

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



Half Year Report 2018

N.V. Verenigde Surinaamse Holdingmij.-
United Suriname Holding Company
Van 't Hogerhuysstraat 9 - 11
Paramaribo, Suriname
Phone +597 40 25 58
Fax +597 40 35 15
Email info@vshunited.com
Website www.vshunited.com

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

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

Table of Contents

Managing Director's Report First Half Year 2018	4-5
Condensed Statement of Income for the six months ended 30 June 2018	6
Condensed Statement of Financial Position at 30 June 2018 before appropriation of profit	7
Condensed Consolidated Statement of Income for the six months ended 30 June 2018	8
Condensed Consolidated Statement of Financial Position at 30 June 2018 before appropriation of profit	9
Condensed Statement of Changes in Equity at 30 June 2018	10
Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2018	11
Operating Segment Reporting	12-13
Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2018	14-19
Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Information	20

Managing Director's Report First Half Year 2018

Introduction

The VSH-United Group comprises a Holding Company and fifteen operating subsidiaries; eleven (12) are operating in Suriname, one (1) in Georgetown, Guyana, one (1) in Miami, Florida, USA and as per 1 January 2018 one (1) in Moerdijk, the Netherlands.

The Company

In the Annual General Meeting of Shareholders held on 06 July 2018, the financial statements 2017 and a cash dividend of SRD 5,263,796 (2016: SRD 5,561,747) or SRD 2.65 (2016: SRD 2.80) per share each were approved.

After having served for almost twenty-seven years as a member of the Supervisory Board of which 8 years as Chairman, Mr. R. Khodadin has decided not to stand for re-election. The Annual General Meeting of Shareholders re-elected Mrs. D. Halfhide, Mr. R. Hahn, Mr. S. Smit and Mr. K. Lim A Po as members of the Supervisory Board. To fill the vacancy left by Mr. R. Khodadin and to add a new member, the Annual General Meeting of Shareholders elected Mr. V. Kenswil and Mr. P. Fernandes as Board members.

In the Meeting of the Supervisory Board of 09 July 2018 the members appointed Mrs. D. Halfhide as Chairman, Mr. R. Hahn as Vice-Chairman and Mrs. M. Ramsundersingh as Secretary.

The Business Environment

The Suriname economy is expected to grow by 2.0%¹ in 2018 compared to a growth of 1.9% for in 2017. Better than expected gold production and relatively stable commodity prices supported improved overall economic performance. Increased government income from mineral export products and continued borrowing allowed the high level of consumption-oriented government spending to be maintained. Continued weak consumer buying power was somewhat offset by increased government spending and the none-mining sectors experienced slight improved sales.

Inflation, on a year to year basis was 8% at the end of June 2018 (12-month June 2017: 20%)². The growth in foreign currency reserves combined with weak consumer buying power allowed for the US Dollar / Suriname Dollar exchange rate to remain stable at SRD 7.55.

Financial Overview

Consolidated Group revenue from continuing operations for the first half year 2018 amounted to SRD 84,919,309 (first half year 2017: SRD 59,567,843).

- Shipping revenue was 73.1% higher compared to the first half year 2017 mostly from increase in overall cargo volumes, some off-shore activities, improved performance in our non-vessel operating common carriers (NVOCC) activities at VSH USA and income from newly established VSH-United (Nederland) B.V./IFC venture.
- Trading revenue was 24.6% higher compared to the first half year 2017 due to higher sales volumes in both office equipment and personal protective equipment.
- Steel operating income was 132% higher compared to the same period of last year due to significant higher sales volumes.
- VSH Foods operating income was 31.5% higher compared to the first half year 2017 mainly due to price adjustments, affordable products in the butter segments and an increase of 4.4% in export volume.
- CIC operating income was 0.9% lower compared to the first half year in 2017. This slight increase was mainly driven by higher personnel expenses, increased prices of key raw- and packaging materials and necessary provisions.
- Real estate revenue was 17.7% lower compared to the first half year 2017 mainly due to increased maintenance expenses.

Total costs for the first half year 2018 amounted to SRD 64,412,350 (first half year 2017: SRD 50,589,076) which is 27.3% higher compared to the same period in 2017. Personnel expenses in the first half of 2018 were 38.7% higher compared to the first half of 2017 mainly due to increases in wages and the inclusion of VSH-United (Nederland) B.V. .

Administrative expenses posted at SRD 23,946,029 (first half year 2017: SRD 20,993,996) mainly related to the inclusion of VSH-United (Nederland) B.V..

Provisions for the first half year 2018 amounted to SRD 234,894 (first half year 2017: SRD 139,012).

Profit from continuing operations for the first half year 2018 amounted to SRD 23,402,414 (first half year 2017: SRD 11,644,749).

The profit from the associated company Assuria N.V. (Assuria) increased by 24.9% compared to the first half year 2017. Our share of profit as reflected in the condensed statement of income amounted to SRD 5,191,240 (first half year 2017: SRD 4,157,890). Consolidated investment income in the first half year 2018 amounted to SRD 125,512 (first half year 2017: nil).

Total consolidated net profit for the first half year 2018 amounted to SRD 20,411,569 (first half year 2017: SRD 10,914,573).

¹ Source: International Monetary Fund

² Source: ABS Suriname

Report of the Management

After deduction of non-controlling interest the profit attributable to shareholders amounted to SRD 18,517,304 (first half year 2017: SRD 10,331,485). Earnings per share amounted to SRD 9.32 (first half year 2017: SRD 5.20).

Profit attributable to shareholders which has been realized in the period is used as the bench mark for determining dividend policy. Unrealized profit is the portion of profit not received in cash (dividend) from group companies during the period. Realized profit attributable to shareholders amounted to SRD 12,903,928 (first half year 2017: SRD 9,649,110). Realized earnings per share amounted to SRD 6.50 (first half year 2017: SRD 4.86).

Interim dividend for the first and second quarter 2018 amounted to SRD 0.30 per share (first and second quarter 2017: SRD 0.30 per share). The share price during the last trading session on the Suriname Stock Exchange in June 2018 amounted to SRD 77.00 compared to SRD 72.00 at 31 December 2017.

Outlook

Suriname government growing debt and its effects on the fragile recovery process of the economy remains a major concern.

Key markets Guyana/Trinidad/Jamaica continue to show signs of growth and/or recovery and are expected to support VSH Group revenue growth for the remainder of 2018.

Strict Customs import controls imposed in the first half of 2018 allowed for income actually due the government tax department to be collected and stimulated a more level playing field in the area of import, sales/pricing and project bidding. Not expected for 2018 but the long awaited implementation of a VAT-Value Added Tax system can further stimulate increased government revenue and fair trade practices.

The management team is committed to the Multiyear Strategy of growing our markets and to further professionalize our business processes. We are confident that the ongoing administrative improvements, management capacity building and product/services innovation in all the markets we operate will further improve profitability for 2018.

Paramaribo, 29 October 2018

The Management

Mr. P. Healy, *Chief Executive Officer*

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

Condensed Statement of Income

for the six months ended 30 June 2018

	1 January - 30 June 2018	1 January - 30 June 2017
	SRD	SRD
Income from		
Subsidiaries	12,586,248	5,627,704
Share of profit in associate	5,191,240	4,157,890
Investments	113,020	-
Other	979,369	852,954
	18,869,877	10,638,548
Profit		
Profit before tax	18,869,877	10,638,548
Income tax	352,573	307,063
Net profit	18,517,304	10,331,485
Division of Profit		
Interim dividend	595,901	595,901
Surplus	17,921,403	9,735,584
	18,517,304	10,331,485

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

Paramaribo, 29 October 2018

Supervisory Board

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

Managing Directors

P. Healy
 M. Ramsundersingh

Condensed Statement of Financial Position at 30 June 2018

Before appropriation of profit

ASSETS	30 June 2018	31 December 2017
	SRD	SRD
NON-CURRENT ASSETS		
Property, plant and equipment	1,436,874	1,406,839
Intangible assets	648,775	574,183
Financial assets	19,663,589	19,484,536
Subsidiary interest	126,674,085	113,208,358
Investment in associate	69,371,981	62,001,133
Total non-current assets	217,795,304	196,675,049
CURRENT ASSETS		
Subsidiary receivables	30,497,942	11,044,696
Trade and other receivables	4,523,820	21,947,085
Cash and cash equivalents	41,117,139	32,551,233
Total current assets	76,138,901	65,543,014
TOTAL ASSETS	293,934,205	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	152,336,152	135,965,032
Result for the period/year	18,517,304	20,719,097
Revaluation reserves	29,555,287	26,793,683
Total equity	200,669,031	183,738,100
LIABILITIES		
Non-current liabilities		
Deferred tax	8,863,474	8,814,179
Total non-current liabilities	8,863,474	8,814,179
Current liabilities		
Subsidiary payables	70,109,333	61,424,698
Provisions	4,280,541	3,072,123
Income tax payable	611,120	316,048
Trade and other payables	9,400,706	4,852,915
Total current liabilities	84,401,700	69,665,784
TOTAL EQUITY AND LIABILITIES	293,934,205	262,218,063

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

Paramaribo, 29 October 2018

Supervisory Board

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

Managing Directors

P. Healy
 M. Ramsundersingh

Condensed Consolidated Statement of Income

for the six months ended 30 June 2018

	1 January - 30 June 2018	1 January - 30 June 2017
	SRD	SRD
REVENUE		
Trading	4,965,496	3,985,043
Industry	28,890,321	25,375,632
Shipping	49,946,706	28,850,170
Real estate	1,116,786	1,356,998
	84,919,309	59,567,843
Other income	2,895,455	2,665,982
	87,814,764	62,233,825
COSTS		
Personnel expenses	(33,562,037)	(24,193,060)
Administrative expenses	(23,946,029)	(20,993,996)
Depreciation and amortization	(5,506,475)	(4,136,357)
Provisions	(234,894)	(139,012)
	(63,249,435)	(49,462,425)
Operating profit	24,565,329	12,771,400
Finance costs		
Finance costs	(1,162,915)	(1,126,651)
Profit from continuing operations	23,402,414	11,644,749
Other		
Share of profit in associate	5,191,240	4,157,890
Investments	125,512	-
	5,316,752	4,157,890
Profit		
Profit before income tax	28,719,166	15,802,639
Income tax expense	(8,307,597)	(4,888,066)
Net profit	20,411,569	10,914,573
Attributable to:		
Non-controlling interests	1,894,265	583,088
Equity holders of the Parent Company	18,517,304	10,331,485
Weighted average number of shares	1,986,338	1,986,338
Earnings per share	9.32	5.20

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

Paramaribo, 29 October 2018

Supervisory Board

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

Managing Directors

P. Healy
 M. Ramsundersingh

Condensed Consolidated Statement of Financial Position at 30 June 2018

Before appropriation of profit

ASSETS	30 June 2018	31 December 2017
	SRD	SRD
NON-CURRENT ASSETS		
Property, plant and equipment	95,912,635	70,305,521
Intangible assets	15,180,681	979,220
Subsidiary interest	199,788	200,000
Discontinued operations	1,929,617	1,929,617
Financial assets	20,951,531	20,111,096
Investment in associate	69,371,981	62,001,133
Total non-current assets	203,546,233	155,526,587
CURRENT ASSETS		
Inventories	52,890,179	46,210,598
Trade and other receivables	81,794,713	77,868,335
Cash and cash equivalents	47,012,955	36,799,801
Total current assets	181,697,847	160,878,734
TOTAL ASSETS	385,244,080	316,405,321
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	198,634	198,634
Capital in excess of par value	61,654	61,654
Retained earnings	152,336,152	135,965,032
Result for the period/year	18,517,304	20,719,097
Revaluation reserves	29,555,287	26,793,683
Equity attributable to equity holders of the parent company	200,669,031	183,738,100
Non-controlling interest	23,168,265	19,122,273
Total equity	223,837,296	202,860,373
LIABILITIES		
Non-current liabilities		
Long-term borrowings	37,335,755	17,910,572
Deferred tax	15,697,882	15,680,865
Long-term provisions	3,802,305	3,802,305
Total non-current liabilities	56,835,942	37,393,742
Current liabilities		
Trade and other payables	82,656,738	64,943,093
Short-term borrowings	10,279,629	6,037,246
Current tax payable	10,670,286	3,876,031
Short-term provisions	964,189	1,294,836
Total current liabilities	104,570,842	76,151,206
TOTAL EQUITY AND LIABILITIES	385,244,080	316,405,321

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

Paramaribo, 29 October 2018

Supervisory Board

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

Managing Directors

P. Healy
M. Ramsundersingh

Condensed Statement of Changes in Equity

at 30 June 2018

in SRD	SHARE CAPITAL	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	REVALUATION RESERVE	TOTAL	NON-CONTROLLING INTERESTS	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
Net profit	-	-	20,719,097	-	20,719,097	2,268,121	22,987,218
Profit distributions	-	-	(1,191,803)	-	(1,191,803)	(205,695)	(1,397,498)
Revaluation	-	-	-	(17,244,545)	(17,244,545)	(2,744)	(17,247,289)
Realized revaluation	-	-	127,036	(127,036)	-	-	-
Issued shares	178,771	(178,771)	-	-	-	-	-
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
Net profit	-	-	18,517,304	-	18,517,304	1,894,265	20,411,569
Profit distributions	-	-	(595,901)	-	(595,901)	(117,195)	(713,096)
Revaluation	-	-	-	3,081,521	3,081,521	(14,112)	3,067,409
Realized revaluation	-	-	319,917	(319,917)	-	-	-
Non-controlling first adoption	-	-	-	-	-	2,734,290	2,734,290
Equity at 30 June 2018 before appropriation of profit	198,634	61,654	170,853,456	29,555,287	200,669,031	23,168,265	223,837,296

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

Paramaribo, 29 October 2018

Supervisory Board

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

Managing Directors

P. Healy
 M. Ramsundersingh

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2018

	1 January - 30 June 2018	1 January - 30 June 2017
CASH FLOWS FROM OPERATING ACTIVITIES:	SRD	SRD
Net profit	28,719,166	15,802,639
Adjusted for:		
Depreciation	5,506,475	4,136,357
Unrealized share of profit associate	(5,191,240)	(4,157,890)
Revaluation results	2,648,932	5,728
Investment income	(125,512)	-
Interest expense	1,162,915	1,126,651
Provisions	234,894	139,012
Cash flow from operations before changes in working capital	32,955,630	17,052,497
<i>Changes in working capital</i>		
Change in inventories	(6,679,581)	1,096,687
Change in trade and other receivables	(3,926,378)	8,047,865
Change in trade and other payables	17,713,645	(1,058,282)
Adjustments regarding trade and other receivables	-	(92,568)
Adjustments regarding provisions	(20,143)	(913)
<i>Cash generated from operations</i>	40,043,173	25,045,286
Claims paid	(1,201)	(2,316)
Paid interest	(1,162,915)	(1,126,651)
Paid income tax	(1,514,426)	(921,113)
Net cash from operating activities	37,364,631	22,995,206
Cash flows from investing activities :		
Purchase of property, plant & equipment	(45,315,050)	(7,880,079)
Purchase of non-current financial assets	(840,435)	(1,900,000)
Dividends received	125,512	-
Net cash used in investing activities	(46,029,973)	(9,780,079)
Cash flows from financing activities :		
Proceeds and repayments of loans	23,667,566	2,211,823
Payments disposal of waste	-	(341,393)
Redundancy payments	(121,176)	(104,232)
Dividend declared	(4,667,894)	(4,965,845)
Net cash from/(used in) financing activities	18,878,496	(3,199,647)
Net increase in cash for the period	10,213,154	10,015,480
Cash and cash equivalents at 1 January	36,799,801	40,839,722
Cash and cash equivalents at 30 June 2018	47,012,955	50,855,202

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

Paramaribo, 29 October 2018

Supervisory Board

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

Managing Directors

P. Healy
M. Ramsundersingh

Operating Segment Reporting

x SRD 1,000	Shipping		Trading		Foods		Detergents	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Segment income	49,947	28,850	4,965	3,985	8,168	6,211	17,688	17,856
Inter-segment income	-	-	-	-	-	-	-	-
Associate income	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Reportable segment operating income	49,947	28,850	4,965	3,985	8,168	6,211	17,688	17,856
Reportable segment profit	26,395	13,319	10	(31)	1,749	(32)	(80)	2,297
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Reportable segment assets	164,801	97,335	20,726	18,466	33,847	31,501	56,328	53,626
Reportable segment liabilities	64,030	56,971	13,274	11,065	18,487	17,144	26,354	23,218
Investments	40,507	663	86	653	1,456	5,771	2,476	4,337
Depreciation and amortisation	2,117	1,515	113	344	594	764	1,381	2,260
Employees of the reportable segment	142	142	22	22	58	58	115	115

Operating Segment Reporting

x SRD 1,000	Steel		Real Estate		Other		Consolidated	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Segment income	3,034	1,309	3,847	3,791	3,969	3,694	91,618	65,696
Inter-segment income	-	-	(2,730)	(2,434)	(1,074)	(1,028)	(3,804)	(3,462)
Associate income	-	-	-	-	5,191	4,158	5,191	4,158
Investment Income	-	-	-	-	126	-	126	-
Reportable segment operating income	3,034	1,309	1,117	1,357	8,212	6,824	93,131	66,392
Reportable segment profit	(502)	(1,746)	1,681	1,572	(534)	424	28,719	15,803
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Reportable segment assets	15,719	13,241	20,827	19,672	72,996	82,564	385,244	316,405
Reportable segment liabilities	3,574	2,022	1,810	1,465	33,878	1,660	161,407	113,545
Investments	21	59	151	1,195	1,458	3,086	46,155	15,764
Depreciation and amortisation	228	472	678	1,137	395	615	5,506	7,107
Employees of the reportable segment	41	41	6	6	21	21	405	405

Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2018

1.) Information on the reporting entity

N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company, is a company registered and domiciled in Suriname. The Company's registered office is at Van 't Hogerhuysstraat 9-11 Paramaribo City, Suriname. These condensed consolidated interim financial statements as at and for the six months ended 30 June 2018 comprise the Company, its subsidiaries and its associate (together referred to as the Group).

These condensed consolidated interim financial statements were authorized for issue by the Supervisory Board on 29 October 2018.

These condensed consolidated interim financial statements have been reviewed, not audited.

The subsidiaries are:

1. **N.V. VSH Shipping**
2. **N.V. VSH Transport**
3. **N.V. VSH Trading**
4. **N.V. VSH Steel**
5. **N.V. VSH Real Estate**
6. **N.V. VSH Investment**
7. **VSH Marketing Company Ltd.**
8. **N.V. VSH Logistics**
9. **N.V. VSH Labour Services**
10. **VSH-UNITED (USA) L.L.C.**
11. **VSH-UNITED (GUYANA) INC.**
12. **N.V. VSH Agency Services**
13. **VSH-UNITED (NEDERLAND) B.V.**
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

These condensed consolidated interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with generally accepted accounting principles for interim financial reporting.

These condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with generally accepted accounting principles.

2.2) Basis of Measurement

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

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

2.3) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Suriname Dollars (SRD), which is the Company's functional currency. All financial information presented in SRD has been rounded to the nearest dollar.

Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2018

2.4) Application of IFRS standards

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

IAS 7: Statement of Cash Flows
IAS 16: Property, Plant and Equipment
IAS 17: Leases
IAS 18: Revenue
IAS 19: Employee Benefits
IAS 24: Related Party Disclosures
IAS 28: Investments in Associates and Joint Ventures
IAS 29: Financial Reporting in Hyperinflationary Economies
IAS 33: Earnings per Share

3.) Accounting policies

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

Subsidiaries

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

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

Assuria is presented as an associate. Under IAS 28.6 the Company meets the requirement of significant influence by virtue of:

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

Foreign currency transactions

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

The exchange rates used for the US Dollar the EURO and the GYD at reporting date are:

in SRD	30 June 2018	31 December 2017
US Dollar	7.55	7.55
EURO	8.80	9.04
GYD (per 100)	3.51	3.51

Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2018

Foreign operations

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

Property, plant and equipment (PP&E)

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

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

Buildings	20 - 40 years
Land improvements	5 -10 years
Machinery and equipment	5 -10 years
Motor vehicles	5 years
Other assets	3 - 5 years
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 on sale

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

Intangible Assets

Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on straight-line basis over their estimated useful lives of the related assets. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Financial Assets

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

Inventories

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

Finished products and work in progress

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

Trade and other receivables

Trade and other receivables are stated at fair value less an allowance for uncollectible amounts, if there is objective evidence that the Group will not be able to collect the receivable. Trade receivables do not carry interest.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in banks and cash on hand.

Loans

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

Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2018

Provisions

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

Trade and other payables

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

Employee benefits

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

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

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

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

Revenue

Revenue from the sale of products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of turnover and sales taxes, customer discounts and other sales related discounts. Revenue from the sale of products is recognized in the condensed consolidated statement of income when the amount of revenue can be measured reliably, the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products. Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the 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 income from previous years, gain from sale of PP&E, gain on revaluation of inventories, transfer fees, broker provisions, proceeds from sales of empty drums, proceeds from promo activities and 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 of profit or loss of the associate.

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

Expenses

Operating Lease payments

Payments made under operating leases are recognized in the condensed consolidated 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 reporting 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 reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Notes to the condensed consolidated interim financial statements as at and for the six months ended 30 June 2018

4.) Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods if affected.

5.) Segment results

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

The shipping segment comprises shipping activities of the following subsidiaries:

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

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

VSH Trading
VSH Guyana

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

VSH Foods

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

CIC

The steel segment comprises steel fabrication of the following subsidiary:

VSH Steel

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

VSH Real Estate
VSH Trading

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

6.) Dividend declaration and payment

The proposed total dividend 2017 of SRD 2.65 per share was adopted in the Annual General Meeting of Shareholders of 06 July 2018. The first and second quarter interim dividend 2018 of total SRD 0.30 per share (first half year 2017: SRD 0.30) were declared by the Company.

7.) Related party transactions

Financial- and IT services are provided by the Company to VSH Foods, VSH USA and CIC. For the six months ended 30 June 2018 total amount billed amounted to SRD 786,447 (first half year 2017: SRD 564,739).

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

The Group participates in the VSH Community Fund.

This non-profit foundation was established on 22 August 2008 to finance and coordinate community projects on behalf of the Group. The Fund is financed by contributions of 1.5% of the profit before tax on a final monthly basis from the operating companies. For the six months ended 30 June 2018 a total amount of SRD 173,396 (first half year 2017: SRD 212,990) was contributed by the operating companies.

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

Report on review of condensed consolidated interim financial information

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of N.V. Verenigde Surinaamse Holdingmij.-/United Suriname Holding Company, in Paramaribo, that comprises the condensed company balance sheet and the condensed consolidated balance sheet at June 30, 2018, the condensed company and condensed consolidated statements of income, changes in equity and cash flows for the period of six months ended June 30, 2018 and the notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with generally accepted accounting principles for interim financial reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Basis for qualified conclusion

N.V. Verenigde Surinaamse Holdingmij.- holds a 100 % interest in VSH-UNITED Nederland B.V. registered and domiciled in the Netherlands and a 100% interest in VSH-UNITED (Guyana) INC. registered and domiciled in Guyana, which are consolidated. The total net equity as of June 30, 2018 and the total net result for the six months ended June 30, 2018 of aforementioned subsidiary companies amount to SRD 1.6 million and SRD 0.3 million respectively, based on the respective interim financial information prepared by its management as of that date. The interim financial information of these subsidiary companies was not reviewed by independent auditors. We were unable to satisfy ourselves regarding the net equity and the net result of aforementioned subsidiary companies, by other review procedures. Consequently, we were unable to determine whether adjustments to these amounts were necessary.

Qualified conclusion

Except for the possible effects of the matters described in the 'Basis for Qualified Conclusion', nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as of and for the half-year period ended June 30, 2018 is not prepared, in all material respects, in accordance with generally accepted accounting principles for interim financial reporting.

Paramaribo, 29 October 2018

Lutchman & Co, Accountants

*Represented and signed by
D. de Keyzer AA, Chartered Accountant*