	-	2,173	2,173
Equity at 31 December 2017 before appropriation of profit	198,634	61,654	156,684,129	26,793,683	183,738,100	19,122,273	202,860,373
Appropriation of profit							
Final dividend	-	-	(4,071,993)	-	(4,071,993)	(451,256)	(4,523,249)
Equity at 31 December 2017 after appropriation of profit	198,634	61,654	152,612,136	26,793,683	179,666,107	18,671,017	198,337,124
Earnings after tax	-	-	31,034,468	-	31,034,468	3,910,708	34,945,176
Earnings distributions	-	-	(1,191,803)	-	(1,191,803)	(351,588)	(1,543,391)
Revaluation	-	-	-	2,912,479	2,912,479	(35,835)	2,876,644
Realized revaluation	-	-	90,106	(90,106)	-	-	-
Correction previous year	-	-	783	-	783	-	783
Other comprehensive income	-	-	-	-	-	(393,970)	(393,970)
Other subsidiaries	-	-	-	-	-	2,850,430	2,850,430
Equity at 31 December 2018 before appropriation of profit	198,634	61,654	182,545,690	29,616,056	212,422,034	24,650,762	237,072,796
Appropriation of profit							
Proposed final dividend	-	-	(6,753,550)	-	(6,753,550)	(86,092)	(6,839,642)
Equity at 31 December 2018 after appropriation of profit	198,634	61,654	175,792,140	29,616,056	205,668,484	24,564,670	230,233,154

The accompanying notes are an integral part of these financial statements

Paramaribo, 3 June 2019
Supervisory Board of Directors
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V. Kenswil

Managing Directors
P. Healy
M. Ramsundersingh
P. Brahim

Consolidated Statement of Cash Flows

for the year ended 31 December 2018



	note	2018 SRD	2017 SRD
Cash flows from operating activities:			
Earnings before tax		49,332,717	33,032,384
Adjusted for:			
Depreciation and amortisation		11,318,778	8,572,640
Unrealized share of profit associate		(6,916,811)	(7,926,056)
Revaluation results		59,330	(601,945)
Investment income		(1,700,237)	(1,045,859)
Finance costs		2,725,334	2,164,929
Provisions		4,021,209	873,157
Cash flow from operations before changes in working capital		58,840,320	35,069,250
<i>Changes in working capital</i>			
Change in inventories		(10,377,643)	3,814,201
Change in trade and other receivables		(5,172,342)	(17,082,213)
Change in trade and other payables		13,656,083	9,106,862
Adjustments regarding provisions		(2,875,089)	(1,089,973)
Cash generated from operations		54,071,329	29,818,127
First adoption foreign subsidiaries		5,431,148	-
Claims paid		(2,561)	(5,598)
Paid finance costs		(2,725,334)	(2,164,929)
Paid income tax		(10,155,350)	(11,809,115)
Net cash from operating activities		46,619,232	15,838,485
Cash flows from investing activities:			
Purchase of property, plant & equipment		(55,365,990)	(13,973,441)
Transfer of property, plant & equipment		10,356,101	-
Purchase of non-current financial assets		(48,864)	(1,900,000)
Translation results property, plant and equipment		(1,230,828)	-
Disposal of property, plant and equipment		387,261	109,674
Acquisition of foreign company		(17,715,750)	-
Sale of non-current financial assets		354	-
Dividends received		4,686,039	4,128,498
Net cash used in investing activities		(58,931,678)	(11,635,269)
Cash flows from financing activities:			
Proceeds and repayments of loans		24,078,298	(2,210,577)
Payments disposal of waste		-	(341,855)
Payments of medical for pensioners		(451,381)	-
Redundancy payments		(594,355)	(128,958)
Dividend paid		(5,263,796)	(5,561,747)
Net cash from/ (used in) financing activities		17,768,766	(8,243,137)
Net increase/ (decrease) in cash for the year		5,456,320	(4,039,921)
Cash and cash equivalents at 1 January		36,799,801	40,839,722
Cash and cash equivalents at 31 December		42,256,121	36,799,801

The accompanying notes are an integral part of these financial statements

Paramaribo, 3 June 2019
Supervisory Board of Directors
D. Halfhide, Chairman
R. Hahn, Vice Chairman
J. Healy Jr.
K. Lim A Po
S. Smit
P. Fernandes
V. Kenswil

Managing Directors
P. Healy
M. Ramsundersingh
P. Brahim



1958-2018

VSH
60 YEAR JUBILEE
UNITED

VSH end of the year celebration



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 2018 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 3 June 2019 and will be submitted for approval in the Annual General Meeting of Shareholders on 13 June 2019.

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 (Nederland) B.V.**
12. **VSH-UNITED (GUYANA) INC.**
13. **N.V. VSH Agency Services**
14. **N.V. VSH FOODS (56.01%)**
15. **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.

Notes to the Consolidated Financial Statements

2.5) Application of IFRS standards

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

- IAS 2: Inventories
- 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 except for the following, effective in CIC:

- **Change in accounting policies**

- Inventories*

- With effect from 1 January 2018, the Company adopted IAS 2 "Inventories" and changed its stock valuation method to average cost. The change in accounting policy has been applied prospectively.

- **Change in presentation**

- Employee Benefits*

- With effect from 1 January 2018 and in accordance with IAS 19 "Employee Benefits" the gains and losses arising from adjustments and changes in the actuarial assumptions are recognized in Other Comprehensive Income. These gains and losses are not reclassified to net income in subsequent periods.

Subsidiaries

Subsidiaries are those companies over which the Company has control, defined as the power to govern the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are recognized in the Parent Company according to the net equity method. Subsidiaries with a negative equity are valued at zero. Subsequently a provision is necessary and will be formed in the Parent Company to the amount of the equity or the obligation with regards to the shareholders position.

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

Associate

Within the framework of IAS 28 associates are those companies over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the associate after the date of acquisition. The Company's share in the profit or loss of the associate is recognized in the Company's statement of income. Dividend received reduces the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Company's proportional interest in the associate arising from changes in the revaluation of property, plant, equipment and other assets.

As of 2010 Assuria is presented as an associate.

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

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

Foreign currency transactions

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

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

in SRD	2018	2017
USD	7.60	7.55
EURO	8.70	9.04
GYD (per 100)	3.53	3.51

Notes to the Consolidated Financial Statements

Foreign operations

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

Property, plant and equipment (PP&E)

Land is carried at cost adjusted for hyperinflation. Land improvements and buildings are carried at cost adjusted for hyperinflation less accumulated depreciation. All other property, plant and equipment are carried at costs less accumulated depreciation.

Depreciation is calculated using the straight-line method to write off the costs of individual assets to their residual values over their estimated useful lives as follows:

Buildings	20 - 40 years
Land improvements	5 - 10 years
Machinery and equipment	5 - 10 years
Motor vehicles	5 years
Motor vehicles in hire purchase	5 years
Other assets	3 - 5 years
Land is not depreciated	

When a major repair or maintenance is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement, if the recognition criteria are satisfied.

Gains and losses of PP&E

Net gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the statement of income. There are no assets held under financial leases, and assets held under operating leases are not recognized in the statement of financial position. Investments in progress are carried at cost on the basis of expenditure at reporting date. Investments in progress are not depreciated. Upon completion, the total cost are transferred to the relevant PP&E.

Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognized on straight-line basis over their estimated useful lives of the related assets.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of income under depreciation and amortisation. The current estimated useful life is 3 years.

Financial Assets

Financial assets consist of shares of listed companies that are not subsidiaries or associates. The shares are measured at their fair value, which is the closing price of the last trading session of the stock exchange in December 2018, where the shares are listed.

Inventories

Inventories are stated at cost, less a provision for the reduced marketability of inventories if applicable. Cost is calculated using the last landed cost 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 cost of raw and packaging materials used.

Trade and other receivables

Trade and other receivables are stated at fair value less an allowance for uncollectible amounts, if there is objective evidence that the Group will not be able to collect the receivable. Trade receivables do not carry interest. Included in other receivables are hire purchase transactions which confer rights and obligations.

Cash and cash equivalents and short-term deposits

Cash and cash equivalents comprise of cash in banks, cash on hand and short-term deposits with a maturity of twelve months and carried at nominal value.

Notes to the Consolidated Financial Statements

Hire purchase

Hire purchase transactions which confer rights and obligations are recognized in the statement of financial position. The assets are treated as if they had been purchased outright and depreciated over their useful lives. The amounts included in the cost of property, plant and equipment represents the capital elements payable during the hire purchase term.

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 and when a reliable estimate of the amount of the obligations can be made, existing at reporting date and arising from past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation. Some of the Company's subsidiaries provide warranties on products sold. Provisions are made for the estimated costs arising under these warranties upon the date of sale of the relevant products.

Trade and other payables

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

Employee benefits

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

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

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

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

Revenue

Revenue from the sale of products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of turnover and sales taxes, customer discounts and other sales related discounts. Revenue from the sale of products is recognized in the statement of income when the amount of revenue can be measured reliably, the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products. Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at reporting date. Revenue from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Other Income

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

Finance income and finance costs

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

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

Associate and Investments

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

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

Expenses

Borrowing costs

All borrowing costs are recognized as an expense when incurred.

Notes to the Consolidated Financial Statements

Operating lease payments

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

Income tax

Taxes on income are accrued in the same period as the revenues and expenses to which they relate. Current tax receivables and payables for the current and prior periods are measured at the amount expected to be recovered from or paid to the Tax Authorities. The tax rates and the tax laws used are those that are enacted or substantively enacted at balance sheet date. Deferred taxes are recorded, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for commercial purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per share

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

Segment reporting

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

3.) Segment results

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

The shipping segment comprises shipping activities of the following subsidiaries:

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

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

- VSH Trading
- VSH Guyana

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

- VSH FOODS

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

- CIC

The steel segment comprises steel fabrication of the following subsidiary:

- VSH Steel

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

- VSH Real Estate
- VSH Trading
- VSH USA

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

Notes to the Consolidated Financial Statements

Operating Segments Reporting

x SRD 1,000	Shipping		Trading		Foods		Detergents	
	2018	2017	2018	2017	2018	2017	2018	2017
Segment Income	95,959	58,368	9,325	6,784	17,898	15,779	36,552	36,793
Inter-segment income	-	-	-	-	-	-	-	-
Associate Income	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Reportable segment operating income	95,959	58,368	9,325	6,784	17,898	15,779	36,552	36,793
Reportable segment profit	46,871	25,029	(671)	(1,252)	3,250	3,269	1,661	5,264
Reportable segment assets	132,786	97,335	22,328	18,466	37,756	31,501	58,836	53,626
Reportable segment liabilities	50,818	56,971	15,267	11,065	21,816	17,144	28,798	23,218
Investments	26,781	663	256	653	2,178	5,771	3,448	4,337
Depreciation and amortisation	4,168	2,981	293	344	1,392	764	2,735	2,260
Employees of the reportable segment	192	142	23	22	61	58	116	115

Notes to the Consolidated Financial Statements

Steel		Real Estate		Other		Elimination		Consolidated	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
7,385	4,360	2,552	2,677	2,119	1,644	-	-	171,790	126,405
-	-	5,523	5,033	(2,119)	(1,644)	(5,523)	(4,580)	(2,119)	(1,191)
-	-	-	-	6,917	7,926	-	-	6,917	7,926
-	-	-	-	1,700	1,046	-	-	1,700	1,046
7,385	4,360	8,075	7,710	8,617	8,972	(5,523)	(4,580)	178,288	134,186
49	(2,851)	2,959	3,313	(4,786)	260	-	-	49,333	33,032
20,283	13,241	26,315	19,672	95,535	82,564	-	-	393,839	316,405
7,268	2,022	6,822	1,465	25,978	1,660	-	-	156,767	113,545
55	59	9,595	1,195	21,305	3,061	-	-	63,618	15,739
463	472	1,383	1,137	885	615	-	-	11,319	8,573
41	41	6	6	28	21	-	-	467	405

Notes to the Consolidated Financial Statements

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

Other Income

in SRD	2018	2017
Gains on exchange	717,790	251,828
Gain on disposal	745,740	-
Gain on revaluation of inventories	47,473	166,056
Income from terminal and agency services	1,300,319	3,063,716
Other	4,896,455	3,129,678
Total other Income	7,707,777	6,611,278

Personnel expenses

in SRD	2018	2017
Salaries and wages	48,171,511	32,177,286
Vacation and holiday expenses	2,520,734	2,373,891
Bonuses	9,911,115	6,297,024
Medical	3,052,764	2,969,498
Contribution to pension plan	2,892,871	2,716,968
Training	962,972	455,411
Other post-employment benefits	678,832	-
Other personnel expenses	1,406,957	774,206
Total personnel expenses	69,597,756	47,764,284

Administrative expenses

in SRD	2018	2017
Marketing	4,452,195	5,541,399
Maintenance	5,100,645	4,834,601
Manufacturing	5,239,621	4,651,906
Transportation	4,507,888	4,456,530
Office	17,831,827	16,025,240
Utilities	2,124,215	2,109,246
Insurances	2,186,452	2,203,538
Professional services	4,462,114	1,686,845
Other	3,095,141	6,505,113
Total administrative expenses	49,000,100	48,014,418

Provisions

in SRD	2018	2017
Uncollectable receivables	1,891,105	857,580
Disposal of waste	-	(45,498)
Reduced marketability of inventories	983,984	232,393
Product warranty and liability	320,651	(92,953)
Redundancy	825,469	(78,365)
Total provisions	4,021,209	873,157

Pensions

For the employees of the Group, that have joined the VSH pension fund, the Group contributes 12% of the base salary and the employees' own contribution is 5%. The Groups pension expenses in 2018 amounted to SRD 1,736,080 (2017: SRD 1,513,726) and are recognized under personnel expenses.

Notes to the Consolidated Financial Statements

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

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

Premium reserve of the foundation as of 31 December 2018* amounted to SRD 56,229,806 (2017: SRD 49,430,278) and the total equity amounted to SRD 72,445,417 (2017: SRD 71,900,359).

* Unaudited

Employees of VSH Labour Services have joined the “Algemeen Pensioenfonds”.

The fund is maintained by a foundation managed by the government and is a defined benefit plan with a maximum base salary per year of SRD 60,000. In 2018 the Company and the employees both contributed 2% of the base salary into the fund. In 2018 pension expenses for VSH Labour Services amounted to SRD 46,827 (2017: SRD 26,697).

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 2018 amounted to SRD 1,109,964 (2017: SRD 1,176,535) and are recognized under personnel expenses.

5.) Income tax and deferred tax liabilities

Income tax

Income tax is calculated at the applicable rate (36%) over the result of the financial year, taking into account temporary differences between the calculation of profit according to the financial statements and the taxable profit calculation. In 2013 the Tax Inspector agreed that the final tax assessments for CIC regarding the years 2007 up to and including 2012 will be imposed after an audit from the Tax Authorities which commenced in 2013. At reporting date the income tax audit have not been completed by the Tax Authorities.

The current tax payable is specified as follows:

in SRD	2018	2017
Balance at 1 January	3,876,031	5,004,651
Paid during the year	(10,155,350)	(11,809,115)
Due over the year	13,831,437	10,045,166
PP&E replacement reserve	239,510	250,573
Tax recoverable	-	60,861
Inventory adjustments	20,511	215,147
Release revaluation land and buildings*	86,669	107,448
Accelerated depreciation	1,300	1,300
Due at 31 December	7,900,108	3,876,031

* Included VSH Foods SRD 35,989 (2017: SRD 35,989)

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.

Notes to the Consolidated Financial Statements

The deferred tax liabilities are specified as follows:

in SRD	2018	2017
Balance as at 1 January	15,680,865	16,191,338
Revaluation of financial assets	32,997	13,740
Revaluation of subsidiary interest	(543,248)	50,255
Inventory adjustments	(20,511)	(215,147)
Release revaluation land and buildings	(86,669)	(107,448)
PP&E replacement reserve	(239,510)	(250,573)
Release accelerated depreciation	(1,300)	(1,300)
Balance at 31 December	14,822,624	15,680,865

6.) Earnings per share

All shares of the Company are extra ordinary shares with a par value of SRD 0.10. The calculation of earnings per share at 31 December 2018 was based on the earnings attributable to ordinary shareholders of the Company of SRD 31,034,468 (2017: SRD 20,719,097), and a weighted average number of ordinary shares outstanding during the year ended at 31 December 2018 of 1,986,338 (2017: 1,986,338).

	2018	2017
Weighted average number of shares	1,986,338	1,986,338
Earnings per share in SRD	15.62	10.43

7.) Dividends paid and proposed

The following dividends were declared and paid by the Company.

in SRD	2018	2017
Fourth quarter interim dividend previous year SRD 0.15 per share (2016: SRD 0.15)	297,950	297,950
Final cash dividend previous year SRD 2.05 per share (2016: SRD 2.20)	4,071,993	4,369,944
First quarter interim dividend SRD 0.15 per share (2017: SRD 0.15)	297,951	297,951
Second quarter interim dividend SRD 0.15 per share (2017: SRD 0.15)	297,951	297,951
Third quarter interim dividend SRD 0.15 per share (2017: SRD 0.15)	297,951	297,951
Declared and paid	5,263,796	5,561,747

After reporting date 2018:

Declared and proposed by the Company

Fourth quarter interim dividend SRD 0.15 per share	297,950	-
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The Management proposed the following final dividend:

Cash dividend SRD 3.40 per share	6,753,550	-
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The proposed dividend 2017 was adopted by the Annual General Meeting of Shareholders of 6 July 2018.

Notes to the Consolidated Financial Statements

8.) Property, plant equipment and intangible assets

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

in SRD	Total	Property	Machinery and Equipment	Furniture and Fixture	Motor Vehicles	Investments in progress	Intangible assets
Cost							
At 1 January, 2018	134,088,956	51,135,623	51,667,719	23,064,489	1,871,269	6,349,856	3,064,630
Additions for the year	54,949,732	24,326,713	8,310,823	3,605,420	257,752	18,449,024	416,258
Transfers	(10,356,101)	-	-	-	-	(10,356,101)	-
Disposals	(3,122,126)	(305,334)	(2,429,764)	(387,028)	-	-	-
Corrections	-	-	-	(100,408)	100,408	-	7,923
Translations results	2,339,766	-	14,735	708,788	1,616,243	-	-
At 31 December 2018	177,900,227	75,157,002	57,563,513	26,891,261	3,845,672	14,442,779	3,488,811
Accumulated depreciation							
At 1 January, 2018	(63,783,435)	(17,678,075)	(29,228,322)	(16,830,651)	(46,387)	-	(2,085,410)
Depreciation charge for the year	(10,839,466)	(2,455,584)	(4,832,063)	(2,993,247)	(558,572)	-	(479,312)
Corrections	-	-	-	8,091	(8,091)	-	-
Written back on disposals	2,734,865	175,695	2,183,862	375,308	-	-	-
Translation results	(1,108,938)	19,699	(13,666)	(450,329)	(664,642)	-	(6,937)
Book value 31 December 2018	(72,996,974)	(19,938,265)	(31,890,189)	(19,890,828)	(1,277,692)	-	(2,571,659)
Net Carrying amount							
At 1 January, 2018	70,305,521	33,457,548	22,439,397	6,233,838	1,824,882	6,349,856	979,220
At 31 December, 2018	104,903,253	55,218,737	25,673,324	7,000,433	2,567,980	14,442,779	917,152

in SRD	Total	Property	Machinery and Equipment	Furniture and Fixture	Motor Vehicles	Investments in progress	Intangible assets
Cost							
At 1 January 2017	121,042,498	49,425,818	48,678,467	19,841,784	-	3,096,429	2,910,190
Additions for the year	29,421,544	1,709,805	3,483,978	3,503,474	1,871,269	18,853,018	151,488
Transfers	(15,599,591)	-	-	-	-	(15,599,591)	-
Disposals	(789,449)	-	(509,461)	(279,988)	-	-	-
Corrections	-	-	-	-	-	-	2,952
Translations results	13,954	-	14,735	(781)	-	-	-
At 31 December 2017	134,088,956	51,135,623	51,667,719	23,064,489	1,871,269	6,349,856	3,064,630
Accumulated depreciation							
At 1 January 2017	(56,483,221)	(16,053,098)	(25,433,822)	(14,996,301)	-	-	(1,485,267)
Depreciation/amortisation for the year	(7,974,594)	(1,624,977)	(4,198,497)	(2,104,733)	(46,387)	-	(598,046)
Corrections	-	-	-	-	-	-	-
Written back on disposals	679,775	-	414,454	265,321	-	-	-
Translation results	(5,395)	-	(10,457)	5,062	-	-	(2,097)
Book value 31 December 2017	(63,783,435)	(17,678,075)	(29,228,322)	(16,830,651)	(46,387)	-	(2,085,410)
Net Carrying amount							
At 1 January, 2017	64,559,277	33,372,720	23,244,645	4,845,483	-	3,096,429	1,424,923
At 31 December, 2017	70,305,521	33,457,548	22,439,397	6,233,838	1,824,882	6,349,856	979,220

The property, plant, equipment and intangible assets are insured against fire up to USD 33,564,778 (SRD 255,092,313).

Notes to the Consolidated Financial Statements

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

Financial assets comprise of shares in other companies and term deposits. The shares are measured at their fair value, which is the closing price of the last trading session of the stock exchange where the shares are listed in December 2018.

in SRD	Numbers of shares	Price per share	2018	2017
Assuria N.V.*	4,000	85.00	340,000	376,800
Torarica Holding N.V.	188,020	80.00	15,041,600	15,041,600
Surinaamse Brouwerij N.V.	1,287	2,805.00	3,610,035	3,474,900
De Surinaamsche Bank N.V.	12,521	9.00	112,689	301,159
Self Reliance N.V.	14,516	62.35	905,073	867,048
Hakrinbank N.V.	102	408.00	41,616	40,800
Royal Bank of Scotland	297	22.71	6,745	7,009
Total shares			20,057,758	20,109,316
Other			1,829	1,780
Goodwill			14,129,599	-
Total financial assets			34,189,186	20,111,096

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

Discontinued operations relates to CIC's 98.9% subsidiary Carifrico N.V. In June 2017, all buildings at Carifrico N.V. were demolished. Aside from billboard rental income, there are no economic activities. This event therefore saw the end of Carifrico's primary revenue generating activity. The balance at 31 December 2018 amounts to SRD 1,937,973 (2017: SRD 1,922,960).

Subsidiaries' interest

in SRD	2018	2017
Subsidiary of CIC	1,937,973	1,922,960
Subsidiary of FOODS	200,000	200,000
Balance at 31 December	2,137,973	2,122,960

10.) Investment in Associate

Changes in carrying amount in associate is as follows:

in SRD	2018	2017
Balance at 1 January	62,001,133	74,071,528
Company's share of profit	6,916,811	7,926,056
Profit distribution	(2,436,903)	(2,651,924)
Adjustments revaluation reserve	3,319,053	(17,344,527)
Balance at 31 December	69,800,094	62,001,133

Financial statements of the Associate for the year 2018 are to be adopted by the Annual General Meeting of Shareholders on 14 June 2019.

11.) Inventories

in SRD	2018	2017
Raw materials and packaging	23,336,122	20,587,079
Goods for sale	12,686,172	11,687,425
Finished goods	3,057,823	2,947,393
Supplies and spare parts	3,065,758	3,000,944
Goods in transit	15,421,840	8,383,596
Provision for reduced marketability	(979,474)	(395,839)
Total inventories	56,588,241	46,210,598

In 2018 a provision for reduced marketability of SRD 983,984 (2017: 232,393) was considered necessary. The inventories are insured against fire up to USD 14,445,545 (SRD 109,786,146).

Notes to the Consolidated Financial Statements

12.) Trade and other receivables

in SRD	2018	2017
Trade receivables	72,884,390	49,799,909
Advance to personnel	447,406	435,098
Prepayments and deposits	2,986,365	20,166,319
Insurance	130,898	156,732
To be settled import duties	39,874	25,701
Other receivables	6,558,401	7,291,233
Total trade and other receivables	83,047,334	77,874,992

At 31 December 2018 trade receivables are shown net of an allowance for uncollectible amounts of SRD 3,618,957 (2017: SRD 2,028,647). The impairment loss recognized in the current year was SRD 818,872 (2017: SRD 857,580).

13.) Cash and cash equivalents and short-term deposits

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

in SRD	2018	2017
Cash and cash equivalents		
Denominated in SRD	5,117,967	4,036,405
Denominated in US Dollars	479,391	30,223,975
Denominated in EURO	31,694,330	1,961,747
Denominated in GYD	3,104,715	577,674
Total cash and cash equivalents	40,396,403	36,799,801
Short-term deposits		
Denominated in SRD	250,000	-
Denominated in US Dollars	1,609,718	-
Total cash and short-term deposits	42,256,121	36,799,801

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

Issued capital

in SRD	2018	2017
Issued capital at 1 January	198,634	19,863
Issued capital at 31 December	198,634	198,634

At 31 December 2018 the issued share capital comprised of 1,986,338 shares (2017: 1,986,338 shares). The shares have a par value of SRD 0.10 (2017: SRD 0.10). All issued shares are fully paid.

Capital in excess of par value

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

Revaluation reserve

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

Notes to the Consolidated Financial Statements

Retained earnings

In 2018 the interim dividend of SRD 1,191,803 (2017: SRD 1,191,803) over the year has been charged to retained earnings.

15.) Long-term borrowings

in SRD	2018	2017
VSH Transport	8,353,564	11,650,264
VSH Foods	6,068,058	2,538,620
VSH Nederland	16,979,372	-
CIC	3,024,678	3,721,688
Total long-term borrowings	34,425,672	17,910,572

The loans comprise of the following long-term arrangements:

- An investment facility of USD 1,050,000 was issued on behalf of CIC with monthly payments of USD 5,850. The balance per 31 December 2018 amount to USD 271,950 including the short-term (<12 months) portion.
- In 2017 a five year loan of USD 260,000 was issued on behalf of CIC with a monthly payment of USD 5,210. The balance per 31 December 2018 amount to USD 219,437 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 2018 amount to USD 1,099,153 including the short-term (<12 months) portion.
- In 2017 VSH FOODS entered into a hire purchase contract for its distribution trucks. The Company agreed upon an installment plan which divides the financial obligations into 60 monthly payments with a final payment of 15% at the end of the contract period. The balance per 31 December 2018 amount to USD 347,276 including the short-term (<12 months) portion.
- In 2018 a loan of SRD 5,000,000 was issued on behalf of VSH FOODS. The term of the loan is 5 years. The balance at 31 December 2018 amount to SRD 4,809,179 including the short-term (<12 months) portion.
- In 2018 a five year loan of Euro 1,500,000 was issued on behalf of IFC Vastgoed B.V. with a monthly payment of Euro 6,250. The balance per 31 December amount to Euro 1,443,750 including the short-term (<12 months) portion.
- In 2018 a five year loan of Euro 700,000 was issued on behalf of IFC Vastgoed B.V. with a monthly payment of Euro 6,922. The balance per 31 December amount to Euro 644,392 including the short-term (<12 months) portion.

The collateral given to the Institutions for these loans are:

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

16.) Short-term borrowings

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

- On 19 June 2008, VSH FOODS obtained an overdraft facility with a maximum of USD 250,000 to finance working capital requirements on an ongoing basis. The balance at year end amounted to USD 247,040 (2017: USD 176,235).
- In 2018, CIC obtained an overdraft facility with a maximum of USD 100,000 to finance working capital requirements on an ongoing basis. The balance at year end amounted to USD 40,000 (2017: nil).
- In 2018, IFC Vastgoed B.V. obtained an overdraft facility with a maximum of Euro 500,000 to finance working capital requirements on an ongoing basis. The balance at year end amounted to Euro 474,580.

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

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

Notes to the Consolidated Financial Statements

17.) Provisions and commitments

in SRD	Product warranty, liability and disposal	Deferred maintenance	Long-term Medical obligation	Uncollectable amounts	Reduced marketability of inventories	Redundancy	
Balance at 1 January	392,996	212,500	3,802,305	2,546,724	438,751	689,340	
Movements:							
Used during the year	(2,561)	-	(451,381)	(819,034)	(427,876)	(594,355)	
	390,435	212,500	3,350,924	1,727,690	10,875	94,985	
Addition:							
Through statement of income	320,651	-	678,832	1,891,105	983,984	825,469	
Through other comprehensive income	-	-	1,544,738	-	-	-	
Presented in receivables/ inventories	-	-	-	(3,618,795)	(994,859)	-	
Balance at 31 December	711,086	212,500	5,574,494	-	-	920,454	7,418,534
Short-term provisions						< 12 months	1,844,040
Long-term provisions						> 12 months	5,574,494

Commitments

Operating Leases

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

in SRD	2018	2017
Due within one year	12,570,035	6,774,751
Between one and five years	16,181,105	19,461,032
Later than five years	-	3,938,667
Total	28,751,140	30,174,450

Non-cancelable operating lease payments represent rentals payable by the Group for use of vehicles, computer hardware, warehouses and port terminal lease.

VSH Community Fund

This non-profit foundation was established on August 22, 2008 to finance and coordinate community projects on behalf of the Group. The fund is financed by contributions of 1.5% of the earnings before income tax on a final monthly basis from the operating companies. In 2018 SRD 653,454 (2017: SRD 633,971) was contributed by the companies.

Notes to the Consolidated Financial Statements

18.) Trade and other payables

in SRD	2018	2017
Trade payables	58,220,708	52,546,629
Taxes on wages	2,640,370	1,788,555
Employee benefits	2,627,894	2,511,738
Received deposits & advanced payments	3,791,189	401,743
Dividend & sales tax payables	661,254	1,612,832
Other payables	10,657,761	6,081,596
Total trade and other payables before earnings distribution	78,599,176	64,943,093
Proposed dividend	6,839,642	4,523,249
Total trade and other payables after profit distribution	85,438,818	69,466,342

19.) Related party disclosure

Supervisory Board of Directors

The remuneration of the Supervisory Board of Directors is approved by the Shareholders' Meeting. In 2018 the actual remuneration amounted to SRD 184,290 (2017: SRD 151,230).

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 2018 a bonus of SRD 1,437,443 has been approved by the Supervisory Board of Directors. An amount of SRD 1,435,470 has been recognized in the financial statements for the year 2018 and is payable in 2019.

Services

Financial- and IT services are provided by the Company to VSH FOODS, VSH USA and CIC. The amount billed in 2018 amounted to SRD 1,681,010 (2017: SRD 1,044,422).

20.) Subsequent events

In May 2019 VSH United (Holding) purchased shares of the following companies:

- VSH FOODS: 92,849 shares which increased the share position of VSH United from 56.01% to 63.13%.
- Torarica Holding N.V.: 14,790 shares which increased the share position of VSH United from 14.19% to 15.30%.
- CIC: 5,010 shares which increased the share position of VSH United from 60.15% to 60.40%.

11 INDEPENDENT AUDITOR'S REPORT



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

Opinion

We have audited the financial statements 2018 of N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company, in Paramaribo, and its subsidiaries (the Group), which comprise the consolidated statement of financial position and the company statement of financial position at December 31, 2018, the consolidated statement of income and the company statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 10 to the financial statements which describes that the Financial Statements 2018 of the Associate have to be adopted by the Annual General Meeting of Shareholders of the Associate on June 14, 2019. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprise the information included in the Group's 2018 Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 2018 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the procedures performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Paramaribo, 3 June 2019
Lutchman & Co N.V.

Represented and signed by
D. de Keyzer AA (chartered accountant)





Project: Back to the future N.V. Consolidated Industries Corporation (CIC)



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