UNITED
N.V. VSH FOODS

Annual Report
N.V. VSH FOODS

2017

Sustainable
Growth

Perfect for Cooking and baking

Table Of Contents

Retail Products

Brand				
Golden Brand	Golden Brand Margarine 227g (Block) Local & Export	Golden Brand 2 Sticks Margarine 227g (Block) Local & Export	Golden Brand Spreadable 227g and 453g (Tub) Local & Export	Golden Brand Slim No Salt Margarine 450g (Tub) Local
	Golden Brand Slim Low Salt Margarine 227g & 453g (Tub) Local	Golden Brand 4 Half Sticks Margarine 227g Export	Golden Brand Margarine 453g (Tub) Local & Export	Golden Brand Margarine 900g (Pail) Local & Export
	Golden Brand Margarine 2.25kg (Pail) Local & Export	Golden Brand Margarine 4.5kg (Pail) Local & Export	Golden Brand Margarine 10kg (Pail) Local & Export	

Brand

marigold	Marigold Butter 227g (Block) Local	Marigold Butter 500g (Pail) Local	Marigold Butter Spread 227g & 453g (Tub) Local & Export
YELLOW BIRD	Yellow Bird All Vegetable Margarine 225g (Block) Local		
BAKE 'N FRY	Bake 'N Fry Shortening 225g (Block) Local		

Food Service Products

Brand				
GOLDEN BRAND Flavor of the Caribbean	Golden Brand Slim Margarine 10kg (Pail) Local	Golden Brand Margarine 2.25kg (Pail) Local & Export	Golden Brand Margarine 4.5kg (Pail) Local & Export	Golden Brand Margarine 10kg (Pail) Local & Export
marigold	Marigold Butter 10kg (Pail) Local			
YELLOW BIRD	Yellow Bird Margarine 4 x 5kg (Case) Local			

Brand

Brand				
BAKE 'N FRY	Bake 'n Fry Shortening 4 x 5kg (Case) Local & Export			
BAKER'S CHOICE	All Purpose Soft White Margarine 4 x 5kg (Case) Local	All Purpose Soft Yellow Margarine 4 x 5kg (Case) Local & Export	All Purpose Cream Margarine 4 x 5kg (Case) Local	Puff Pastry Margarine 10 x 2kg (Case) Local & Export

Mission Statement

We commit ourselves to produce, market and distribute top quality margarine, butter and other products derived from, in a safe and hygienic manner at competitive price.

By producing these in an efficient manner from high quality raw materials with motivated and skilled employees and by guaranteeing supply to the market through aggressive marketing and sales channels.

By continuously monitoring and improving, where possible, the production process with the help of our quality system and thereby guaranteeing the market hygienic and safe products that comply with applicable legislation and the demands of our customers, to ensure growth, profitability and continuity of the Company for the benefit of our customers, shareholders, employees and the community.

Our Core 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.

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

marigold

Amazing Cake Needs Marigold Butter

Meet our Supervisory Board

James J. Healy Jr.

Chairman of the Supervisory Board

Stephen Smit

Vice President of the Supervisory Board

Antoine Brahim

Member of the Supervisory Board

Patrick Healy

Member of the Supervisory Board

Arthur Tjin A Tsoi

Member of the Supervisory Board

Meet our Management

Marlon Telting

Managing Director

Marif Sastrodiwirjo

Sales Manager

Melisa Ensberg

Operations Manager

Tamira Esajas

Finance Manager

Report of the Supervisory Board to the Shareholders

Financial Statements and division of profit

The Management has submitted the financial statements 2017 to the Supervisory Board on 23 February 2018. These financial statements can be found on pages 24 to 38 of this annual report. Lutchman & Co audited the financial statements.
Their report can be found on page 22 to 23.

The net profit amounts to

SRD 2,092,678

2016	SRD 1,358,505

One quarterly dividend was paid for the amount of SRD 0.15 per share of nominal SRD 0.10 per share. The Supervisory Board endorses the recommendation of the Management to pay a cash dividend for the year of SRD 0.45 (2016: SRD 0.10) per share of nominal SRD 0.10 per share. If approved, total dividend will amount to SRD 587,121 and the balance of the net profit amounting to SRD 1,505,557 will be added to retained earnings.

Supervisory Board changes and appointments

Under article 7.20 of the bylaws all Supervisory Board members retire in the Annual General Meeting of Shareholders. All five members, Mr. J.J. Healy Jr., Mr. S. Smit, Mr. A. Brahim, Mr. P. Healy and Mr. A. Tjin A Tsoi, were re-elected as members of the Supervisory Board in the Annual General Meeting of Shareholders held on 23 March 2017. Being eligible, all board members, Mr. J.J. Healy Jr., Mr. S. Smit, Mr. A. Brahim, Mr. P. Healy and Mr. A. Tjin A Tsoi, offer themselves for re-election in the Annual General Meeting of Shareholders to be held on 16 March 2018.

Management

In 2017 the Management consisted of:

- Mr. Marlon Telting, Managing Director
- Mr. Marif Sastrodiwirjo, Sales Manager
- Ms. Melisa Ensberg, Operations Manager
- Ms. Tamira Esajas, Finance Manager

Consultation and decision-making

The Supervisory Board held regular monthly meetings, 11 in total. The subjects discussed in the meetings included the financial position and results, Company strategy, Company policy, business plans, health, safety and environment, management development and succession.
In the Supervisory Board meeting held on 10 February 2017 the Internal Auditor reported on the activities of the Internal Audit Department in 2016 and he presented his audit plan for 2017.
In the board meeting held on 16 October 2017 Management presented the operational plan for 2018 and the Board approved capital expenditures for 2018. Management remuneration was evaluated and adjustments approved in the board meeting held on 8 December 2017. The Board members regularly attended the board meetings.
In the meeting of the Supervisory Board held on 12 January 2018 the results of the internal audits 2017 were presented to the Supervisory Board as well as the audit plan for 2018. In the same meeting the Management Letter regarding the interim audit 2017 was discussed with the external Auditor and the Managing Director.

The annual appraisal 2016 was presented by the Managing Director in the Supervisory Board meeting held on 13 april 2017. The results of the annual appraisal 2017 were presented by the Managing Director in the Supervisory Board meeting held on 9 Febuary 2018.

Performance of the Supervisory Board
On 12 January 2018 the performance of the Supervisory Board was evaluated through a self-assessment by the members. Based upon individual appraisals by the members the performance was found to be good. Areas requiring additional attention were identified and include development of key risk indicators, export growth, sucession in key functions and long-term strategic planning.

Dividend Policy and Interim Dividend
The policy of the Company is to pay a dividend between 40% and 50% of the net profit. Subject to unforeseen developments the Supervisory Board has approved interim dividend payments for the year 2018 as follows:

First Quarter Payable	**15 May 2018**	**SRD 0.10 p/share**
Second Quarter Payable	**15 August 2018**	**SRD 0.10 p/share**
Third Quarter Payable	**15 November 2018**	**SRD 0.10 p/share**

Management performance and Executive Performance Pay
On 8 December 2017 the Supervisory Board evaluated the overall performance of the Managing Director and found the performance to be satisfactory. Areas for improvement discussed included attention to identifying risk and establishing risk tolerance parameters,and succession in key functions.
Performance of the Managing Director is measured against a yearly minimum target of 20% of Return on Capital Employed. Capital Employed at the beginning of the year amounted to SRD 16,226,255 and the Return on Capital Employed achieved in 2017 was 20.15% (2016: 15.48%). The Managing Director will receive a short-term bonus amounting to SRD 32,696.

Remuneration of the Supervisory Board
The remuneration of the Supervisory Board amounts to SRD 55,000 per year and was approved in the Annual General Meeting of Shareholders held on 13 March 2015.
In the meeting of the Supervisory Board held on 9 February 2018, the Management recommended to increase the remuneration of the Supervisory Board to SRD 85,250 per year effective 1 April 2018. The Supervisory Board endorses this recommendation and requests the approval of the Shareholders.

Appreciation
The Supervisory Board is grateful for the contribution made by management and by all the employees of the Company to the results of 2017.

Paramaribo, 23 February 2018

The Supervisory Board,
James J. Healy Jr., Chairman
Stephen Smit, Vice Chairman
Antoine Brahim
Patrick Healy
Arthur Tjin A Tsoi

Salient Figures

In SRD	2017	2016	2015	2014	2013
Revenue	39,579,745	29,897,814	20,810,501	20,860,790	19,031,173
Profit before tax	3,269,609	2,120,425	3,490,176	3,392,136	1,927,098
Net profit	2,092,678	1,358,505	2,239,189	2,178,135	1,236,994
Cash flow	2,856,826	2,073,474	2,893,589	2,847,146	1,830,092
Paid-in capital	130,471	130,471	130,471	130,471	130,471
Shareholders' equity	15,287,344	13,396,612	12,784,002	11,607,134	10,221,081
Liabilities	16,752,637	14,148,705	5,122,769	4,088,787	3,990,862
Total equity and liabilities	32,039,981	27,545,317	17,906,771	15,695,921	14,211,943

Per share of nominal SRD 0.10					
Earnings	1.60	1.04	1.72	1.67	0.95
Cash dividend	0.45	0.10	0.80	0.70	0.60
Share Price	17.00	17.00	16.00	15.50	11.00
USD exchange rate per end of year	7.55	7.50	4.20	3.35	3.35

WHICH ONE IS YOUR SPREAD?

Managing Director's Report

Company Profile

N.V. VSH FOODS was founded in 1960 in Suriname, South America and produces margarine, butter and shortening.
In 1963, the Company started with the production of Gelebek (Yellow Bird) margarine and today, Yellow Bird, Golden Brand, Marigold, Golden Brand Slim, Baker's Choice and Bake 'n Fry are established brands in Suriname and in the Caribbean. The Company is a member of the VSH United Group. N.V. Verenigde Surinaamse Holdingmij.-/United Suriname Holding Company (VSH United), holds 56.01% of the shares of N.V. VSH FOODS.

Business environment

In 2017 the ministry of Finance announced new fiscal policies among which the introduction of Value Added Tax effective July 2018. It is not clear how this will impact trading conditions. Consumer purchasing power has not yet improved and consumers are switching to cheap brands and smaller pack types. The exchange rate for the Suriname Dollar was relatively stable, and the official exchange rate reached SRD 7.52[1] for the US Dollar in December 2017 (December 2016: SRD 7.50). In 2017, Suriname recorded an inflation rate of 9.2%[2] (2016: 52.4%).

Annual General Meeting of Shareholders

On 23 March 2017 the Annual General Meeting of Shareholders approved the financial statements 2016 and the proposed dividend 2016 of SRD 0.10 per share. The members of the Supervisory Board James Healy Jr., Stephen Smit, Antoine Brahim, Patrick Healy and Arthur Tjin A Tsoi were re-elected.

Dividend

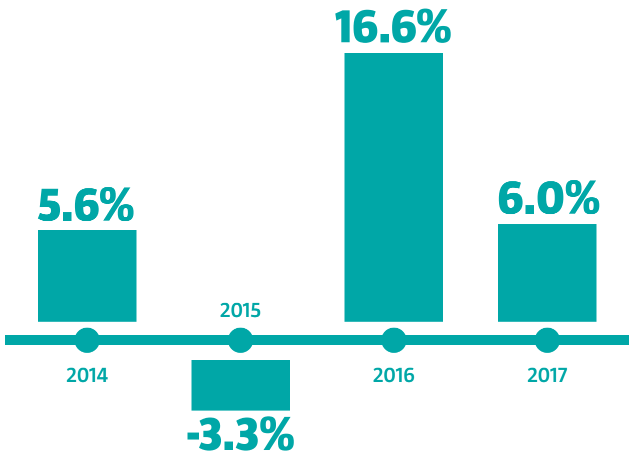
One quarterly dividend was paid for a total of SRD 0.15 per share of nominal SRD 0.10 per share. In view of the disappointing first half year result the management has recommended suspending interim dividend payments. The Supervisory Board has approved the suspension until short- and medium-term prospects improve. For the year 2017 the Management recommends payment of a cash dividend of SRD 0.45 per share of nominal SRD 0.10 per share.
This dividend proposal represents a pay-out ratio of 28.1% which is below the 40% and 50% stated in our dividend policy. In view of our liquidity position and the ongoing investments management considers the proposal prudent. Management expects to return to the standard stated in the dividend policy in 2018.

Our performance highlights

Net revenue (growth %)	Overall volume (growth %)	Gross margin (growth %)	Profit before tax (increase %)
11.9%	**6.0%**	**18.7%**	**54.2%**
(2016: +18.8%)	(2016: +32.5%)	(2016: +9.4%)	(2016: -39.2%)

[1] Source: Central Bank of Suriname
[2] Source: General Bureau of Statistics Suriname

Volume Development versus previous year 2014 - 2017



> **"Our long-term ambition is to maintain our market leadership position in Suriname and increase our performance in export markets."**

In 2017 we improved our liquidity position and settled the temporary overdraft facility with the bank taken up in 2016.

Our domestic performance

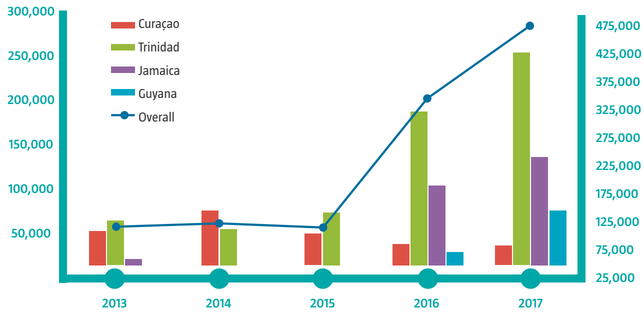
In 2017 the domestic market volume for butter and margarine declined by 2.9% versus 2016. The butter segment encountered increased prices for milkfat (+ 145% versus 2016). This led to increased consumer prices. As a result, the butter segment in Suriname declined by 8.2% versus 2016. Imported butter volume increased by 25.3% versus 2016 due to the import of cheaper brands. The margarine segment declined by 2.3% versus 2016. Imported margarine declined by 5.7% versus 2016, we managed to maintain our market leader position in this segment.

As a direct consequence of less spending power we see that consumers are switching from butter to margarine and from margarine to cooking oil. Retail volume for butter and margarine products has declined by 5.5% versus 2016 while our food service volume has slightly increased by 1.2% versus 2016. Retail butter volume declined by 16.0% versus 2016. This trend in retail puts pressure on our overall profitability.

Due to the price increase of raw materials and the inflation in Suriname price adjustments were inevitable. In 2017 we increased our prices four times for butter products and two times for margarine products. GOLDEN BRAND remains the market leader in the retail margarine category. While our overall domestic volumes decreased versus 2016 we managed to grow the GOLDEN BRAND volume by 1.6% versus 2016. This growth was realized by the innovation volume in the non-refrigerated margarine segment.

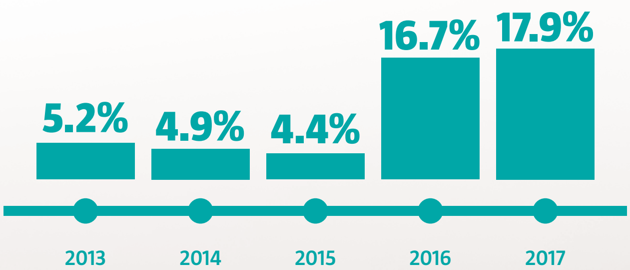
Our export performance

Export Volume Development



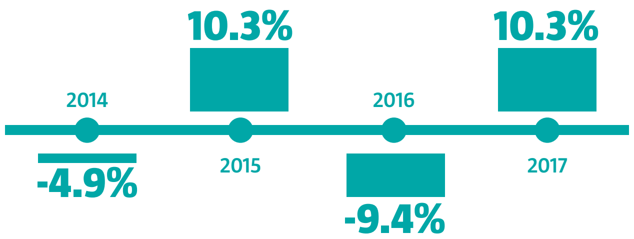
2017 was another remarkable year and recorded a volume growth of 37.7 % versus 2016. Our successfully implemented initiatives in the export markets for GOLDEN BRAND are increasing brand awareness and improving distribution. Main markets Trinidad and Jamaica contributed 79.6% of total export volume in 2017. The strong growth in Trinidad was mainly in the retail volume. The growth in Jamaica is a result of increased awareness at consumer level and improved distribution.

Export Revenue Contribution



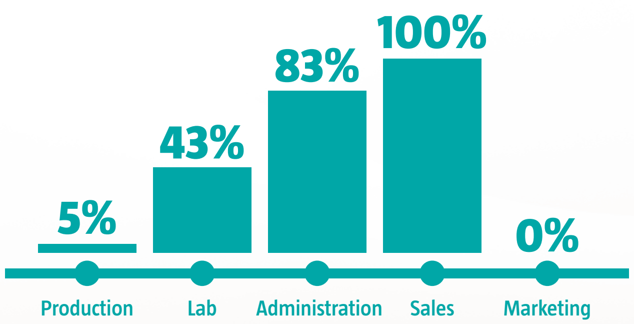
Our Export revenues increased with 41.8% versus 2016. In 2017 export contributed to 17.9% of total revenues (2016: 16.7%).

Productivity Development versus previous year 2014 - 2017



Our operations performance
Our productivity increased due to better preventive maintenance planning which resulted in less downtime. We increased production flexibility by investing in existing packaging lines. Continuous evaluation led to efficient production planning which contributed to a higher productivity. In 2017 we successfully implemented a second shift in the production and packaging department.

Capital Expenditures 2017



Our budgeted capital expenditure (CAPEX) was realized for 29%.

In 2017 it was decided to postpone installation of new packaging equipment due to new insights regarding the lay-out of the packaging plant. Civil works have commenced, and we expect the new packaging plant to be operational in the second quarter of 2018. The investments in the steam room and oil transfer system will be executed in de second half of 2018.

Health, Safety, Environment and Quality
In 2017 the HSEQ department performed twelve Good Manufacturing Practices (GMP) audits for all departments of the company. The audits focused on HACCP, ISO, Safety and 5S workplace organizational and housekeeping methodology.
Because of the increased focus and participation of all employees the average GMP score increased by 17.1 percent points versus 2016, to 89 points on the scale of 0 to 100 (2016 score: 76).
Two ISO 22000: 2005 external audits were completed successfully.

In 2017 we conducted a risk analyses by an independent safety consultant for working conditions and general plant safety. Corrective measures will be implemented in 2018 which will improve the overall safety and working conditions of our employees.

N.V. VSH ENERGY
As from 2015 N.V. VSH ENERGY is included in the statement of financial position as a subsidiary of N.V. VSH FOODS. No activities have been or will be carried out by N.V. VSH ENERGY for the time being.

Our employees
At the end of 2017 we employed 58 persons. We agreed to two salary increases for our personnel amounting to a total increase of 15.5% for 2017.

Our employees are the backbone of the organization. We aim to further develop our employees and offer necessary relevant training.

In 2017 we conducted the following training programs:

Training	Number of participants	Department
Refreshment Basic Hygiene	1	Sales
Basic Hygiene	10	Purchasing, Contractor (construction company), Production, Laboratory, Warehouse
Bedrijfs Hulp Verlener (BHV)	2	HSEQ
Refreshment 5S, ISO and HACCP	50	Sales, HSEQ, Warehouse, Production, Lab, Secretary, Finance, Technical department, Marketing
5S, ISO and HACCP training	3	Purchasing, Warehouse
Storage conditions VSHF products	12	Sales
Refreshment First Aid	4	Marketing, Administration, Production, Laboratory
Social Media Workshop	2	Marketing
Corporate Social Responsibility work-shop	1	HSEQ
Good Manufacturing Practice (GMP)	4	TD, Laboratory, Purchasing, Operations
Defensive Driving	4	Purchasing, Sales
Standards & Procedures	Total personnel	All departments

In 2017 four employees celebrated anniversaries

Wilfred Kaarsbaan

Date of employment:
1 Augustus 1977

Years of service:
40

Humphrey Kromokarijo

Date of employment:
27 December 1977

Years of service:
40

Bartje Jaleti

Date of employment:
1 October 1992

Years of service:
25

Hemantkoemar Oemrawsing

Date of employment:
20 July 1992

Years of service:
25

Our results for 2017

Profit before tax amounted to
SRD 3,269,609
(2016: SRD 2,120,425)

Net revenue amounted to
SRD 16,335,146
(2016: SRD 14,591,587)

Return on Capital Employed
20.2%
(2016: 15.5%)

Our administrative expenses amounted to SRD 6,985,569 and were 3.4% above 2016 and included exchange loss related to the purchase of foreign currency at rates above the official and administrative exchange rates and also due to revaluation of current liabilities. Personnel expenses amounted to SRD 4,552,292 and were 12.7% above 2016. Our net profit increased by 54.0% to SRD 2,092,678 (2016: SRD 1,358,505).

Outlook 2018
We are conservative in our outlook as we expect 2018 to be another challenging year. The pressure on consumer purchasing power will remain and will continue to negatively impact our domestic market. Our largest export market is also facing a decrease in purchasing power because of challenging economic conditions.

To remain competitive, we will carefully consider alternative sourcing strategies for our raw and packaging material to mitigate price impact on consumer prices.

In 2018 marketing initiatives will reflect 55 years anniversary of our company with the emphasis on appreciation of our loyal customers and consumers.

Appreciation
We wish to thank our Shareholders and the Supervisory Board who have supported us throughout the year. We are grateful to our consumers, clients and distributors for their supportive feedback on the quality of our products, which helped us to take market oriented actions. We are proud to thank our competent team of employees and managers for their efforts, motivation and positive contribution throughout the year.

Paramaribo, 23 February 2018

Marlon Telting
Managing Director

Independent Auditor's Report

To the Shareholders of N.V. VSH FOODS, Paramaribo

Opinion
We have audited the accompanying 2017 financial statements of N.V. VSH FOODS, the "Company", in Paramaribo, which comprise the statement of financial position as at 31 December 2017, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

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

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

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

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

• Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Paramaribo, 23 February 2018
Lutchman & Co, Accountants

Represented and signed by
Drs. M.R.A. Lutchman RA

Income statement
for the year ended 31 December 2017

in SRD	Note	2017	2016
REVENUE			
Industry			
Sales		**39,579,745**	*29,897,814*
Cost of sales		**23,800,388**	*16,607,706*
		15,779,357	*13,290,108*
Investment income		**356**	*3,980*
Other income	5	**555,433**	*1,297,499*
		16,335,146	*14,591,587*
Costs			
Personnel expense	6	**4,552,292**	*4,040,509*
Distribution costs		**357,688**	*634,774*
Administrative expense	7	**6,985,569**	*6,757,827*
Interest		**360,295**	*121,351*
Depreciation		**764,148**	*714,969*
Provision		**45,545**	*201,732*
		13,065,537	*12,471,162*
PROFIT BEFORE TAX		**3,269,609**	*2,120,425*
Income tax	8	**1,176,931**	*761,920*
NET PROFIT		**2,092,678**	*1,358,505*
Earnings per share			
Number of shares outstanding		**1,304,714**	*1,304,714*
Earnings per share	9	**1.60**	*1.04*
Division of profit			
Interim dividend		**195,707**	*130,471*
Final dividend		**391,414**	*-*
Addition to retained earnings		**1,505,557**	*1,228,034*
		2,092,678	*1,358,505*

The accompanying notes on pages 28 to 38 are an integral part of these financial statements

Paramaribo, 23 February 2018

Supervisory Board
J.J. Healy Jr., Chairman
S. Smit, Vice Chairman
A. Brahim
P. Healy
A. Tjin A Tsoi

Managing Director
M. Telting

Statement of Financial Position at 31 December 2017
before appropriation of profit

in SRD	Note	At 31 December 2017	At 31 December 2016
Assets			
Non-current assets			
Property, plant and equipment	11	**11,268,505**	*6,261,924*
Subsidiary interest		**200,000**	*200,000*
Financial assets	12	**538,667**	*548,060*
Hire purchase installments	18	**995,748**	-
Total non-current assets		**13,002,920**	*7,009,984*
Current assets			
Inventories	14	**12,711,276**	*14,687,638*
Trade and other receivables	15	**4,633,372**	*2,859,526*
Income tax receivable	8	**786,613**	*1,785,693*
Cash and cash equivalents	16	**905,800**	*1,202,476*
Total current assets		**19,037,061**	*20,535,333*
Total assets		**32,039,981**	*27,545,317*
Equity and liabilities			
Equity			
Share capital	17	**130,471**	*130,471*
Capital in excess of par value	3/17	**431,634**	*431,634*
Revaluation reserve	4/17	**1,600,461**	*1,670,680*
Retained earnings		**11,032,100**	*9,805,322*
Result for the period		**2,092,678**	*1,358,505*
Total equity		**15,287,344**	*13,396,612*
Liabilities			
Non-current liabilities			
Hire purchase	18	**2,538,620**	-
Deferred taxes	8	**2,728,761**	*2,829,643*
Total non-current liabilities		**5,267,381**	*2,829,643*
Current liabilities			
Provisions	19	**300,470**	*225,996*
Borrowings	20	**1,330,571**	*3,308,239*
Trade and other payables	21	**9,854,215**	*7,784,827*
Total current liabilities		**11,485,256**	*11,319,062*
Total equity and liabilities		**32,039,981**	*27,545,317*

The accompanying notes on pages 28 to 38 are an integral part of these financial statements

Paramaribo, 23 February 2018

Supervisory Board
J.J. Healy Jr., Chairman
S. Smit, Vice Chairman
A. Brahim
P. Healy
A. Tjin A Tsoi

Managing Director
M. Telting

Statement of changes in equity
for the year ended 31 December 2017

in SRD	Share capital	Capital in excess of par value	Revaluation reserve	Retained earnings	Total
Equity at 1 January 2016	130,471	431,634	1,696,894	9,872,645	12,131,644
Net profit	-	-	-	1,358,505	1,358,505
Interim dividend	-	-	-	(130,471)	(130,471)
Revaluation	-	-	36,934	-	36,934
Realized revaluation PP&E	-	-	(63,148)	63,148	-
Equity at 31 December 2016 before appropriation of profit	**130,471**	**431,634**	**1,670,680**	**11,163,827**	**13,396,612**
Apropriation of profit					
Final dividend	-	-	-	-	-
Equity at 31 December 2016 after appropriation of profit	**130,471**	**431,634**	**1,670,680**	**11,163,827**	**13,396,612**
Net profit	-	-	-	2,092,678	2,092,678
Interim dividend	-	-	-	(195,707)	(195,707)
Revaluation	-	-	(6,239)	-	(6,239)
Realized revaluation PP&E	-	-	(63,980)	63,980	-
Equity at 31 December 2017 before appropriation of profit	**130,471**	**431,634**	**1,600,461**	**13,124,778**	**15,287,344**
Appropriation of profit					
Proposed final dividend	-	-	-	(391,414)	(391,414)
Equity at 31 December 2017 after appropriation of profit	**130,471**	**431,634**	**1,600,461**	**12,733,364**	**14,895,930**

The accompanying notes on pages 28 to 38 are an integral part of these financial statements

Paramaribo, 23 February 2018

Supervisory Board
J.J. Healy Jr., Chairman
S. Smit, Vice Chairman
A. Brahim
P. Healy
A. Tjin A Tsoi

Managing Director
M. Telting

Statement of cash flows
for the year ended 31 December 2017

in SRD	2017	*2016*
Cash flow from operating activities:		
Profit before tax	**3,269,609**	*2,120,425*
Adjusted for:		
• Depreciation	**764,148**	*714,969*
• Provisions	**45,545**	*201,732*
• Investment income	**(356)**	*(3,980)*
• Interest paid	**360,295**	*121,351*
Changes in working capital:		
• Change in inventories	**1,976,362**	*(9,211,457)*
• Change in trade and other receivables	**(1,524,909)**	*(2,077,678)*
• Change in trade and other payables	**1,530,318**	*5,895,682*
• Adjustments regarding inventories and other payables	**34,527**	*(132,742)*
Cash generated from/used in operations	**6,455,539**	*(2,371,698)*
Claims paid	**(5,598)**	*(298)*
Paid Interest	**(360,295)**	*(121,351)*
Paid Income tax	**(275,223)**	*(1,969,880)*
Net cash generated from/used in operating activities	**5,814,423**	*(4,463,227)*
Cash flows from investing activities:		
Purchase of property, plant & equipment	**(5,770,729)**	*(2,055,307)*
Transfer of property, plant & equipment	**-**	*730,288*
Dividends received	**-**	*3,980*
Net cash used in investing activities	**(5,770,729)**	*(1,321,039)*
Cash flows from financing activities:		
Proceeds and repayments from loans	**(1,977,668)**	*2,463,053*
Proceeds and repayments from hire purchase	**1,833,005**	*-*
Dividend	**(195,707)**	*(782,829)*
Net cash used in/generated from financing activities	**(340,370)**	*1,680,224*
Net decrease in cash for the year	**(296,676)**	*(4,104,042)*
Cash and cash equivalents at 1 January	**1,202,476**	*5,306,518*
Cash and cash equivalents at 31 December	**905,800**	*1,202,476*

The accompanying notes on pages 28 to 38 are an integral part of these financial statements

Paramaribo, 23 February 2018

Supervisory Board
J.J. Healy Jr., Chairman
S. Smit, Vice Chairman
A. Brahim
P. Healy
A. Tjin A Tsoi

Managing Director
M. Telting

Notes to the Financial Statements

1. Infor mation on the reporting entity

N.V. VSH FOODS is a company registered and domiciled in Suriname. The Company's registered office is at Indira Gandhiweg 157, Paramaribo City, Suriname. The financial statements refer to the Company's financial statements as at and for the year ended 31 December 2017.

The Company is involved in the manufacturing of butter, margarine and shortening and sale and distribution of its products.

The Company has a manufacturing plant at above mentioned address and sells in Suriname and the Caribbean.

N.V. VSH ENERGY is a 100% subsidiary of the Company. There were no activities during the year.

The Company's parent, which is also its ultimate parent entity, is N.V. Verenigde Surinaamse Holdingmij-/ United Suriname Holding Company (VSH United). VSH United holds a majority share of 56.01% in the Company.

These financial statements have been prepared by the Management of the Company and were authorized for issue by the Supervisory Board on 23 February 2018 and will be submitted for approval to the Annual General Meeting of Shareholders on 16 March 2018.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting principles.

2.2 Basis of Measurement

Specific basis of measurement:
Property is valued at costs adjusted for hyperinflation less accumulated depreciation. Plant and equipment are valued at cost less accumulated depreciation. 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 2.6.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements requires Management to make judgements, 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 judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 19.

2.5
Application of IFRS standards

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

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

2.6
Accounting policies

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

Subsidiary
The subsidiary is the entity 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. In 2014 N.V. VSH ENERGY was established. As of 2015 N.V. VSH ENERGY is recognized as subsidiary in the statement of financial position and valued at equity.

Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency of the Company at the free market exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at the exchange rate at that date. Exchange differences arising are charged or credited to the income statement.

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

In SRD	2017	*2016*
USD	**7.55**	*7.50*
EURO	**9.04**	*7.93*

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 PP&E is carried at cost 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:

	Years
Buildings	20 - 40
Land improvements	5 - 10
Machinery and equipment	5 - 10
Other assets	3 - 5

When a major repair or maintenance is performed, its cost is recognized in the carrying amount of the PP&E as a replacement, if the recognition criteria are satisfied. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the income statement. There are no assets held under financial leases, and assets held under operating leases are not recognized in the Company's statement of financial position. Investments in progress are carried at cost on the basis of expenditure up to 31 December 2017. Investments in progress is not depreciated. Upon completion the total costs are transferred to the relevant fixed assets.

Financial assets
Financial assets consist of investments in shares of listed companies. The shares are measured at their fair value, which is the closing price of the last trading session of the stock exchange in December 2017, where the shares are listed.

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

Finished product and work in progress
Finished products and work in progress are valued based on the raw and packaging materials used less a provision for the reduced marketability of inventories if applicable.

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 Company will not be able to collect the receivable. Trade receivables do not carry interest.

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

Hire purchase
Hire purchase transactions which confer rights and obligations to the company 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 amount included in the cost of property, plant and equipment represents the capital elements payable during the hire purchase term. Future obligations are recorded as liabilities, while the financing costs are charged to the profit and loss account over the contract period to produce a constant rate of charge on the balance of capital repayments outstanding. Ownership of the asset transfers to the Company at the end of the hire purchase contract.

Provisions
Provisions are recognized for actual (legal or constructive) obligations, existing at the 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. The Company provides warranties on products sold. Provisions are made for the estimated costs based on past experience and industry averages for defective products.

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

Employee benefits
The Company participates in a defined benefit pension plan. Pensions of the employees who have chosen to participate are kept in a pension fund foundation which is a separate legal entity. The Company's contribution is booked towards personnel expense in the income statement. The Company has no obligations for long-term employee benefits.

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 Company 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 sales taxes, customer discounts and other sales related discounts. Revenue from the sale of products is recognized in the income statement when the amount of revenue can be measured reliably, the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products. Dividends received during the year are recognized as dividend income.

Other income
Other income comprises of bank interest received and proceeds from sales of empty. Interest income is recognized when earned.

Expenses

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

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

Income tax
Taxes on income are accrued in the same period as the revenues and expenses to which they relate. Current tax receivables or 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 the 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 the reporting date. Deferred tax assets are 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.

Earnings per share
Earnings per share are calculated by dividing the result attributable to Shareholders of the Company by the weighted average number of shares outstanding during the year.

Securities and guarantees
The Company provides securities for their bank overdraft facility.
In 2016 the Company provided a documentary credit of USD 114,531 to a supplier for delivery and installation of production machinery. In October 2017 all payments were settled and the documentary credit was terminated.

3. Capital in excess of par value

The capital in excess of par value relates to the difference between nominal value and issue price of shares.

4. Revaluation reserve

The revaluation reserve relates to the revaluation of property less yearly transferred depreciation and less deferred taxes related hereto and revaluation of financial assets less deferred taxes. The realized part of the reserve due to annual depreciation is transferred to and presented as retained earnings.

5. Other income

in SRD	2017	*2016*
Bank interest received	**2,414**	*9,869*
Income related to previous years	**-**	*90*
Proceeds from sales of empty drums and raw material	**553,019**	*178,927*
Revaluation gain of inventory	**-**	*1,108,613*
Total other income	**555,443**	*1,297,499*

6. Personnel Expense

in SRD	2017	*2016*
Salaries and wages	**2,986,029**	*2,470,377*
Vacation allowances	**218,799**	*236,371*
Bonuses	**533,661**	*624,564*
Remuneration of Supervisory Board	**55,000**	*55,000*
Medical insurance	**285,235**	*216,266*
Contribution to pension plan	**295,271**	*205,498*
Training	**2,620**	*22,065*
Other personnel expense	**175,677**	*210,368*
Total personnel expense	**4,552,292**	*4,040,509*

7.
Administrative expense

in SRD	2017	*2016*
Marketing	**1,088,610**	*1,584,844*
Maintenance	**671,333**	*578,570*
Manufacturing	**452,574**	*357,117*
Office	**754,082**	*603,556*
Other administrative expenses*	**4,018,970**	*3,633,740*
Total administrative expenses	**6,985,569**	*6,757,827*

**Other administrative expenses include an exchange loss of SRD 72,648 (2016: SRD 1,179,186), a revaluation loss of inventory of SRD 669,501 (2016: nil), office costs of SRD 1,031,691 (2016: SRD 892,148), ICT costs and container rent of SRD 981,872 (2016: SRD 566,087).*

8.
Income tax payable and deferred tax

Income tax
A tax rate of 36% is used to determine (current) income tax liability.

Iron Inventory
The application of the Iron Inventory valuation method is adjusted based on the actual situation during the year.

Dividend withholding exemption
For the calculation of the income tax 2017, dividend withholding exemption has been taken into consideration for dividend income to the amount of SRD 356 (2016: SRD 3,980).

The income tax receivable is specified as follows:

in SRD	2017	*2016*
Balance at 1 January	**(1,785,693)**	*669,313*
Paid during the year	**275,223**	*(1,969,880)*
Due for the year	**1,176,931**	*761,920*
Iron Inventory Adjustments	**60,083**	*(1,283,867)*
Release depreciation of PP&E	**35,989**	*35,521*
Release accelerated depreciation	**1,300**	*1,300*
Balance at 31 December	**(786,613)**	*(1,785,693)*

Deferred tax

Deferred tax relates to tax liabilities arising from the differences between valuation for commercial and for tax purposes. In 2002, 2003, 2004 and 2005 requests for the application "accelerated depreciation" according to the Investment Code 2001 were submitted 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.
A tax rate of 36% is used for the determination of this liability.

in SRD	2017	*2016*
Balance at 1 January	**2,829,643**	*1,561,821*
Revaluation of non-current financial assets	**(3,510)**	*20,776*
Iron inventory adjustments	**(60,083)**	*1,283,867*
Release depreciation of PP&E	**(35,989)**	*(35,521)*
Release accelerated depreciation	**(1,300)**	*(1,300)*
Balance at 31 December	**2,728,761**	*2,829,643*

9.
Earnings per share

All shares of the Company are ordinary shares with a par value of SRD 0.10. The calculation of earnings per share at 31 December 2017 was based on the profit attributable to ordinary Shareholders of the Company of SRD 2,092,678 (2016: SRD 1,358,505) and a weighted average number of ordinary shares outstanding during the year of 1,304,714 (2016: 1,304,714).

	2017	*2016*
Number of shares	**1,304,714**	*1,304,714*
Earnings per share in SRD	**1.60**	*1.04*

10.
Dividends paid and proposed

The following dividends were declared and paid by the Company:

in SRD	2017	*2016*
Final dividend previous year SRD 0.00 per share (2015: SRD 0.50)	**-**	*652,358*
First quarter interim dividend SRD 0.15 per share (2016: SRD 0.10)	**195,707**	*130,471*
Second quarter interim dividend SRD 0.00 per share (2016: SRD 0.00)	**-**	-
Third quarter interim dividend SRD 0.00 per share (2016: SRD 0.00)	**-**	-
	195,707	*782,829*
Management proposes total dividend for 2017 of SRD 0.45 per share (2016: SRD 0.10)	**587,121**	*130,471*

The proposed dividend 2016 was adopted by the Annual General meeting of Shareholders 23 March 2017.

11.
Property, Plant and Equipment (PP&E)

Changes in PP&E in 2017 are as follows:

in SRD	Total	Property	Plant	Equipment	Motor vehicles	Motor vehicles in hire purchase	Investments in Progress
Book value 1 January 2016	5,651,874	2,455,257	2,544,715	558,494	-	-	93,408
Investment	1,325,019	-	-	-	-	-	1,325,019
Depreciation	(714,969)	(120,868)	(366,861)	(227,240)	-	-	-
Transfer*	-	-	536,995	154,249	-	-	(691,244)
Book value 31 December 2016	**6,261,924**	**2,334,389**	**2,714,849**	**485,503**	**-**	**-**	**727,183**
Investment	5,770,729	-	-	-	-	1,871,268	3,899,461
Depreciation	(764,148)	(120,905)	(367,622)	(221,143)	(8,091)	(46,387)	-
Transfer	-	10,054	68,261	258,053	100,408	-	(436,776)
Book value 31 December 2017	**11,268,505**	**2,223,538**	**2,415,488**	**522,413**	**92,317**	**1,824,881**	**4,189,868**
Consists of:							
Current Value	20,209,568	4,741,519	6,856,061	2,450,444	100,408	1,871,268	4,189,868
Accumulated depreciation	(8,941,063)	(2,517,981)	(4,440,573)	(1,928,031)	(8,091)	(46,387)	-
Book value 31 December 2017	**11,268,505**	**2,223,538**	**2,415,488**	**522,413**	**92,317**	**1,824,881**	**4,189,868**

The property, plant and equipment are insured against fire up to USD 4,104,504 (SRD 30,989,005). The motor vehicle is insured up to USD 12,500 (SRD 94,375). The motor vehicles in hire purchase are insured up to USD 342,500 (SRD 2,585,875).

**Reclassification for comparison purposes*

12.
Financial assets

Financial assets consists of shares in listed companies. The shares are measured at their fair value, which is the closing price of the last trading session in December 2017 of the Suriname stock exchange.

Funds	Numbers of shares	Price	Currency	2017 Value in SRD	*2016 Value in SRD*
Assuria N.V.	3,600	94.20	SRD	**339,120**	*341,100*
DSB Bank N.V.	4,179	47.75	SRD	**199,547**	*206,960*
Total financial assets				**538,667**	*548,060*

13. Pensions

For the employees that have joined the pension foundation "Stichting VSH Pensioenfonds", the Company contributes 12% and the employees 5% of the base salary to the pension fund foundation. The Company's pension contribution in 2017 amounted to SRD 295,271 (2016: SRD 205,498). This amount is recognized under personnel expense.

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

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

Pension liabilities of the foundation at 31 December 2017 amounted to SRD 36,948,261[3] and the total equity amounted to SRD 66,696,654[3].

14. Inventories

in SRD	2017	2016
Raw materials and packaging	**6,406,884**	*8,787,799*
Trading goods	**219,618**	*203,145*
Finished goods	**722,853**	*1,374,189*
Supplies and spare parts	**560,047**	*597,110*
Prepaid goods in transit	**4,801,874**	*3,725,395*
Total inventories	**12,711,276**	*14,687,638*

The inventories are insured against fire up to USD 1,305,200 (SRD 9,854,260). The prepaid goods in transit are insured against loss or damage up to USD 1,000,000 (SRD 7,550,000).

15. Trade and other receivables

in SRD	2017	2016
Trade receivables	**4,273,189**	*2,699,927*
Other receivables:		
Deposits	**4,068**	*3,569*
Medical insurance	**-**	*3,241*
Fire insurance	**82,035**	*100,498*
Marine Insurance	**16,570**	*43,731*
Hire purchase installments (short-term)	**248,937**	-
Other receivables	**8,573**	*8,560*
Total trade and other receivables	**4,633,372**	*2,859,526*

At 31 December 2017 trade receivables are shown net of an allowance for uncollectible amounts of SRD 893,193 (2016: SRD 893,193).

[3]*unaudited*

16.
Cash and cash equivalents

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

in SRD	2017	*2016*
Denominated in SRD	**625,514**	*1,041,039*
Denominated in USD	**214,938**	*80,302*
Denominated in EURO	**65,348**	*81,135*
Total cash and cash equivalents	**905,800**	*1,202,476*

The cash and cash equivalents are freely available.

17.
Share capital, capital in excess of par value and revaluation reserve

Share capital
At 31 December 2017 the issued share capital comprised of 1,304,714 shares (2016: 1,304,714 shares) with a par value of SRD 0.10 each. All issued shares are fully paid up.

Capital in excess of par value
The capital in excess of par value relates to the difference between nominal value and the price of the shares issued in 2001 and 2010 minus the amount paid up by disbursement of SRD 0.09 nominal value per share with regards to the conversion of SRG to SRD shares in 2012.

Revaluation reserve
This reserve has arisen from the revaluation of property less the deferred taxes and yearly realized depreciation and revaluation of financial assets less deferred taxes. The yearly realized transfer of the revaluation reserve of the property is based on the difference between the commercial depreciation and fiscal depreciation.

18.
Hire purchase

In 2017 the company entered into a hire purchase contract with Fernandes Autohandel N.V. for its distribution trucks. The company agreed upon an installment plan which divides the financial obligation into sixty monthly payments with a final payment of 15% at the end of contract period.

The installment for the total obligation is as follows:

in SRD	2017
Balance at 1 January	**-**
Movements:	
Proceed	**3,167,225**
Installments	**(64,973)**
Interest	**(24,562)**
Balance at 31 December	**3,077,690**
Consists of:	
Due within one year (USD 71,400)	**539,070**
Between one and five years (USD 336,241)	**2,538,620**

19.
Provisions and commitments

Product warranty
This warranty represents Management's best estimate of the Company's possible liability under warranties granted for its products, based on past experience and industry averages for defective products. For 2017 a provision of 0.75%, as was agreed with the Tax Authorities, of the gross sales of margarine, shortening and butter was recognized amounting to SRD 300,470.

The movement of the provision for product warranty is as follows:

in SRD	2017	*2016*
Balance at 1 January	**225,996**	*157,304*
Used during the year	**(5,598)**	*(298)*
	220,398	*157,006*
Addition	**80,072**	*68,990*
Balance at 31 December	**300,470**	*225,996*

Commitments

Operational leases
The total commitment for future minimum lease payments under non-cancelable operational leases at reporting date amount to:

in SRD	2017	*2016*
Due within one year (USD 43,595) (2016: USD 95,283)	**329,142**	*714,623*
Between one and five years (USD 12,887) (2016: USD 58,218)	**97,297**	*436,636*
Total	**426,439**	*1,151,259*

Non-cancelable operating lease payments represent rentals payable by the Company for use of computer hardware, vehicles and equipment.

Stock option
An Executive performance evaluation is in place within the Company. With this system an important part of Managing Director's bonuses is based on the rate of return on capital employed (ROCE) in the short-term and the growth of profit before tax in the long-term.

20.
Borrowings

Borrowings are short-term and comprise of one collateral bank overdraft facility from the DSB Bank N.V.

On 19 June 2008, the Company obtained an overdraft facility of a maximum of USD 250,000 from the DSB Bank N.V. to finance working capital requirements on an ongoing basis during the year. On 6 December 2016 this overdraft facility was increased by USD 250,000. This temporary increase ended at 31 December 2017. The balance at year end amounted to USD 176,235 (SRD 1,330,571) (2016: USD 441,098).

The fixed rate is 9.04% per annum.

The collateral given to the bank are:

Pledge of fixed assets
Fiduciary assignment of inventories
Fiduciary assignment of machinery and equipment

21.
Trade and other payables

in SRD	2017	*2016*
Trade payables	**7,995,606**	*6,605,778*
Other payables:		
Employee benefits	**357,674**	*292,917*
Medical insurance	**70,000**	-
Bankoverdrafts	**-**	*172,931*
Short-term portion of hire purchase	**539,070**	-
Other payables	**891,865**	*713,201*
Total trade and other payables before profit distribution	**9,854,215**	*7,784,827*
Proposed final dividend	**391,414**	-
Total trade and other payables after profit distribution	**10,245,629**	*7,784,827*

22.
Related party disclosure

Supervisory Board
The remuneration of the Supervisory Board is approved by the Annual General Meeting of Shareholders. In 2017 the total remuneration amounted to SRD 55,000 (2016: SRD 55,000).

Management
The remuneration of key management personnel of the Company is determined by the Supervisory Board. The remuneration consists of a fixed monthly salary and a bonus. Performance of the Managing Director is measured against a yearly minimum target of 20% of Return on Capital Employed. Capital Employed at the beginning of the year amounted to SRD 16,226,255 and the Return on Capital Employed achieved in 2017 was 20.15% (2016: 15.48%). Based on the 2017 Return on Capital Employed a short-term bonus of SRD 32,696 has been approved by the Supervisory Board. This amount has not been recognized in the statement of financial position at 31 December 2017.

Related parties' transactions
The Managing Director of VSH United is a member of the Supervisory Board of the Company. The Company is charged by VSH United for IT related services and salary administration. The Company also purchases goods and services from other subsidiaries of VSH United. The Company contributes on a final monthly basis 1.5% of the profit before tax to the VSH Community Fund.

Conditions related party transactions
The related party transactions are executed on an arm's length basis. Outstanding balances are not secured, do not carry interest and are settled with cash and cash equivalents.

The yearly charges for services are:

in SRD	2017	*2016*
IT related services and salary administration	**393,732**	*308,016*

At 31 December 2017 the Company owed VSH United SRD 292,789. This amount is included in trade payables.

Contribution
In 2017 the total contribution to the VSH Community Fund amounted to SRD 60,278 (2016: SRD 50,962).

marigold

Amazing Cake Needs Marigold Butter

N.V. VSH FOODS
Indira Gandhiweg 157
Paramaribo, Suriname
South America

Phone: (597)482600
Fax: (597)480301

infofoods@vshunited.com
www.vshfoods.com