

N.V. VSH FOODS
Annual
Report
2013



ABSOLUTELY
DELICIOUS





GREAT PRICE
EXCELLENT
TASTE



MISSION STATEMENT & CORE VALUES

MISSION STATEMENT

We commit ourselves:

To produce, market and distribute top quality margarine, butter and other foodstuff in a safe and hygienic manner at competitive prices.

To ensure growth, profitability and continuity of the Company for the benefit of our customers, shareholders, employees and the community:

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.

CORE VALUES

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

1. Your success is our desire

2. Trust in our relationships and personally responsible for all our actions

3. Creating a better company for a better world

**NEW LOOK &
IMPROVED TASTE**



**GREAT FOR
COOKING
& BAKING**

YELLOW BIRD
ALL VEGETABLE MARGARINE

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SUPERVISORY BOARD AND MANAGEMENT



James J. Healy Jr.
Chairman



Stephen Smit
Vice Chairman



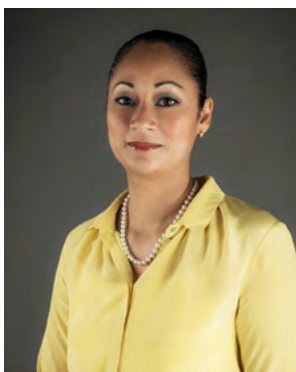
Antoine Brahim



Arthur Tjin A Tsoi



Patrick Healy



Karen Wong Fong Sang
Managing Director



Raffaelle Lie Pauw Sam
Sales and Marketing Manager



Melisa Ensberg
Operations Manager

REPORT OF THE SUPERVISORY BOARD

TO THE SHAREHOLDERS

FINANCIAL STATEMENTS AND DIVISION OF PROFIT

The Management has submitted the financial statements 2013 to the Supervisory Board on 28 February 2014. These financial statements can be found on pages 16 to 34 of this annual report. Lutchman & Co audited the financial statements. Their report can be found on page 15. The net profit amounts to SRD 1,236,994 (2012: SRD 1,636,872).

Three quarterly dividends were paid for a total of SRD 0.24 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 0.60 (2012: SRD 0.60) per share of nominal SRD 0.10 per share. If approved, total dividend will amount to SRD 782,828 and the balance of the net profit amounting to SRD 454,166 will be added to retained earnings. The Supervisory Board considers a higher payout ratio (63%) justified. Even though the provision of SRD 893,193 had a substantial negative impact on the result of the Company, this provision is considered incidental and the Company has a comfortable cash position.

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. A. Tjin A Tsoi and Mr. P. Healy were re-elected as members of the Supervisory Board in the Annual General Meeting of Shareholders held on 22 March 2013. Being eligible, all board members Mr. J.J. Healy Jr., Mr. S. Smit, Mr. A. Brahim, Mr. A. Tjin A Tsoi and Mr. P. Healy offer themselves for re-election in the Annual General Meeting of Shareholders to be held on 7 March 2014.

MANAGEMENT

In 2013 the Management consisted of:

- Ms. Karen Wong Fong Sang, Managing Director
- Ms. Raffaella Lie Pauw Sam, Sales and Marketing Manager
- Ms. Melisa Ensberg, Operations Manager

No additions were made to the management team in 2013.

Ms. Karen Wong Fong Sang will step down as Managing Director of the Company on 7 March 2014 after having served the Company in that position since 1 April 2006. Ms. Wong Fong Sang will continue her career in management positions at other VSH United companies. The Supervisory Board recommends that Mr. Marlon Telting be appointed Managing Director as of the same date. Mr. Telting's selection is based on his extensive management experience notably in marketing and sales. His curriculum vitae has been included in documents made available for the Annual General Meeting of Shareholders.

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 and appraisals, health, safety and environment, management development and appointments and succession of the Managing Director. In the board meeting held on 11 October 2013 Management presented the operational plans for 2014 and the Board approved capital expenditures for 2014. Management remuneration was evaluated and approved in the board meeting held on 13 December 2013. The Board members regularly attended the board meetings.

PERFORMANCE OF THE SUPERVISORY BOARD

On 13 December 2013 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 but subject to improvement in the area of supervision of enterprise risk. In the coming period the Board will focus on management transition, development of a risk management policy and the development of a long-term growth policy.

DIVIDEND POLICY AND INTERIM DIVIDEND

The policy of the Company is to pay a dividend in the order of 50% of the net profit from continuing operations. Subject to unforeseen developments the Supervisory Board has approved the payment of interim dividend for the year 2014 as follows:

- 1st quarter payable 15 May 2014; SRD 0.08 per share
- 2nd quarter payable 15 August 2014; SRD 0.08 per share
- 3rd quarter payable 17 November 2014; SRD 0.08 per share
- 4th quarter payable 16 February 2015; SRD 0.08 per share

MANAGEMENT PERFORMANCE AND EXECUTIVE PERFORMANCE PAY

On 13 December 2013 the Supervisory Board evaluated the overall performance of the Managing Director and found the performance to be satisfactory.

Performance of the Managing Director is measured against a yearly minimum target of 20% of Return on Capital Employed and a three year (2013-2015) target of 39.0% for growth in gross profit for the period. Capital Employed at the beginning of the year amounted to SRD 11,689,858 and the Return on Capital Employed achieved in 2013 was 16.50 % (2012: 24.2%). The minimum Return on Capital Employed of 20% was not achieved in 2013 and thus no short-term bonus is due.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board amounts to SRD 50,000 per year and was approved in the Annual Shareholders Meeting held on 22 March 2012.

APPRECIATION

The Supervisory Board is grateful for the contribution made by management and by all the employees of the Company to the results of 2013.

Paramaribo, 28 February 2014

THE SUPERVISORY BOARD,
James J. Healy Jr. | *Chairman*
Stephen Smit | *Vice Chairman*
Antoine Brahim
Arthur Tjin A Tsoi
Patrick Healy

SALIENT FIGURES

in SRD	2013	2012	2011	2010	2009
Revenue	19,031,173	18,558,659	18,090,307	14,815,682	13,951,129
Profit before tax	1,927,098	2,551,334	1,481,454	1,641,493	2,423,539
Net profit	1,236,994	1,636,872	951,674	1,053,168	1,553,368
Cash flow	1,830,092	2,225,647	1,530,747	1,652,617	2,127,160
Paid-in capital	130,471	130,471 ¹	13,047	13,047	13,037
Shareholders' Equity	10,221,081	9,875,364	8,673,248	8,124,319	7,613,383
Liabilities	3,990,862	4,659,513	3,329,419	4,109,864	3,678,559
Total Equity and Liabilities	14,211,943	14,534,877	12,002,667	12,234,183	11,291,942

Per Share of nominal SRD 0.10					
Earnings	0.95	1.25	0.73	0.81	1.19
Cash dividend	0.60	0.60	0.40	0.40	0.50
Share price	11.00	6.10	5.60	5.60	5.60
USD exchange rates at end of year	3.35	3.35	3.35	3.40	2.80

¹Conversion of SRG shares to SRD shares (SRD 0.01 to SRD 0.10 par value)



Al 50 jaar onmisbaar in uw keuken

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 (Yellowbird) margarine and today, Yellowbird, Golden Brand, Marigold, Golden Brand Slim, Baker's Choice and Bake 'n Fry are established brands in Suriname and throughout the Caribbean. On 16 October 2013 the Company celebrated its 50th birthday. The Company is a member of the VSH United. N.V. Verenigde Surinaamse Holdingmij./United Suriname Holding Company (VSH United), holds 56.01% of the shares of N.V. VSH Foods.

GENERAL

The Surinamese economy is dominated by the mining industry. Gold, oil and alumina, account for 85% of exports. Gold and oil exports make a significant contribution to Suriname revenues. During 2013 gold and oil prices decreased and with the significant decrease in the gold price, revenues have decreased. The economic growth is estimated at 4.5% in 2013 (2012: 4.5%).

The SRD-USD exchange rate came under pressure in 2013 and Central Bank intervention was necessary to stabilize the currency. The USD traded at the range of SRD 3.35 to SRD 3.45 (2012: SRD 3.25 – SRD 3.35 per USD). The inflation has fallen to a low level in 2013 and the 12-month inflation for 2013 was 0.6%² (2012: 4.4%).

THE COMPANY

ANNUAL GENERAL MEETING OF SHAREHOLDERS

On 22 March 2013 the Annual Shareholders Meeting approved the financial statements 2012 and the proposed dividend 2013 of SRD 0.60 per share of nominal SRD 0.10 per share. The members of the Supervisory Board James Healy Jr., Stephen Smit, Antoine Brahim, Arthur Tjin A Tsoi and Patrick Healy were re-elected.

DIVIDEND

Three quarterly dividends were paid for a total of SRD 0.24 per share of nominal SRD 0.10 per share. The Management recommends a cash dividend for the year 2013 of SRD 0.60 per share of nominal SRD 0.10 per share.

PRODUCTION

In 2013 we manufactured 1,404 ton (2012: 1,349 ton) finished product during 2,315 production hours (2012: 2,441 production hours). The productivity was 0.61 ton per hour (2012: 0.55 ton per hour). The increase in productivity is a result of a better production planning.

BIODIESEL PRODUCTION

In 2012 our company was one of the eight winners of the 2012 IDEAS Energy Innovation Contest for the Caribbean with a biodiesel project. The biodiesel project promotes energy efficiency and access to renewable energy by manufacturing biodiesel made from waste fats. During 2013 we focused on:

the collection of waste fats from our customers and surrounding neighbourhoods

renewable energy and clean environment awareness

installation and startup of the biodiesel plant

fine tuning of the biodiesel manufacturing process

The Biodiesel plant will be fully operational by the end of 2014.

²Source: General Bureau of Statistics

SALES AND MARKETING

Sales volume increased by 1.5% to 1,393 ton (2012: 1,372 ton). The sales revenue increased with 2.5% to SRD 19,031,173 (2012: SRD 18,558,659). The increase in sales volume and sales revenue is a result of a raise in volumes in the local market. Sales volume targets in the export markets were not met. The total gross margin was 49.1% (2012: 48.5%).

In November 2013 we exhibited at the annual production fair where we promoted all our products and celebrated 50 years of Yellowbird margarine.

PERSONNEL AND ORGANIZATION

Our employees were given training in biodiesel and margarine production, product development, hygiene and first aid.

IN 2013, TEN EMPLOYEES CELEBRATED THEIR ANNIVERSARY WITH THE COMPANY:

Richard Abdoellah	25 years
Komissie Akong	35 years
Maureen Alidikromo	15 years
Anneke Doerahman	25 years
Rosita Kadir	15 years
Joan Mardan	20 years
Robby Ramadhin	25 years
Randjietkoemar Sanggam	25 years
Humphrey Tjon	35 years

We honored Edith Sabajo who retired on 1 January 2014.

Bonuses and salary adjustments are based on performance evaluation and achieved targets. Bonuses paid for the year amounted to SRD 425,328 (2012: SRD 336,374).

In July 2013 we signed a new collective labor agreement for the period 1 July 2013 – 31 December 2016 with the Union for employees of our Company.

At the end of 2013 we employed 57 persons (2012: 60).

RESULTS

Income increased by 4.0% to SRD 9,707,122 (2012: SRD 9,334,937). The total costs increased by 14.7%, which is mainly a result of an increase in provision. A provision of SRD 893,193 for uncollectable trade receivables was booked for an outstanding amount that one debtor owes to the Company. Legal action has been initiated to collect the outstanding amount. Personnel expense increased by 3.1% to SRD 2,808,907 (2012: SRD 2,723,500), due to a raise in salaries. Administrative expense increased by 1.4% to SRD 3,481,655 (2012: SRD 3,433,559), which is mainly caused by higher advertising and promotion expense and other expense.

Net profit declined by 24.4% to SRD 1,236,994 (2012: SRD 1,636,872) which is mainly due to the provision for uncollectable trade receivables.

SAFETY

We regret to report that 14 incidents and 6 accidents took place during working hours. The incidents lead to personal injuries of 2 employees and resulted in 11 lost work days. Our safety team continues to see to it that our safety plan is carried out properly in order to create a safe environment for the employees.

OUTLOOK 2014

In the last quarter of 2013 prices of commodities increased and it is expected that this trend will continue in 2014. We will follow developments closely and adjust our pricing strategy accordingly to safeguard our margin and profit. We will continue to focus on increasing volumes in the export market.

APPRECIATION

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

Paramaribo, 28 February 2014

Karen Wong Fong Sang
Managing Director

INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS, SUPERVISORY BOARD AND MANAGEMENT
OF N.V. VSH FOODS, PARAMARIBO CITY, SURINAME

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2013 of N.V. VSH Foods in Paramaribo, which comprise the balance sheet at 31 December 2013, the income statement, the statement of changes in equity and the cash flow statement for the year then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of N.V. VSH Foods at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Paramaribo, 28 February 2014

LUTCHMAN & CO

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

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

in SRD	NOTE	2013	2012
REVENUE			
Sales		19,031,173	18,558,659
Cost of sales		9,679,299	9,564,051
		9,351,874	8,994,608
<i>Other income:</i>			
Investment income		10,142	11,162
Real estate rental income		136,230	141,670
Other	5	208,876	187,497
		9,707,122	9,334,937
LESS: EXPENSES			
Personnel expense	6	2,808,907	2,723,500
Administrative expense		3,481,655	3,433,559
Interest		-	15,166
Depreciation		593,098	588,775
Provisions		896,364	22,603
		7,780,024	6,783,603
Profit before tax		1,927,098	2,551,334
Income tax	7	690,104	914,462
NET PROFIT		1,236,994	1,636,872
EARNINGS PER SHARE			
Number of shares outstanding		1,304,714	1,304,714
Earnings per share	8	0.95	1.25
DIVISION OF PROFIT			
Interim dividend		313,131	208,754
Final dividend		469,697	574,074
Addition to retained earnings		454,166	854,044
		1,236,994	1,636,872

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

Supervisory Board

J.J. Healy Jr.
S. Smit
A. Brahim
A. Tjin A Tsoi
P. Healy

Managing Director
Karen Wong Fong Sang

BALANCE SHEET AT 31 DECEMBER 2013 BEFORE APPROPRIATION OF PROFIT

in SRD	NOTE	2013	2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,942,888	4,889,093
Financial assets	11	615,340	665,865
		5,558,228	5,554,958
CURRENT ASSETS			
Inventories	13	4,612,449	5,034,568
Trade and other receivables	14	848,327	1,526,212
Income tax receivable	7	39,816	-
Cash and cash equivalents	15	3,153,123	2,419,139
		8,653,715	8,979,919
TOTAL ASSETS		14,211,943	14,534,877
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	130,471	130,471
Capital in excess of par value	3 / 16	431,634	431,634
Revaluation reserve	4 / 16	1,910,330	2,009,763
Retained earnings		6,511,652	5,666,624
Result for the year		1,236,994	1,636,872
		10,221,081	9,875,364
NON-CURRENT LIABILITIES			
Deferred taxes	7	1,799,620	1,814,494
CURRENT LIABILITIES			
Provisions	17	148,432	145,620
Borrowings	18	50,540	-
Income tax payable	7	-	572,603
Trade and other payables	19	1,992,270	2,126,796
		2,191,242	2,845,019
TOTAL EQUITY AND LIABILITIES		14,211,943	14,534,877

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

Supervisory Board

J.J. Healy Jr.
S. Smit
A. Brahim
A. Tjin A Tsoi
P. Healy

Managing Director
Karen Wong Fong Sang

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

in SRD	SHARE CAPITAL	CAPITAL IN EXCESS OF PAR VALUE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
EQUITY AT 1 JANUARY 2012	13,047	549,058	1,937,521	5,808,302	8,307,928
Net Profit	-	-	-	1,636,872	1,636,872
Interim dividend	-	-	-	(208,754)	(208,754)
Issued shares	117,424	(117,424)	-	-	-
Revaluation	-	-	139,318	-	139,318
Realized revaluation of PP&E	-	-	(67,076)	67,076	-
EQUITY AT 31 DECEMBER 2012 BEFORE APPROPRIATION OF PROFIT	130,471	431,634	2,009,763	7,303,496	9,875,364
APPROPRIATION OF PROFIT					
Final dividend	-	-	-	(574,074)	(574,074)
EQUITY AT 31 DECEMBER 2012 AFTER APPROPRIATION OF PROFIT	130,471	431,634	2,009,763	6,729,422	9,301,290
Net Profit	-	-	-	1,236,994	1,236,994
Interim dividend	-	-	-	(313,131)	(313,131)
Revaluation	-	-	(32,336)	-	(32,336)
Realized revaluation of PP&E	-	-	(67,097)	67,097	-
Unclaimed dividend	-	-	-	28,264	28,264
EQUITY AT 31 DECEMBER 2013 BEFORE APPROPRIATION OF PROFIT	130,471	431,634	1,910,330	7,748,646	10,221,081
APPROPRIATION OF PROFIT					
Final dividend	-	-	-	(469,697)	(469,697)
EQUITY AT 31 DECEMBER 2013 AFTER APPROPRIATION OF PROFIT	130,471	431,634	1,910,330	7,278,949	9,751,384

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

Supervisory Board

J.J. Healy Jr.
S. Smit
A. Brahim
A. Tjin A Tsoi
P. Healy

Managing Director
Karen Wong Fong Sang

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

in SRD	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	1,927,098	2,551,334
<i>Adjusted for:</i>		
• Depreciation	593,098	588,775
• Provisions	896,364	22,603
• Investment income	(10,142)	(11,162)
• Interest paid	-	15,166
<i>Changes in working capital:</i>		
• Change in inventories	422,119	(278,815)
• Change in trade and other receivables	677,885	(216,776)
• Change in trade and other payables	(134,526)	997,974
• Adjustments in trade receivables	(893,193)	(4,020)
• Adjustments in other payables	28,264	-
CASH GENERATED FROM OPERATIONS	3,506,967	3,665,079
Claims paid	(359)	(14,997)
Paid interest	-	(15,166)
Paid income tax	(1,299,208)	(664,295)
NET CASH FROM OPERATING ACTIVITIES	2,207,400	2,970,621
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(646,893)	(1,052,230)
Dividends received	10,142	11,162
NET CASH USED IN INVESTING ACTIVITIES	(636,751)	(1,041,068)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds and repayments from loans	50,540	-
Dividend paid	(887,205)	(574,074)
NET CASH USED IN FINANCING ACTIVITIES	(836,665)	(574,074)
Net increase in cash for the year	733,984	1,355,479
Cash and cash equivalents at 1 January	2,419,139	1,063,660
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	3,153,123	2,419,139

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

Supervisory Board

J.J. Healy Jr.
S. Smit
A. Brahim
A. Tjin A Tsoi
P. Healy

Managing Director
Karen Wong Fong Sang



A KONI FU SWITI NYAN



BAKER'S CHOICE
Margarine



GOLDEN BRAND *Slim*

ZUMBAthon

9 NOVEMBER 2013

FOR A
HEALTHY
LIFESTYLE

**GOLDEN
BRAND**

ALL VEGETABLE MARGARINE

Trans Fat Free

Slim



NOTES TO THE FINANCIAL STATEMENTS

1. INFORMATION 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 as at and for the year ended 31 December 2013.

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

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

The Company's parent, which is also its ultimate parent entity, is N.V. Verenigde Surinaamse Holdingmij-/United Suriname Holding Company (herein referred to as "VSH United"). N.V. VSH Foods is 56.01% owned by VSH United.

These financial statements were authorised for issue by the Supervisory Board on 28 February 2014 and will be submitted for approval to the Annual General Meeting of Shareholders on 7 March 2014.

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 17.

2.5 Application of IFRS standards

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

- IAS 07 : 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 29 : Reporting in Hyperinflationary Economies
- IAS 33 : Earnings per Share

2.6 Accounting policies

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

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 balance sheet date are translated to the functional currency at the exchange rate at that date. Exchange differences arising are charged or credited to the income statement.

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

in SRD	2013	2012
USD	3.35	3.35
EURO	4.61	4.42

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:

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

When a major repair or maintenance is performed, its cost is recognized in the carrying amount of the 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 balance sheet.

Non-current financial assets

Non-current 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 2013, where the shares are listed.

Inventories

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

Finished product and work in progress

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

Trade and other receivables

Trade and other receivables are stated at nominal value less an allowance for uncollectible amounts, if there is objective evidence that the 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.

Provisions

Provisions are recognized for actual (legal or constructive) obligations, existing at the balance sheet date and arising from past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation. The Company provides warranties on products sold. Provisions are made for the estimated costs arising under these warranties upon the date of sale of the relevant products.

Trade and other payables

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

Employee benefits

The 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, income related to previous years items, gain on revaluation of inventories, proceeds from sales of empty drums and proceeds from promo activities. 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 the Tax Authorities. The tax rates and the tax laws used are those that are enacted or substantively enacted at the balance sheet date.

Deferred taxes are recorded, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for commercial purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet 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 balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per share

Earnings per share 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 has provided a Bank guarantee of SRD 6,000 to the Collector of Customs and Excise for import duties. The Bank has provided a contra guarantee. The Company provides securities for their bank overdraft facility.

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 issued in 2001 and in 2010 minus the amount paid up by disbursement of SRD 0.09 nominal value per share with regard to the conversion of SRG to SRD shares in 2012.

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

Other

in SRD	2013	2012
Bank interest	7,647	5,910
Income related to previous years	-	16,970
Gain on revaluation of inventories	77,284	-
Proceeds from sales of empty drums	122,060	149,041
Promo activities	1,885	15,576
TOTAL OTHER	208,876	187,497

6. PERSONNEL EXPENSE

in SRD	2013	2012
Salaries and wages	1,675,864	1,587,410
Vacation allowances	75,589	133,738
Bonuses	425,328	336,374
Remuneration of Supervisory Board	50,000	48,750
Medical insurance	173,735	188,590
Contribution to pension plan	149,606	134,735
Training	33,675	108,218
Other personnel expense	225,110	185,685
TOTAL PERSONNEL EXPENSE	2,808,907	2,723,500

7. 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.

The fiscal application of the Iron Inventory valuation method used by the Company was being investigated by the Tax Authorities in 2010. The Tax Authorities accepted the applied Iron Inventory valuation method until 2009. On 14 June 2011 the Company formally requested the Tax Authorities for a method to be used to determine the Iron Inventory starting 2010.

At the date of these financial statements no official response was received regarding this matter.

Dividend withholding exemption

For the calculation of the income tax 2013, dividend withholding exemption has been taken into consideration for dividend income to the amount of SRD 10,142 (2012: SRD 11,162).

The income tax receivable/payable is specified as follows:

in SRD	2013	2012
Balance at 1 January	572,603	182,130
Paid during the year	(1,299,208)	(664,295)
Due for the year	690,104	914,462
Inventory adjustments	(62,906)	61,386
Depreciation of PP&E	37,742	37,730
Accelerated depreciation	21,849	41,190
BALANCE AT 31 DECEMBER	(39,816)	572,603

Deferred tax

Deferred tax relate 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	2013	2012
Balance at 1 January	1,814,494	1,876,433
Revaluation of non-current financial assets	(18,189)	78,367
Inventory adjustments	62,906	(61,386)
Release depreciation of PP&E	(37,742)	(37,730)
Release accelerated depreciation	(21,849)	(41,190)
BALANCE AT 31 DECEMBER	1,799,620	1,814,494

8. 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 2013 was based on the profit attributable to ordinary Shareholders of the Company of SRD 1,236,994 (2012: SRD 1,636,872) and a weighted average number of ordinary shares outstanding during the year of 1,304,714 (2012: 1,304,714).

in SRD	2013	2012
Number of shares	1,304,714	1,304,714
Earnings per share in SRD	0.95	1.25

9. DIVIDENDS PAID AND PROPOSED

The following dividends were declared and paid by the Company:

in SRD	2013	2012
Final dividend previous year SRD 0.28 per share (2011: SRD 0.28)	574,074	365,319
First quarter interim dividend SRD 0.08 per share (2012: SRD 0.28)	104,377	52,189
Second quarter interim dividend SRD 0.08 per share (2012: SRD 0.04)	104,377	52,189
Third quarter interim dividend SRD 0.08 per share (2012: SRD 0.08)	104,377	104,377
	887,205	574,074

in SRD	2013	2012
Management proposes total dividend for 2013 of SRD 0.60 per share (2012: SRD 0.60)	782,828	782,828

The proposed dividend 2012 was adopted by the Annual General Meeting of Shareholders on 22 March 2013.

10. **PROPERTY, PLANT AND EQUIPMENT (PP&E)**

Changes in PP&E in 2013 are as follows:

in SRD	Total	Property	Plant	Equipment	Investments in progress
BOOK VALUE 1 JANUARY 2012	4,425,638	2,839,051	844,080	408,459	334,048
Investment	1,386,278	99,283	799,996	198,197	288,802
Depreciation	588,775	139,364	314,986	134,425	-
<i>Disposal</i>	334,048	-	-	-	334,048
BOOK VALUE 31 DECEMBER 2012	4,889,093	2,798,970	1,329,090	472,231	288,802
Investment	935,695	42,148	168,790	299,241	425,516
Depreciation	593,098	141,213	278,057	173,828	-
Disposal	288,802	-	-	-	288,802
BOOK VALUE 31 DECEMBER 2013	4,942,888	2,699,905	1,219,823	597,644	425,516
Consists of:					
Current Value	11,422,278	4,709,274	4,431,091	1,856,397	425,516
Accumulated Depreciation	6,479,390	2,009,369	3,211,268	1,258,753	-
BOOK VALUE 31 DECEMBER 2013	4,942,888	2,699,905	1,219,823	597,644	425,516

The property, plant and equipment are insured against fire up to USD 4,104,504 (SRD 13,750,088).

11. FINANCIAL ASSETS

Non-current 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 2013 of the Suriname stock exchange.

Funds	Number of Shares	Price	Currency	2013 Value in SRD	2012 Value in SRD
Assuria N.V	3,600	95.75	SRD	344,700	280,800
DSB Bank N.V	3,980	68.00	SRD	270,640	385,065
TOTAL FINANCIAL ASSETS				615,340	665,865

12. 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 2013 amounted to SRD 149,606 (2012: SRD 134,735). This amount is recognized under personnel expense.

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

Personnel	SRD 50,000
Staff	SRD 125,000
Management	SRD 200,000

Pension liabilities of the foundation at 31 December 2013 amounted to SRD 16,896,802³ and the total equity amounted to SRD 33,481,58³.

13. INVENTORIES

in SRD	2013	2012
Raw materials and packaging	1,723,397	2,300,766
Trading goods	90,783	123,939
Finished goods	367,207	401,741
Supplies and spare parts	475,974	379,751
Prepaid goods in transit	1,955,088	1,828,371
TOTAL INVENTORIES	4,612,449	5,034,568

A provision for unmarketable goods was not considered necessary.

The inventories are insured against fire up to USD 1,110,000 (SRD 3,718,500).

³Unaudited

14. TRADE AND OTHER RECEIVABLES

in SRD	2013	2012
Trade receivables	687,583	1,322,475
Other receivables :		
Rental billboard	19,122	2,124
Deposits	2,074	1,967
Medical insurance	-	26,210
Fire insurance	31,477	31,248
Prepaid parts	48,388	54,135
Dividend tax	3,241	3,241
Biodiesel project	41,559	-
Other receivables	14,883	84,812
TOTAL TRADE AND OTHER RECEIVABLES	848,327	1,526,212

At 31 December 2013 trade receivables are shown net of an allowance for uncollectible amounts of SRD 893,193 (2012: SRD 4,020)

15. CASH AND CASH EQUIVALENTS

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

in SRD	2013	2012
Denominated in SRD	2,365,029	2,063,187
Denominated in USD	650,826	199,942
Denominated in EURO	137,268	156,010
TOTAL CASH AND CASH EQUIVALENTS	3,153,123	2,419,139

The cash and cash equivalents are freely available.

16. SHARE CAPITAL, CAPITAL IN EXCESS OF PAR VALUE AND REVALUATION RESERVE

Share capital

At 31 December 2013 the issued share capital comprised of 1,304,714 shares (2012: 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.

17. PROVISIONS AND COMMITMENTS

Provision for product liability

This provision 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 2013 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 148,432.

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

in SRD	2013	2012
Balance at 1 January	145,620	142,034
Used during the year	359	14,997
	145,261	127,037
Addition	3,171	18,583
BALANCE AT 31 DECEMBER	148,432	145,620

Commitments

Operational leases

The total commitment for future minimum lease payments under non-cancelable operational leases per balance sheet date amount to:

in SRD	2013	2012
Due within one year (USD 131,207) (2012: USD 105,994)	439,543	355,080
Between one and five years (USD 282,714) (2012: USD 119,314)	947,092	399,702
TOTAL	1,386,635	754,782

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 a significant part of Management'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. The Managing Director is given the opportunity to buy shares in the Company at the market price with the proceeds of his/her long term bonus. The Supervisory Board has approved the issuance of 7,000 shares with a par value of SRD 0.10 for this purpose. The achieved short-term bonus 2012 amounted to SRD 25,513 was paid in 2013.

18. 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.

The balance at year end amounted to USD 15,087 (SRD 50,540) (2012: nil).

The fixed rate is 9% per annum. The collateral given to the bank are:

- pledge of fixed assets
- fiduciary assignment of inventories
- fiduciary assignment of machinery and equipment

19. TRADE AND OTHER PAYABLES

in SRD	2013	2012
Trade payables	1,652,299	1,519,460
Marine Insurance	4,837	-
Other taxes payable	318	90,326
Employee benefits	211,485	178,060
Biodiesel project	-	61,796
Other payables	123,331	277,154
TOTAL TRADE AND OTHER PAYABLES BEFORE PROFIT DISTRIBUTION	1,992,270	2,126,796
Proposed dividend	469,697	574,074
TOTAL TRADE AND OTHER PAYABLES AFTER PROFIT DISTRIBUTION	2,461,967	2,700,870

20. RELATED PARTY DISCLOSURE

Supervisory Board

The remuneration of the Supervisory Board is approved by the Annual General Meeting of Shareholders. In 2013 the total remuneration amounted to SRD 50,000 (2012: SRD 48,750).

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 year-end bonus based on the performance and Company's results.

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

Services

The services and transactions are priced 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	2013	2012
IT related services and salary administration	122,730	80,410

At 31 December 2013 the Company owed VSH United SRD 49,683 and SRD 13,444 was due from VSH United. These amounts are included in trade payables and trade receivables.

CONTRIBUTION

In 2013 the total contribution to the VSH Community Fund amounted to SRD 37,443 (2012: SRD 38,939).

GREAT FOR
COOKING
& BAKING





Baker's Choice
All Vegetable Margarine

GOLDEN BRAND
ALL VEGETABLE MARGARINE

Fine Quality Butter
marigold
BUTTER

GOLDEN BRAND
Slim
NO SALT

GOLDE
BRAND
All vegetable Low fat margarine
NO SALT

Cooking Baking
YELLOW BRAND
all vegetable

GOLDEN BRAND
Slim
Net 225 g

Best Fat Free
BAKE'N'RY
All vegetable shortening
suitable for baking and frying
Net 225 g

LOW FAT BUTTER, LOW SALT AND LESS FAT
marigold
BUTTER SPREAD

LOW FAT BUTTER, LOW SALT AND LESS FAT
marigold
BUTTER SPREAD
Net 450g