



N.V. VSH FOODS

# ANNUAL REPORT

N.V. VSH FOODS | 2015





- Pilihan*
1. Double Cheese
  2. Creamy
  3. Rich
  4. Marbled
  5. Choc...
  6. Bango
  7. Triangl...
  8. ...

**FOODS CAFE**  
ALWAYS DELIGHTFUL

**FOODS CAFE**  
ALWAYS DELIGHTFUL

**FOODS CAFE**  
ALWAYS DELIGHTFUL





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31 December 2015

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# 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 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.”*



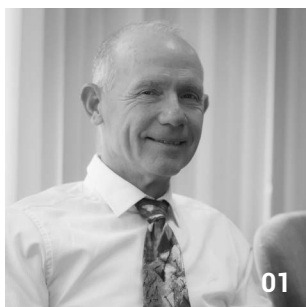
# **Our Core Values**

**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!”***



01



02



03

**01. James J. Healy Jr.**  
*Chairman*

**02. Stephen Smit**  
*Vice Chairman*

**03. Antoine Brahim**



04

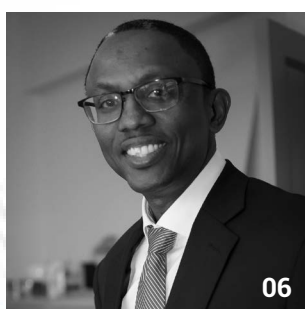


05

**04. Arthur Tjin A Tsoi**

**05. Patrick Healy**

# Supervisory Board and Management



06

**06. Marlon Telting**  
*Managing Director*



07



08

**07. Melisa Ensberg**  
*Operations Manager*

**08. Marif Sastrodiwirjo**  
*Sales Manager*



# Brands

## **GOLDEN BRAND**

### **Refrigerated Margarine:**

Golden Brand Margarine  
Golden Brand Slim Margarine  
Golden Brand Slim No Salt Margarine  
Golden Brand 2 Sticks Margarine

### **Non refrigerated required Margarine:**

Golden Brand pails



## **MARIGOLD**

Marigold Butter  
Marigold Butter Spread



## **YELLOW BIRD**

Yellow Bird All Vegetable  
Margarine



## **BAKE 'N FRY**

Bake 'n Fry Shortening



## **BAKER'S CHOICE LINE**

All purpose white Margarine  
Cream Margarine  
Puff pastry Margarine  
All purpose soft Margarine  
All purpose Margarine



# Report of the Supervisory Board To the Shareholders

## Financial Statements and division of profit

The Management has submitted the financial statements 2015 to the Supervisory Board on 04 March 2016. These financial statements can be found on page 18 to 33 of this annual report. Lutchman & Co audited the financial statements. Their independent auditor's report can be found on page 17. The net profit amounts to SRD 2,239,189 (2014: SRD 2,178,135).

The net profit amounts to:

**SRD 2,239,189**

(2014: SRD 2,178,135).

Three quarterly dividends were paid for a total of SRD 0.30 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 0.80 (2014: SRD 0.70) per share of nominal SRD 0.10 per share. If approved, total dividend will amount to SRD 1,043,771 and the balance of the net profit amounting to SRD 1,195,418 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. 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 13 March 2015.

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 18 March 2016.



**The Supervisory Board**

Arthur Tjin A Tsoi, Antoine Brahim, James J. Healy Jr., Stephen Smit and Patrick Healy.

## Management

In 2015 the Management consisted of:

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

The position of Marketing Manager remains vacant.

## Consultation and decision-making

The Supervisory Board held regular monthly meetings, 13 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 succession. In the Board meeting held on 13 November 2015 Management presented the long term strategic plan 2016-2021, operational plans for 2016 and the Board approved capital expenditures for 2016. Management remuneration was evaluated and approved in the Board meeting held on 11 December 2015. The Board members regularly attended the Board meetings. In the meeting of the Supervisory Board held on 14 August 2015, it was decided in accordance with article 6.80 of the bylaws, to appoint Ms. Kathleen Healy, Managing Director of N.V. Consolidated Industries Corporation



candidate designate for the position of Managing Director during long term absence of the Managing Director Mr. Marlon Telting.

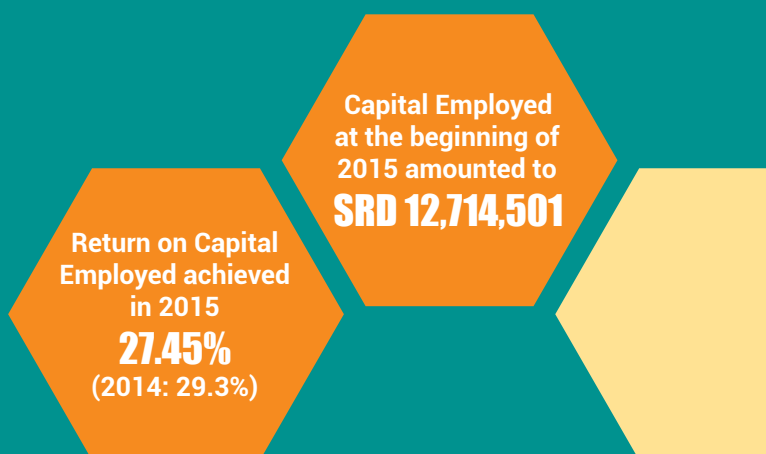
In the meeting of the Supervisory Board held on 13 February 2015 the internal audit plan for 2015 was approved. On 12 February 2016 the results of the internal audits 2015 were presented to the Supervisory Board as well as the audit plan for 2016. The Management Letter was discussed with the Managing Director, Head Internal Audit, External Auditor and presented to the Supervisory Board. The results of the annual appraisal 2015 will be discussed with the Supervisory Board in April 2016.

### Performance of the Supervisory Board

On 11 December 2015 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 risk management, succession in key management positions and export development. In the coming period the Board will focus on risk based internal audits, succession in key management positions and support management in export development.

Capital Employed achieved in 2015 was 27.45% (2014: 29.3%). The Managing Director will receive a short term bonus amounting to SRD 34,902.

For the two year period (2014-2015) gross profit grew by 81.11% and thus the growth target of 77.40% was achieved. The Managing Director will receive a long term bonus amounting to SRD 78,154.



### Dividend Policy and Interim Dividend

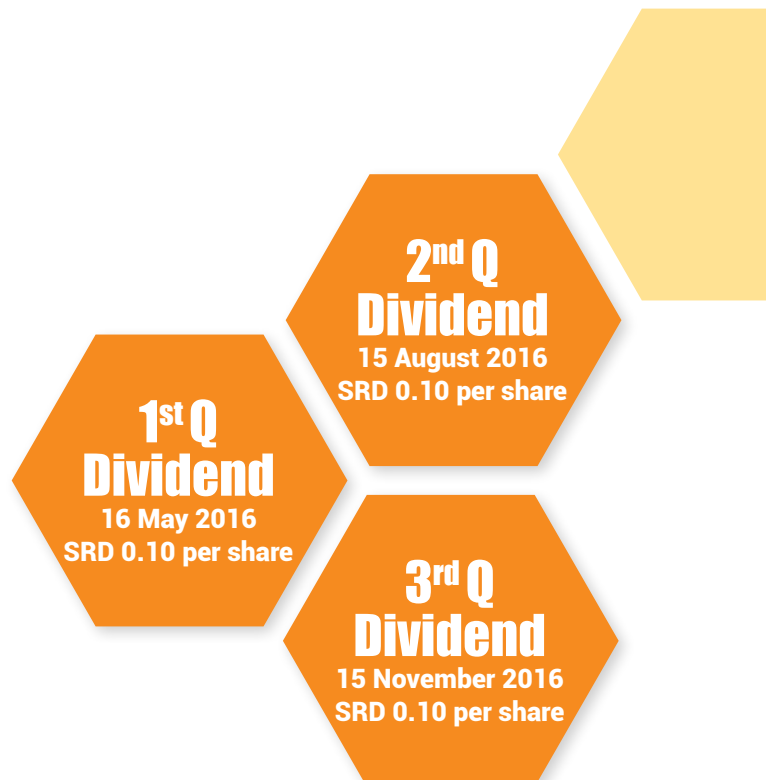
The policy of the Company is to pay a dividend between 40% and 50% of the net profit. Subject to unforeseen developments the Supervisory Board has approved the payment of interim dividend for the year 2016 as follows:

- 1<sup>st</sup> quarter payable 16 May 2016;  
SRD 0.10 per share
- 2<sup>nd</sup> quarter payable 15 August 2016;  
SRD 0.10 per share
- 3<sup>rd</sup> quarter payable 15 November 2016;  
SRD 0.10 per share

### Management performance and Executive Performance Pay

On 11 December 2015 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 two year (2014-2015) target of 77.40% for growth in gross profit for the period.

Capital Employed at the beginning of the year amounted to SRD 12,714,501 and the Return on



### Changes in the bylaws

In the Supervisory Board meeting held on 04 March 2016 the Management recommended changes be made in the bylaws to accommodate a change from bearer shares to registered shares. These changes will effect articles 5 in the "Capital and Shares" section, article 7 in the "Decisions of the Board" section and article 8 in the "Notice to Shareholders" section and article 9 in the "Presentation of Financials" section. The Board endorses the recommendations of the Management to make these necessary changes.

### 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.

### Appreciation

The Supervisory Board is grateful for the contribution made by management and by all the employees of the Company to the results of 2015.

Paramaribo, 04 March 2016

### **The Supervisory Board,**

*James J. Healy Jr., Chairman*

*Stephen Smit, Vice Chairman*

*Antoine Brahim*

*Arthur Tjin A Tsoi*

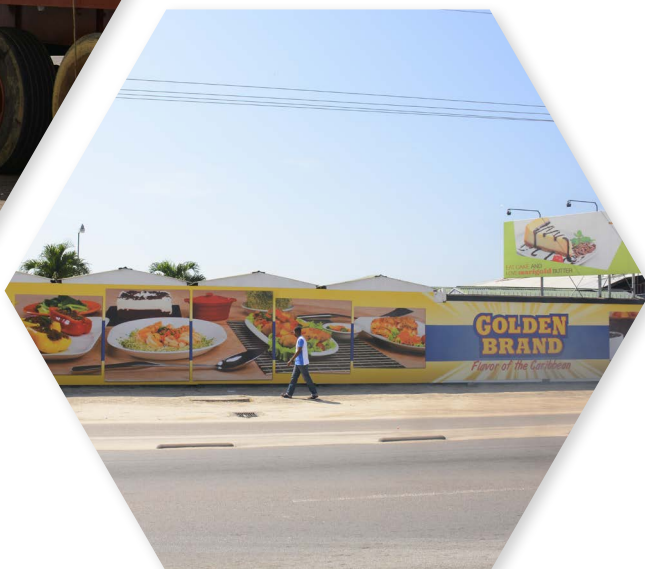
*Patrick Healy*



Arrival of the sticks packaging line



Commissioning of the sticks packaging line  
November 2015



Wall paintings at N.V. VSH FOODS

# Salient Figures

in SRD	2015	2014	2013	2012	2011
Sales	20,810,501	20,860,790	19,031,173	18,558,659	18,090,307
Profit before tax	3,490,176	3,392,136	1,927,098	2,551,334	1,481,454
Net profit	2,239,189	2,178,135	1,236,994	1,636,872	951,674
Cash flow	2,893,589	2,847,146	1,830,092	2,225,647	1,530,747
Paid-in capital	130,471	130,471	130,471	130,471 <sup>1</sup>	13,047
Shareholders' equity	12,784,002	11,607,134	10,221,081	9,875,364	8,673,248
Liabilities	5,122,769	4,088,787	3,990,862	4,659,513	3,329,419
Total equity and liabilities	17,906,771	15,695,921	14,211,943	14,534,877	12,002,667

Per Share of nominal SRD 0.10					
Earnings	1.72	1.67	0.95	1.25	0.73
Cash dividend	0.80	0.70	0.60	0.60	0.40
Share Price	16.00	15.50	11.00	6.10	5.60
USD exchange rates per end of year	4.20	3.35	3.35	3.35	3.35

<sup>1</sup> Conversion of SRG shares to SRD shares (SRD 0.01 to SRD 0.10 par value)



# Managing Director's Report



**Marlon Telting**  
Managing Director

## 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 in the Caribbean. The Company is a member of VSH United. N.V. Verenigde Surinaamse Holdingmij.-/United Suriname Holding Company (VSH United), holds 56.01% of the shares of N.V. VSH FOODS.**

## Business environment

For decades the economy was dominated by the bauxite sector. In the last quarter of 2015 the Suriname Aluminum Company (Suralco) discontinued their activities and as a consequence the bauxite sector no longer exists in Suriname. Currently, the mining sector produces gold and oil. The sharp fall in international commodity prices and the exit of Suralco had a negative impact on the economy and the availability of foreign currency.

The government initiated budget reforms such as reducing subsidies on electricity and water and increasing the "government take" on fuel. In November 2015 the Central Bank of Suriname devaluated the Suriname Dollar from SRD 3.35 to SRD 4.04 (20.6%) while the informal exchange

rate reached SRD 4.80 (43.3%) for the US Dollar. In 2015, Suriname recorded an inflation rate of 25.0% (2014: 3.9%)<sup>2</sup>.

The government of Suriname has approached the International Monetary Fund (IMF) for a reform program and financial assistance in collaboration with the World Bank and other financial institutions.

## Annual General Meeting of Shareholders

On 13 March 2015 the Annual General Meeting of Shareholders approved the financial statements 2014 and the proposed dividend 2014 of SRD 0.70 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.

<sup>2</sup>Source: General Bureau of Statistics.

## Dividend

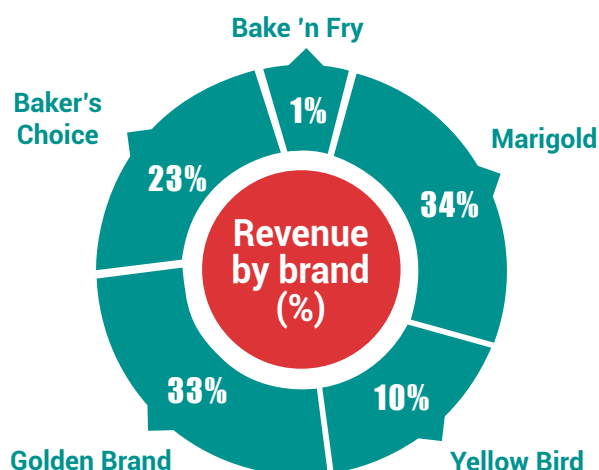
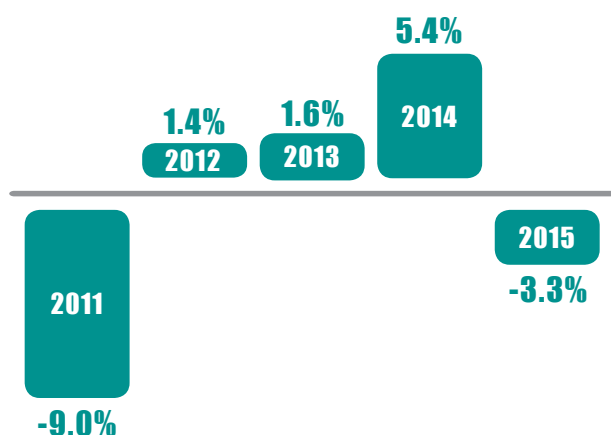
Three quarterly dividends were paid for a total of SRD 0.30 per share of nominal SRD 0.10 per share. The Management recommends payment of a cash dividend for the year 2015 of SRD 0.80 per share of nominal SRD 0.10 per share.

## Our performance highlights

The past year was a volatile year for N.V. VSH FOODS in many ways. The main objective, the financial result, was achieved. Our projected sales volume, however, was not met.

- Net Revenue growth 8.9% (2014: +11.8%)
- Overall volume declined 3.3% (2014: +5.4%)
- Gross margin growth 16.1% (2014: 7.6%)
- Profit before tax up 2.9% (2014: +76.0%)

## Overall Sales Volume Development versus previous year



## Our domestic performance

In 2015 we were challenged with supply issues for packaging material beyond our control. This led to out of stock of main products and we could not meet the demand. As a direct consequence our overall volume declined by 3.3% versus 2014 but we managed to maintain our market leader position. Our sales revenue was -0.2% versus 2014.

Golden Brand is the leader in the margarine category in Suriname with a market share growth of 18 percentage points versus 2014. In the second quarter of 2015 we successfully executed a national consumer loyalty promotion for Golden Brand. In the last quarter of 2015 we launched the "NEW LOOK MORE FLAVOR" campaign which highlighted the packaging and flavor innovations for the Golden Brand blocks.

As consumers are demanding more convenient packaging we have invested in a new packaging line for margarine in sticks. In November we launched Golden Brand margarine in 2- sticks packaging at the Annual Trade Fair in Suriname and considering the excitement with which the consumers embraced the new products the launch was a success.

For our valued catering customers, we developed and launched a new Golden Brand non

refrigerated margarine in four different convenient sizes. These new products are distributed through the retail channel.

Marigold butter is the reference for butter in Suriname and has increased its market share by 6.3 percentage points versus 2014. Our BAKERS CHOICE brand has maintained its volume share in the food service category in Suriname.



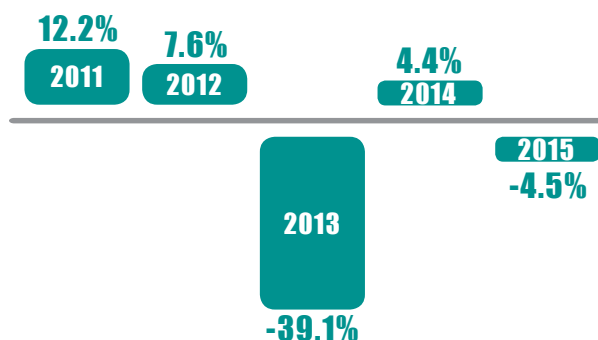
## Our export performance

Our export volume declined by 4.5% versus 2014. The main reason for this was the weak distributor performance in one of our export markets. Although this was a challenge we managed to turn this into an opportunity.

Our strategy to grow through export is still on track. Negotiations with new distributors are in a final stage and distribution contracts are expected to be signed in the first quarter of 2016. Our product portfolio initiatives have been successfully completed and are ready to be implemented in all export markets.

Golden Brand, Flavor of the Caribbean, increased brand awareness through effective marketing initiatives and successfully attracted new consumers in our export markets.

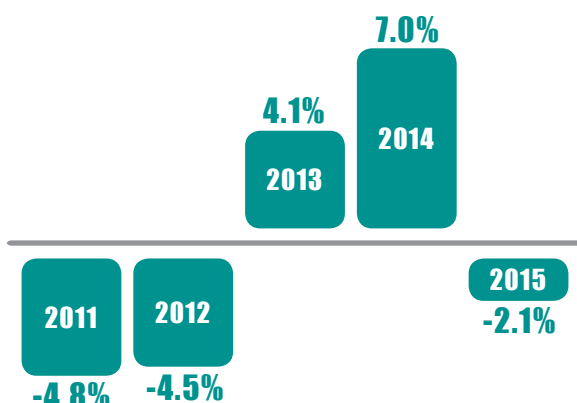
## Export Volume Development versus previous year



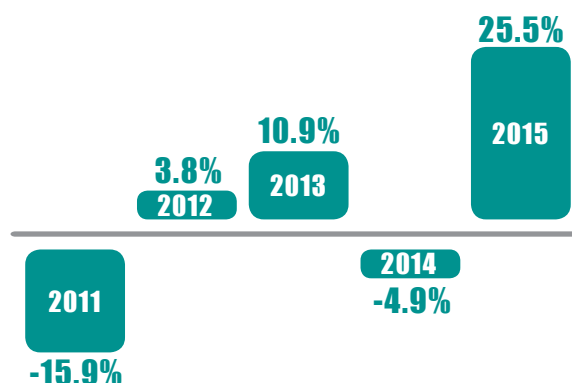


## Our operations performance

### Production Volume Development versus previous year



### Productivity Development versus previous year



Our volume produced declined as a direct consequence of our volume sold. Our increased focus on First Time Right and efficient production planning led to an increase in productivity of 25.5% versus 2014.

As we gradually increased biodiesel (97%) in the mix with diesel (3%) for our boiler, we could mitigate the cost impact of the increased government take which took effect in October 2015.

Our budgeted capital expenditures (CAPEX) was realized for 83% as part of our master plan. In November 2015 the new packaging line for margarine-sticks was successfully commissioned by the supplier together with our own maintenance team. This line was officially put into service by the Minister of Trade and Industry of Suriname on 20 November 2015.



Minister of Trade and Industry of Suriname  
S. Burleson

### N.V. VSH ENERGY

As from 2015 VSH ENERGY is recognized in the balance sheet as a subsidiary of N.V. VSH FOODS. No activities will be carried out by N.V. VSH ENERGY for the time being.

### Our employees

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

At the end of 2015 we employed 54 persons. We have successfully recruited to fill a number of key positions. On 24 July 2015 we agreed to a salary increase under the current Collective Labor Agreement.

Two employees celebrated anniversaries in 2015:

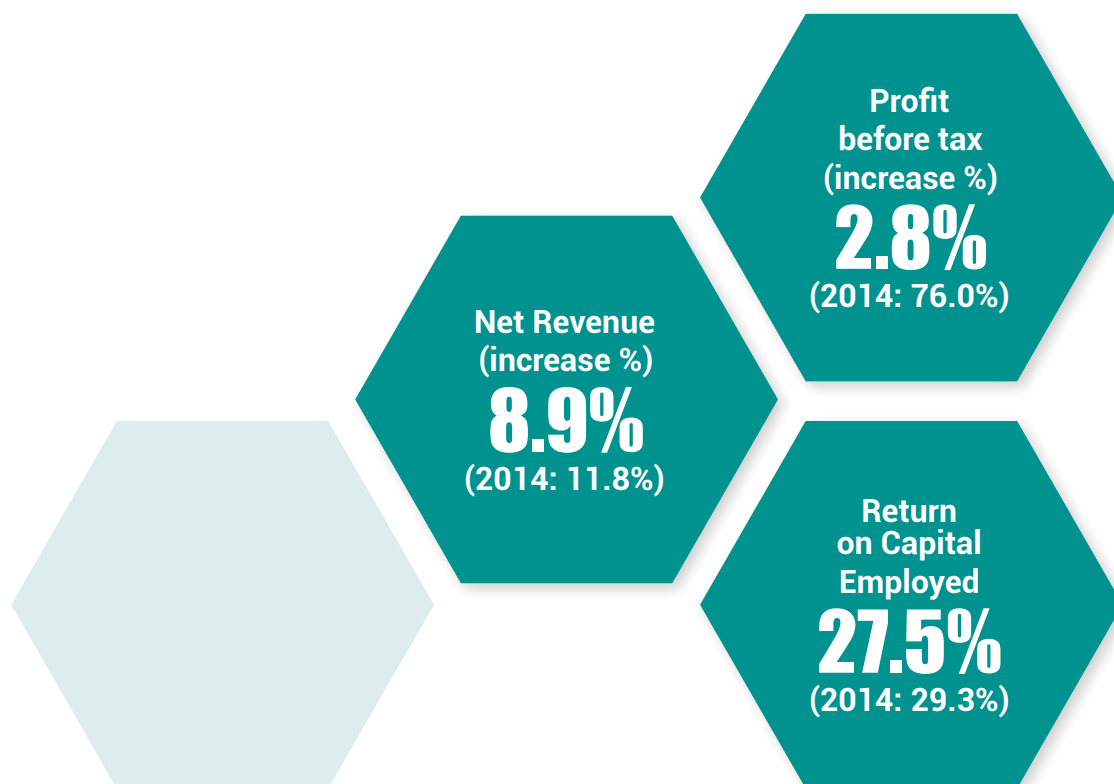


Elvis Djodikromo, 3 April 1995,  
20 years of service



Ponija Djiman, 4 December 1995,  
20 years of service

## Our Results for 2015



Our administrative expenses were 20.9% above 2014 and include 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 following the devaluation of the Suriname Dollar. Personnel expenses were 3.6% above 2014. Our net profit increased by 2.8% versus 2014.

### Outlook 2016

The outlook for the economy is grim considering serious budget constraints and the forecast of low commodity prices.

The government has approached the International Monetary Fund (IMF) to assist with a reform program for the economy. Improvement of the economy is not expected before 2017.

We will continue to execute and invest in initiatives to regain volume growth in the local retail segment and our export markets. In the first quarter of 2016 we will sign agreements with distributors in two markets. First export orders are scheduled to be shipped in the second quarter of 2016. Our marketing initiatives will demonstrate our commitment to invest in our brands with emphasis on loyalty of our valued customers.

Later in the year, we will continue our investment program, especially in our manufacturing facilities, which is in line with our master plan.

### 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, 04 March 2016**

**Marlon Telting**  
**Managing Director**



Rotary event



Production team of  
N.V. VSH FOODS



Golden Brand 2 Stick Margarine





Rotary event



Annual Trade Fair 2015



# Independent Auditor's Report

**To: The Shareholders of  
N.V. VSH FOODS,  
Paramaribo, Suriname**

We have audited the accompanying financial statements 2015 of N.V. VSH FOODS in Paramaribo, which comprise the balance sheet at 31 December 2015, the income statement, the statement of changes in equity and the statement of cash flows 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 with respect to the financial statements**

In our opinion, the financial statements give a true and fair view of the financial position of N.V. VSH FOODS at 31 December 2015 and of its result and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Paramaribo, 04 March 2016

**LUTCHMAN & CO**

**Represented and signed by**

**Drs. M. R. A. Lutchman RA (Chartered Accountant)**

# Income Statement

## for the year ended 31 December 2015

	Note	2015 SRD	2014 SRD
<b>Revenue</b>			
<b>Industry</b>			
Sales		20,810,501	20,860,790
Cost of sales		8,658,540	10,390,238
		12,151,961	10,470,552
Investment income		15,213	19,910
Real estate rental income		26,520	107,705
Other income	5	89,890	677,582
		12,283,584	11,275,749
<b>Costs</b>			
Personnel expense	6	2,871,086	2,770,521
Distribution costs		408,445	406,491
Administrative expense	7	4,834,085	3,999,871
Interest		14,973	27,619
Depreciation		654,400	669,011
Provisions		10,419	10,100
		8,793,408	7,883,613
<b>Profit before tax</b>		3,490,176	3,392,136
Income tax	8	1,250,987	1,214,001
<b>Net profit</b>		<b>2,239,189</b>	<b>2,178,135</b>
<b>EARNINGS PER SHARE</b>			
Number of shares outstanding		1,304,714	1,304,714
Earnings per share	9	1.72	1.67
<b>DIVISION OF PROFIT</b>			
Interim dividend		391,413	313,131
Final dividend		652,358	600,169
Addition to retained earnings		1,195,418	1,264,835
		<b>2,239,189</b>	<b>2,178,135</b>

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Paramaribo, 04 March 2016

#### Supervisory Board

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

#### Managing Director

M. Telting



# Balance sheet at 31 December 2015

## before appropriation of profit

	Note	2015 SRD	2014 SRD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	5,651,874	5,224,269
Subsidiary interest		200,000	-
Financial assets	12	490,350	600,880
Total non-current assets		6,342,224	5,825,149
<b>Current assets</b>			
Inventories	14	5,476,181	4,666,225
Trade and other receivables	15	781,848	528,227
Cash and cash equivalents	16	5,306,518	4,676,320
Total current assets		11,564,547	9,870,772
<b>Total assets</b>		<b>17,906,771</b>	<b>15,695,921</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	130,471	130,471
Capital in excess of par value	3/17	431,634	431,634
Revaluation reserve	4/17	1,696,894	1,833,938
Retained earnings		8,285,814	7,032,956
Net profit for the year		2,239,189	2,178,135
Total equity		12,784,002	11,607,134
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred taxes	8	1,561,821	1,707,536
<b>Current liabilities</b>			
Provisions	18	157,304	157,752
Borrowings	19	845,186	363,833
Income tax payable	8	669,313	565,508
Trade and other payables	20	1,889,145	1,294,158
Total current liabilities		3,560,948	2,381,251
<b>Total equity and liabilities</b>		<b>17,906,771</b>	<b>15,695,921</b>

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Paramaribo, 04 March 2016

#### Supervisory Board

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

#### Managing Director

M. Telting

# Statement of changes in equity

## for the year ended at 31 December 2015

	Share capital SRD	Capital in excess of par value SRD	Revaluation reserve SRD	Retained earnings SRD	Total SRD
<b>Equity at 1 January 2014</b>	130,471	431,634	1,910,330	7,278,949	9,751,384
Net profit	-	-	-	2,178,135	2,178,135
Interim dividend	-	-	-	(313,131)	(313,131)
Revaluation	-	-	(9,254)	-	(9,254)
Realized revaluation PP&E	-	-	(67,138)	67,138	-
<b>Equity at 31 December 2014 before appropriation of profit</b>	<b>130,471</b>	<b>431,634</b>	<b>1,833,938</b>	<b>9,211,091</b>	<b>11,607,134</b>
<b>Apropriation of profit</b>					
Final dividend	-	-	-	(600,169)	(600,169)
<b>Equity at 31 December 2014 after appropriation of profit</b>	<b>130,471</b>	<b>431,634</b>	<b>1,833,938</b>	<b>8,610,922</b>	<b>11,006,965</b>
Net profit	-	-	-	2,239,189	2,239,189
Interim dividend	-	-	-	(391,413)	(391,413)
Revaluation	-	-	(70,739)	-	(70,739)
Realized revaluation PP&E	-	-	(66,305)	66,305	-
<b>Equity at 31 December 2015 before appropriation of profit</b>	<b>130,471</b>	<b>431,634</b>	<b>1,696,894</b>	<b>10,525,003</b>	<b>12,784,002</b>
<b>Appropriation of profit</b>					
Proposed final dividend	-	-	-	(652,358)	(652,358)
<b>Equity at 31 December 2015 after appropriation of profit</b>	<b>130,471</b>	<b>431,634</b>	<b>1,696,894</b>	<b>9,872,645</b>	<b>12,131,644</b>

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Paramaribo, 04 March 2016

#### Supervisory Board

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

#### Managing Director

M. Telting

# Statement of cash flows

## for the year ended 31 December 2015

	2015 SRD	2014 SRD
<b>Cash flows from operating activities</b>		
Profit before tax	3,490,176	3,392,136
<b>Adjusted for:</b>		
• Depreciation	654,400	669,011
• Provisions	10,419	10,100
• Investment income	(15,213)	(19,910)
• Interest paid	14,973	27,619
<b>Changes in working capital:</b>		
• Change in inventories	(809,956)	(53,776)
• Change in trade and other receivables	(253,621)	320,100
• Change in trade and other payables	594,987	(698,112)
• Adjustments regarding inventories and other payables	(210,791)	-
Cash generated from operations	3,475,374	3,647,168
Claims paid	(76)	(780)
Interest paid	(14,973)	(27,619)
Income tax paid	(1,253,106)	(695,555)
Net cash generated from operating activities	2,207,219	2,923,214
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(1,082,005)	(950,392)
Dividends received	15,213	19,910
Net cash used in investing activities	(1,066,792)	(930,482)
<b>Cash flows from financing activities</b>		
Proceeds and repayments from loans	481,353	313,293
Dividend paid	(991,582)	(782,828)
Net cash used in investing activities	(510,229)	(469,535)
Net increase in cash for the year	630,198	1,523,197
Cash and cash equivalents at 1 January	4,676,320	3,153,123
<b>Cash and cash equivalents 31 December</b>	<b>5,306,518</b>	<b>4,676,320</b>

The accompanying notes on pages 22 to 33 are an integral part of these financial statements.

Paramaribo, 04 March 2016

#### Supervisory Board

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

#### Managing Director

M. Telting



# Notes to the financial statements

## 1. Information on the reporting entity

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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 2015.

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.

The Company has one subsidiary N.V. VSH ENERGY in which it holds 100% share.

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 04 March 2016 and will be submitted for approval to the Annual General Meeting of Shareholders on 18 March 2016.

## 2. Basis of preparation

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### 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 18.

## 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.

### 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.

in SRD	2015	2014
USD	4.20	3.35
EURO	4.58	4.07

### 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 balance sheet.

### 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.

The subsidiary is recognized at equity value and the Company's share in the profit or loss is recognized in the income statement.

### 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 2015, 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 less a provision for the reduced marketability of inventories if applicable.

**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 based on past experience and industry averages for defective products. Provisions which are expected to be utilized within a year are presented within other current liabilities in the balance sheet.

**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 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.

**Cost of sales**

Cost of sales comprises the cost of raw- and packaging material.

**Other income**

Other income comprises of bank interest received, income related to previous years items, 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.

**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	2015	2014
Bank interest received	20,429	17,798
Income related to previous years	51,502	88,028
Grant regarding Biodiesel project	-	485,934
Proceeds from sales of empty drums	42,212	85,822
Promo activities	5,747	-
<b>Total other income</b>	<b>89,890</b>	<b>677,582</b>

## 6. Personnel expense

in SRD	2015	2014
Salaries and wages	1,795,970	1,775,593
Vacation allowances	137,891	98,860
Bonuses	404,317	316,614
Remuneration of Supervisory Board	53,750	48,750
Medical insurance	182,094	165,682
Contribution to pension plan	170,328	158,880
Training	6,948	30,491
Other personnel expense	119,788	175,651
<b>Total personnel expense</b>	<b>2,871,086</b>	<b>2,770,521</b>

## 7. Administrative expenses

in SRD	2015	2014
Marketing	1,247,880	1,146,127
Maintenance	351,412	671,476
Manufacturing	202,787	219,904
Office	391,019	334,273
Other administrative expenses*	2,640,987	1,628,091
<b>Total administrative expenses</b>	<b>4,834,085</b>	<b>3,999,871</b>

\*Other administrative expenses includes an exchange loss of SRD 834,083.

## 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.

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 2015, dividend withholding exemption has been taken into consideration for dividend income to the amount of SRD 15,213 (2014: SRD 19,910).

*The income tax payable is specified as follows:*

in SRD	2015	2014
Balance at 1 January	565,508	(39,816)
Paid during the year	(1,253,106)	(695,555)
Due for the year	1,250,987	1,214,001
Inventory adjustments	58,563	27,423
Depreciation of PP&E	37,297	37,765
Accelerated depreciation	10,064	21,690
<b>Balance at 31 December</b>	<b>669,313</b>	<b>565,508</b>

### 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.

*The deferred tax is specified as follows:*

in SRD	2015	2014
Balance at 1 January	1,707,536	1,146,127
Revaluation of non-current financial assets	(39,791)	671,476
Inventory adjustments	(58,563)	219,904
Release depreciation of PP&E	(37,297)	(37,765)
Release accelerated depreciation	(10,064)	(21,690)
<b>Balance at 31 December</b>	<b>1,561,821</b>	<b>1,707,536</b>



## 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 2015 was based on the profit attributable to ordinary Shareholders of the Company of SRD 2,239,189 (2014: SRD 2,178,135) and a weighted average number of ordinary shares outstanding during the year of 1,304,714 (2014: 1,304,714).

	2015	2014
Number of shares	1,304,714	1,304,714
Earnings per share in SRD	1.72	1.67

## 10. Dividends paid and proposed

*The following dividends were declared and paid by the Company:*

in SRD	2015	2014
Final dividend previous year SRD 0.46 per share (2013: SRD 0.36)	600,169	469,697
First quarter interim dividend SRD 0.10 per share (2014: SRD 0.08)	130,471	104,377
Second quarter interim dividend SRD 0.10 per share (2014: SRD 0.08)	130,471	104,377
Third quarter interim dividend SRD 0.10 per share (2014: SRD 0.08)	130,471	104,377
	<b>991,582</b>	<b>782,828</b>

Management proposes total dividend for 2015 of SRD 0.80 per share (2014: SRD 0.70)	1,043,771	913,300
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The proposed dividend 2014 was adopted by the Annual General Meeting of Shareholders 13 March 2015.

## 11. Property, plant and equipment (PP&E)

Changes in PP&E in 2015 are as follows:

in SRD	Total	Property	Plant	Equipment	Investments in Progress
Book value 1 January 2014	4,942,888	2,699,905	1,219,823	597,644	425,516
Investment	2,044,813	-	970,823	189,426	884,564
Depreciation	669,011	139,869	316,949	212,193	-
Transfer	1,094,421	-	-	-	1,094,421
<b>Book value 31 December 2014</b>	<b>5,224,269</b>	<b>2,560,036</b>	<b>1,873,697</b>	<b>574,877</b>	<b>215,659</b>
Investment	2,320,849	22,191	974,803	207,262	1,116,593
Depreciation	654,400	126,970	303,785	223,645	-
Transfer	1,238,844	-	-	-	1,238,844
<b>Book value 31 December 2015</b>	<b>5,651,874</b>	<b>2,455,257</b>	<b>2,544,715</b>	<b>558,494</b>	<b>93,408</b>

Consists of:

Current Value	13,454,675	4,731,465	6,374,689	2,255,113	93,408
Accumulated Depreciation	7,802,801	2,276,208	3,829,974	1,696,619	-
<b>Book value 31 December 2015</b>	<b>5,651,874</b>	<b>2,455,257</b>	<b>2,544,715</b>	<b>558,494</b>	<b>93,408</b>

The property, plant and equipment are insured against fire up to USD 4,104,504 (SRD 17,238,917).

## 12. 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 2015 of the Suriname stock exchange.

Funds	Numbers of shares	Price	Currency	2015 Value in SRD	2014 Value in SRD
Assuria N.V.	3,600	94.75	SRD	<b>341,100</b>	378,000
DSB Bank N.V.	3,980	37.50	SRD	<b>149,250</b>	222,880
<b>Total financial assets</b>				<b>490,350</b>	<b>600,880</b>

### 13. Pensions

For the employees that have joined the pension foundation "Stichting VSH Pensioenfond", the Company contributes 12% and the employees 5% of the base salary to the pension fund foundation. The Company's pension contribution in 2015 amounted to SRD 170,328 (2014: SRD 158,880). 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 2015 amounted to SRD 21,043,440<sup>3</sup> and the total equity amounted to SRD 41,617,618<sup>3</sup>.

### 14. Inventories

in SRD	2015	2014
Raw materials and packaging	3,328,964	1,837,074
Trading goods	81,693	54,216
Manufactured goods	412,138	314,767
Supplies and spare parts	512,820	472,536
Prepaid goods in transit	1,140,566	1,987,632
<b>Total inventories</b>	<b>5,476,181</b>	<b>4,666,225</b>

In 2015 a provision for reduced marketability of SRD 10,791 (2014: nil) was considered necessary. The inventories are insured against fire up to USD 1,110,000 (SRD 4,662,000).

### 15. Trade and other receivables

in SRD	2015	2014
Trade receivables	707,275	413,631
<i>Other receivables :</i>		
Deposits	2,088	2,074
Medical insurance	20,256	14,672
Fire insurance	31,249	31,477
Prepaid parts	-	48,388
Dividend tax	-	3,241
Other receivables	20,980	14,744
<b>Total trade and other receivables</b>	<b>781,848</b>	<b>528,227</b>

At 31 December 2015 trade receivables are shown net of an allowance for uncollectible amounts of SRD 893,193 (2014: SRD 893,193).

<sup>3</sup>Unaudited

## 16. Cash and cash equivalents

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

in SRD	2015	2014
Denominated in SRD	4,794,531	4,373,456
Denominated in USD	488,111	175,193
Denominated in EURO	23,876	127,671
<b>Total trade and other receivables</b>	<b>5,306,518</b>	<b>4,676,320</b>

The cash and cash equivalents are at free disposal of the Company.

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

### Share capital

At 31 December 2015 the issued share capital comprised of 1,304,714 shares (2014: 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. 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 2015 a provision of 0.75%, of the gross sales of margarine, shortening and butter was recognized amounting to SRD 157,304.

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

in SRD	2015	2014
Balance at 1 January	157,752	148,432
Claims	76	780
	157,674	147,652
Addition	(372)	10,100
<b>Balance at 31 December</b>	<b>157,304</b>	<b>157,752</b>



**Commitments***Operational leases*

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

in SRD	2015	2014
Due within one year (USD 87,740) (2014: USD 106,496)	<b>368,508</b>	356,763
Between one and five years w(USD 137,652) (2014: USD 217,319)	<b>578,138</b>	728,020
<b>Total</b>	<b>946,646</b>	<b>1,084,783</b>

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. 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.

**19. 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 201,235 (SRD 845,186) (2014: USD 108,607 (SRD 363,833)). 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

**20. Trade and other payables**

in SRD	2015	2014
Trade payables	<b>1,176,634</b>	963,385
<i>Other payables:</i>		
Marine Insurance	<b>6,517</b>	14,643
Employee benefits	<b>251,511</b>	175,031
Other payables	<b>454,483</b>	141,099
<b>Total trade and other payables before profit distribution</b>	<b>1,889,145</b>	1,294,158
Proposed dividend	<b>652,358</b>	600,169
<b>Total trade and other payables after profit distribution</b>	<b>2,541,503</b>	<b>1,894,327</b>

## 21. Related party disclosure

### Supervisory Board

The remuneration of the Supervisory Board is approved by the Annual General Meeting of Shareholders. In 2015 the total remuneration amounted to SRD 53,750 (2014: 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 bonus. The bonus of the Managing Director is based on the Executive Performance Scheme and is measured against a yearly minimum target of 20% of Return on Capital Employed (short term) and a two year (2014-2015) target of 77.40% for growth in gross profit (long term) for the period. Based on the 2015 Return on Capital Employed of 27.45% a short term bonus of SRD 34,902 (2014: SRD 33,921) has been approved by the Supervisory Board.

Based on the growth in gross profit of 81.11% a long term bonus of SRD 78,154 has been approved by the Supervisory Board. These amounts have not been recognized in the balance sheet at 31 December 2015.

### 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	2015	2014
IT related services and salary administration	172,193	165,572

At 31 December 2015 the Company owed VSH United SRD 69,626 and SRD 8,425 was due from VSH United. These amounts are included in trade payables and in trade receivables.

### Contribution

In 2015 the total contribution to the VSH Community Fund amounted to SRD 60,871 (2014: SRD 53,757).

# FOODS CAFE

ALWAYS DELIGHTFUL



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End of the year party at  
N.V. VSH FOODS 2015







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