



N.V. VSH FOODS

# Annual Report

## N.V. VSH FOODS

### 2020



**TEAM**  
*Together Everyone Achieves More*



**TEAM**

*Together Everyone Achieves More*

**“Great things** in business are never done by one person. They are done **by a team** of people.”

-Steve Jobs-

# Table of contents

Our Products	<b>04</b>
Company Profile	<b>07</b>
Mission Statement	<b>07</b>
Core Values	<b>07</b>
Meet our Supervisory Board	<b>08</b>
Meet our Management	<b>09</b>
Report of the Supervisory Board	<b>10</b>
Salient Figures	<b>12</b>
Managing Director's Report	<b>14</b>
Statement of Financial Position At 31 December 2020	<b>20</b>
Statement of Profit and Loss For the year ended 31 December 2020	<b>21</b>
Statement of Changes in Equity For the year ended 31 December 2020	<b>22</b>
Statement of Cash Flows For the year ended 31 December 2020	<b>23</b>
Notes to the Financial Statements	<b>24</b>
Independent Auditor's Report	<b>36</b>

# Our Products

## Golden Brand Margarine

Is our main brand in the retail segment. It has a creamy consistency, a full flavor and is suitable for cooking, spreading and baking. It is 100% vegetable-based, cholesterol free, trans fat free and enriched with vitamins A and D<sub>3</sub>. This product line was extended considerably in the course of the years and now contains both refrigerated and non-refrigerated products.

The refrigerated product line contains the following products:



**Golden Brand margarine, wrapper**

- 227 gram



**Golden Brand Spreadable margarine, tubs**

- 227 gram
- 453 gram



**Golden Brand margarine, 2 sticks box**

- 227 gram



**Golden Brand Slim margarine, tubs**

- 227 gram
- 453 gram



*Flavor of the Caribbean*

**Golden Brand margarine, industrial edition**

- Pail of 10 kg

The no refrigeration required product line contains the following products:



**Golden Brand margarine, 4 half sticks box**

- 227 gram



**Golden Brand margarine, tub**

- 453 gram



**Golden Brand margarine, pails**

- 10 kg | • 4.5 kg | • 2.25 kg | • 900 gram

## Marigold Butter

Is widely known in Suriname for its refined flavor and is essential for any home, restaurant or catering service.

Because of its rich flavor, it is perfect for roasting meat and sautéing vegetables. It is also great for baking cakes and cookies, and to make creamy garlic and herb butters.

Marigold butter spread is a flavorful spread with the same buttery taste of Marigold butter.

*Marigold butter is available in:*



### Marigold butter, wrapper

- 227 gram



### Marigold butter, spread tubs

- 227 gram
- 453 gram



### Marigold butter, industrial edition

- Pail of 10 kg

## Gelebek Margarine

Is the very first product that N.V. VSH FOODS ever produced. It is the second brand in the retail margarine segment. Gelebek margarine is suitable for cooking and baking. It is 100% vegetable-based, cholesterol free, trans fat free and enriched with vitamins A and D<sub>3</sub>.

*Gelebek Margarine is available in:*



### Gelebek margarine, wrapper

- 227 gram



### Gelebek margarine, industrial edition

- Box of 20 kg (4 x 5 kg)

## Bake 'n Fry Shortening

Is 100% vegetable-based. It contains only oils and fats and is cholesterol free and trans fat free. This product is suitable for frying at a temperature of 180°C and baking bread and pastries. It is also suitable for greasing baking sheets and pans.

Bake 'n Fry Shortening bakes dry and crispy and can be reused for at least 7 frying cycles.

*Bake 'n Fry Shortening is available in:*



### Bake 'n Fry shortening, wrapper

- 225 gram



### Bake 'n Fry shortening, industrial edition

- Box of 20 kg (4 x 5 kg)

## Baker's Choice Industrial Margarine

Is perfect for baking bread, cakes and pastries. The Baker's Choice products are made of 100% vegetable oils and fats.

*The Baker's Choice industrial margarine line consists of:*

### **BAKER'S CHOICE**

#### All purpose margarine (white)

- Box of 20 kg (4 x 5 kg)

### **BAKER'S CHOICE**

#### All purpose margarine (yellow)

- Box of 20 kg (4 x 5 kg)

### **BAKER'S CHOICE**

#### Puff pastry margarine

- Box of 20 kg (4 x 5 kg)

### **BAKER'S CHOICE**

#### Cream margarine

- Box of 20 kg (4 x 5 kg)

## Company Profile

---

N.V. VSH FOODS was founded in 1960 in Suriname, South America and produces margarine, butter and shortening.

In 1963, the Company started with the production of Gelebek (Yellow Bird) margarine and today, Gelebek, Golden Brand, Marigold, Golden Brand Slim, Baker's Choice and Bake 'n Fry are established brands in Suriname and in the Caribbean.

The Company is a member of the VSH Group of Companies. N.V. Verenigde Surinaamse Holding mij./ United Suriname Holding Company (VSH United), holds 64.30% of the shares of N.V. VSH FOODS.

## 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:

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

# Meet our Supervisory Board



**Patrick Healy**

Chairman of the Supervisory Board



**Stephen Smit**

Vice Chairman of the Supervisory Board



**Antoine Brahim**

Member of the Supervisory Board



**Paul Brahim**

Member of the Supervisory Board



**Alvin Venetiaan**

Member of the Supervisory Board

# Meet our Management



**Marlon Telting**  
Managing Director



**Melisa Kartokromo-Ensberg**  
Operations Manager



**Marif Sastrodiwirjo**  
Sales Manager



**Tamira Esajas**  
Finance Manager



**Stephanie Sjauw**  
Purchasing Manager

# Report of the Supervisory Board

## To the shareholders

### We hereby present our report on the activities of the Supervisory Board in 2020

The Supervisory Board performed its duties in accordance with Suriname law, the company's bylaws and Corporate Governance Code. We advised management on relevant issues and monitored management's performance in relation to set goals. The Management regularly informed us, both verbally and in writing on material aspects of the business, major events, competitor activities, investments and transactions. We kept abreast of results and the financial position, risks and risk management.

### Financial Statements and division of earnings

The Management has submitted the financial statements 2020 to the Supervisory Board on 12 March 2021.

These financial statements can be found on pages 20 to 23 of this annual report.

Lutchman & Co audited the financial statements.

Their report can be found on page 36 and 37.

The net earnings amounts to SRD 688,768 (2019: SRD 2,946,425).

No dividend was paid during the year.

The Supervisory Board endorses the recommendation of the Management not to pay dividend for the year. If approved the balance of the net earnings amounting to SRD 688,768 will be added to retained earnings.

### Supervisory Board changes and appointments

In accordance with article 7.20 of the bylaws all Supervisory Board members step down in the Annual General Meeting of Shareholders. Three members, Mr. S. Smit, Mr. A. Brahim and Mr. P. Healy, were re-elected as members of the Supervisory Board in the Annual General Meeting of Shareholders held on 24 Augustus 2020. In the same meeting, the shareholders approved the Board's recommendation to appoint Mr. P. Brahim and Mr. A. Venetiaan as board members. Being eligible the members, Mr. P. Healy, Mr. S. Smit, Mr. A. Brahim, Mr. P. Brahim and Mr. A. Venetiaan offer themselves for re-election in the Annual General Meeting of Shareholders to be held on 26 March 2021.

### Management changes and appointments

In 2020 there were no changes in the management.

### The net earnings amounts to

**SRD 688,768**  
(2019: SRD 2,946,425)

### Consultation and decision-making

The Supervisory Board held regular monthly meetings, 11 in total. The subjects discussed in the meetings included the financial position and results, company strategy, company policy, business plans, health, safety and environment, management development and succession.

In the supervisory board meeting held on 17 January 2020 the Internal Auditor reported on the activities of the Internal Audit Department in 2019 and he presented his audit plan for 2020. In the board meeting held on 13 November 2020 Management presented the operational plan for 2021 and the Board approved capital expenditures for 2021.

Management remuneration was evaluated and approved in the board meeting held on 11 December 2020. The Board members regularly attended the board meetings.



In the meeting of the Supervisory Board held on 15 January 2021 the results of the internal audits 2020 were presented to the Supervisory Board as well as the audit plan for 2021. In the same meeting the Management Letter regarding the interim audit 2020 was discussed.

The annual appraisal 2019 was presented by the Managing Director in the Supervisory Board meeting held on 17 April 2020.

The results of the annual appraisal 2020 was presented by the Managing Director in the Supervisory Board meeting held on 5 March 2021.

On 24 Augustus 2020 the Supervisory Board agreed to reduce the outstanding shares of 1,304,714 with 23.877 shares through equity.

As of 12 March 2021 from the total of 1.280.837 outstanding shares 92.96% have been changed to registered shares.

### **Performance of the Supervisory Board**

On 11 December 2020 the performance of the Supervisory Board was evaluated through a self-assessment by the members. Based upon individual appraisals by the members the performance was found to be good. Areas requiring additional attention were identified and include completion of investment in production and warehouse facility, export growth, succession in key functions and long term strategic planning.

### **Dividend Policy and Interim Dividend**

The policy of the company is to pay a dividend between 40% and 50% of the net earnings. As mentioned under 'Financial Statements and division of earnings' no dividend will be paid in order to allow Management to retain and reinvest earnings for future growth. Subject to unforeseen developments the Supervisory Board endorses the recommendation of the Management for the resumption of dividend payments in 2021.

### **Management performance and Executive Performance Pay**

On 11 December 2020 the Supervisory Board evaluated the overall performance of the Managing Director and found the performance to be satisfactory. Specific areas of improvements were discussed with the Managing Director including further export development, improving purchasing planning, attention to long-term succession in key positions and continued focus on challenges in the local market.

Performance of the Managing Director is measured against a yearly minimum target of 18% of Return on Capital Employed. Capital Employed at the beginning of the year amounted to SRD 25,726,602 and the Return on Capital Employed achieved in 2020 was 4.16 % (2019: 18.57%). The minimum return on Capital Employed was not achieved in 2020 so the Managing Director is not eligible to receive the short-term bonus.

### **Remuneration of the Supervisory Board**

The remuneration of the Supervisory Board amounts to SRD 120,000 per year effective 1 September 2020 and was approved in the Annual General Meeting of Shareholders held on 24 Augustus 2020.

### **Appreciation**

The Supervisory Board is grateful for the contribution made by Management and by all the employees of the Company to the results of 2020.

#### **Paramaribo, 12 March 2021 The Supervisory Board,**

*P. Healy, Chairman  
S. Smit, Vice Chairman  
A. Brahim  
P. Brahim  
A. Venetiaan*

# Salient Figures

	2020	2019	2018	2017	2016
<b>in SRD</b>					
Sales	62,592,017	42,430,603	41,315,073	39,579,745	29,897,814
Earnings before tax	1,070,910	4,600,346	3,268,839	3,269,609	2,120,425
Net earnings	688,768	2,946,425	2,098,939	2,092,678	1,358,505
Cash Flow	2,800,336	4,785,488	3,490,658	2,856,826	2,073,474
Paid-in capital	128,084	130,471	130,471	130,471	130,471
Shareholders' equity	19,624,731	18,830,088	16,478,619	15,287,344	13,396,612
Liabilities	30,544,667	19,482,805	21,620,552	16,752,637	14,148,705
Total equity and liabilities	50,169,398	38,312,893	38,099,171	32,039,981	27,545,317
<b>Per share of nominal SRD 0.10</b>					
Earnings	0.54	2.26	1.61	1.60	1.04
Cash dividend	-	0.30	0.45	0.45	0.10
Market value	17.00	17.00	17.00	17.00	17.00

---

*The only way to make sense out of change is to plunge into it,  
move with it, and join the dance.*

*- Alan Watts -*

---



# Managing Director's Report

## Business environment

Early 2020 Suriname was confronted with a sharp rise in the foreign exchange rates. This led to an immediate economic and monetary crisis which resulted in amongst others in high inflation and a shortage of foreign exchanges.

Suriname's first case of COVID-19 was diagnosed on 13 March 2020 and the country closed its borders completely the following day. A curfew and several (total) lockdowns since then were some of the measures that were implemented by the COVID-19 management team of Suriname.

Parliamentary elections were held in Suriname on 25 May 2020. The elections occurred while Suriname was facing an economic crisis as well as the COVID-19 crisis. The elected President, Mr. Chandrikapersad Santokhi, and Vice President, Mr. Ronnie Brunswijk were inaugurated on 16 July 2020.

In November 2020 the Surinamese government requested financial support from the International Monetary Fund (IMF) for their macroeconomic reform plans to stabilize the economy. The official exchange rate was SRD 14.29<sup>1</sup> for the US Dollar in December 2020 (December 2019: SRD 7.52). In September 2020 the Suriname Dollar was officially depreciated to SRD 14.29. Foreign currency for international payments has become a significant challenge. In 2020, Suriname recorded a twelvemonth inflation rate of 61.0%<sup>2</sup> (2019: 4.2%).

## Annual General Meeting of Shareholders

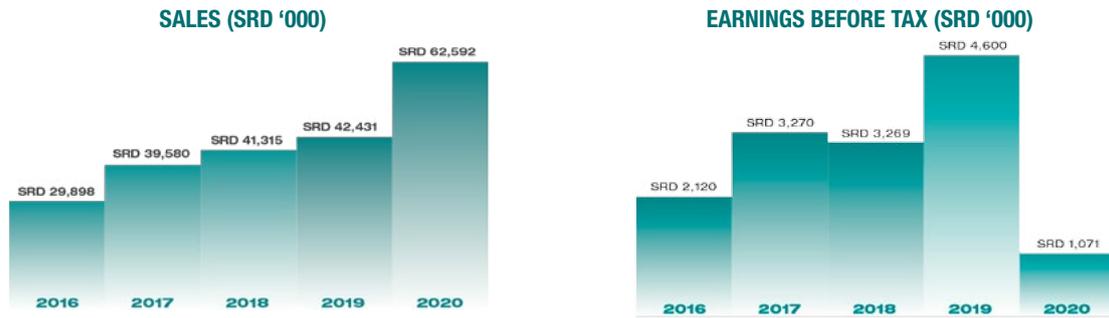
On 24 August 2020 the Annual General Meeting of Shareholders approved the financial statements 2019 and the proposed dividend 2019 of SRD 0.30 per share.

In accordance with article 7.20 of the bylaws all Supervisory Board members retire in the Annual General Meeting of Shareholders. Three members, Mr. S. Smit, Mr. A. Brahim and Mr. P. Healy, were re-elected as members of the Supervisory Board in the Annual General Meeting of Shareholders held on 24 Augustus 2020. In the same meeting, the shareholders approved the Board's recommendation to appoint Mr. P. Brahim and Mr. A. Venetiaan as board members. They replaced Mr. J.J. Healy Jr., who stepped down because he had reached the retirement age for board members and Mr. A. Tjin A Tsoi who stepped down because of personal reasons. We once again thank them for their contribution to the growth of the company.

<sup>1</sup>Source: Central Bank of Suriname

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

## Performance Highlights



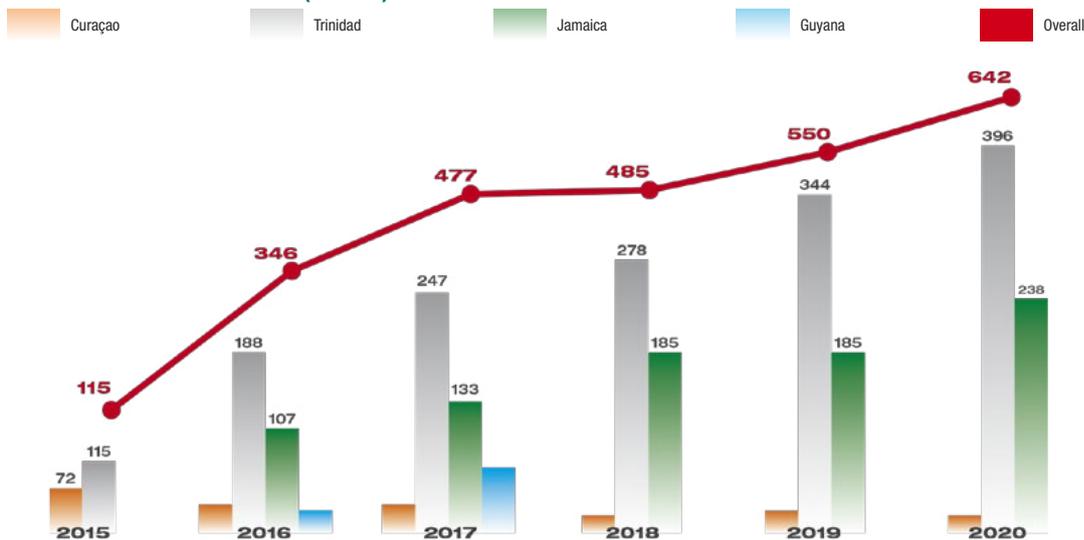
Our financial performance in the reporting period was directly influenced by exchange rate losses amounting to SRD 7,171,498. Foreign currency was not available for the purchase of necessary raw and packaging material and if so against extreme high parallel market prices. As a result, in the first half of the year, we had to pay outstanding invoices for raw material that spiked in Suriname Dollars in a short period of time as a result of an unexpected increase of the exchange rate. Another impactor was the increase in shipping cost. Shipping cost quadrupled since June 2020. As a result the landed cost price for palm oil increased significantly versus 2019.

For the first half year we reported a decline of earnings before tax to a loss for the amount of SRD 2,421,676 with a positive outlook for the second half of the year. The team's creativity was the basis for turning the loss into a profit in the reporting period ending 31 December 2020 amounting to SRD 1,070,910 (2019: SRD 4,600,346).

Overall sales revenue for 2020 grew by 47.5% versus 2019. In order to maintain our profitability we had to increase our prices four times during the year. We faced COVID-19 sales volume challenges as restaurants, bakeries and caterers could not maximize their business because of the curfew and lockdown in Suriname. Export sales revenue made a significant contribution to the revenue growth versus 2019.

Our local sales volume was flat in 2020. A growth of 0.9% versus 2019 was achieved. The retail channel grew by 13.5% whilst the food service channel declined by 10.1%.

### EXPORT VOLUME 2020 - 2020 (KG '000)



In the reporting period volume growth was driven by our export markets. Our key strategic objectives in our export markets led to a growth of the overall volume by 16.6% versus 2019 and contributed to 32.9% of total volume (2019: 29.8%) The retail channel contributed to 83.1% of total export volume (2019: 78.5%). Golden Brand blocks pack-type volume increased by 31.1% versus 2019 in the Trinidad & Tobago market. The 4 half sticks pack-type volume increased by 28.2% in the Jamaica market. In November 2020 the contract with the distributor in Curaçao was terminated with mutual consent.

COVID-19 also demanded creativity from the team in the operations department as we had to adapt to the new normal. The team developed and implemented special safety procedures to ensure continuity of production with skeleton teams. The new automated production line as part of our master plan investment was commissioned by our technical department with remote support from the supplier as travel bans were in effect.

In October 2020 operations started with the first automated production line. The new melting station increased melting capacity by 150% and the use of oil storage tanks has increased the overall efficiency in emulsion preparation. Automation reduced the emulsion preparation time by approximately 50%. The investment progress is listed in the notes to the financial statements in note 4 Property, Plant and Equipment and intangible assets.

The monthly Good Manufacturing Practice (GMP) audits with topics on HACCP, ISO, Safety and 5S (SORT, SET IN ORDER, SHINE, STANDARDIZE AND SUSTAIN) workplace organizational and housekeeping methodology increased the involvement and awareness of our personnel regarding our Food Safety Management System, as well as safety on the work floor.

Due to COVID-19 performing GMP audits were a challenge as most of the work had to be done remotely. The GMP target of 90% was surpassed with an overall score of 91% (2019: 93%).

**Incidents, Accidents & Lost working days**

	2020	2019	▲
Incidents	22	24	-2
Accidents	0	1	-1
Lost working days	0	6	-6

**N.V. VSH Energy**

As of 2015, N.V. VSH ENERGY is included in the statement of financial position as a subsidiary of N.V. VSH FOODS and is dormant.

**Employees**

At the end of 2020 we employed 63 persons. We agreed to a general salary increase for our personnel amounting to a total increase of 25% for 2020. The total personnel expenses were SRD 8,420,153 which represented a 39,4% increase versus 2019.

Our COVID-19 related costs were SRD 204,922 which include expenditures expenses for employee safety protocols and allowances.

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



**In 2020 we conducted the following training programs:**

Training	Number of participants	Department
Defensive Driving LSR	4	<ul style="list-style-type: none"> <li>• Sales</li> <li>• Secretary</li> </ul>
Fork lift truck operation	11	<ul style="list-style-type: none"> <li>• Technical Department</li> <li>• Warehouse</li> <li>• HSEQ</li> <li>• Production</li> <li>• Sales</li> </ul>
Emergency services (BHV refreshment)	6	<ul style="list-style-type: none"> <li>• HSEQ</li> <li>• Production</li> <li>• Warehouse</li> <li>• Finance</li> </ul>
Refreshment 5S, ISO, HACCP and Basic Hygiene	14	<ul style="list-style-type: none"> <li>• Sales</li> <li>• Lab</li> </ul>
Training program new employees/part-timers/external contractors	15	<ul style="list-style-type: none"> <li>• Sales</li> <li>• Finance</li> <li>• Warehouse</li> <li>• Extern contractors for technical department</li> </ul>
ISO 22000:2018	12	<ul style="list-style-type: none"> <li>• Warehouse</li> <li>• Purchasing</li> <li>• Sales</li> <li>• Marketing</li> <li>• Finance</li> <li>• Lab</li> <li>• HSEQ</li> <li>• Technical department</li> <li>• Management</li> </ul>
HACCP Training	12	<ul style="list-style-type: none"> <li>• Warehouse</li> <li>• Purchasing</li> <li>• Sales</li> <li>• Marketing</li> <li>• Finance</li> <li>• Lab</li> <li>• HSEQ</li> <li>• Technical department</li> </ul>
Various work instructions for micro analysis	1	<ul style="list-style-type: none"> <li>• Lab</li> </ul>
Various workinstructions for safe working	9	<ul style="list-style-type: none"> <li>• HSEQ</li> <li>• Sales</li> <li>• Production</li> <li>• Warehouse</li> </ul>

Our employees' anniversaries in 2020

25 Year  
Awardees

From left to right:

**Elvis Djodikromo**  
Entered service 3 April 1995

**Ponija Djiman**  
Entered service 4 December 1995



10 Year  
Awardees

Back, left to right:

**Ronald Bruno**  
Entered service 1 January 2010

**Johnny Wongsoikromo**  
Entered service 17 December 2010

**Ricardo Tjitro**  
Entered service 10 May 2010

**Donovan Giskus**  
Entered service 11 January 2010

Front, left to right:

**Monique Kromowidjojo**  
Entered service 18 October 2010

**Anneke Kromokarso**  
Entered service 1 January 2010

**Melisa Kartokromo - Ensberg**  
Entered service 4 October 2010

## Dividend

In the reporting period the net earnings amounted to SRD 688,768 (2019: SRD 2,946,425). In 2020 the Company did not pay interim dividend. In view of the results Management recommends to retain and reinvest earnings into the business for future growth. We expect the restart paying out of dividend in 2021.

## Act on Annual reporting

According to the Act on annual reporting (“Wet op de jaarrekening (S.B. 2017 No.84)”), all “large” Surinamese Companies should be fully compliant with IFRS for the financial year 2020. Considering the 2020 turbulent economic conditions, several stakeholders have submitted a request in 2020 to postpone the effective date of this Act with one year – financial year 2021.

Although N.V. VSH FOODS has made substantial progress in the IFRS implementation process, some standards are still in the implementation process.

## 2021 Outlook

The Surinamese government has recently requested IMF financial support for their macroeconomic reform plans to stabilize the macroeconomic position. The fiscal measures of the reform plan will reduce the purchasing power of consumers in Suriname and could therefore have a negative impact on our business. It is not certain if that the economy will recover in 2021. We recognize the role of our export markets at times when the Suriname’s economy is weakening and will develop and execute strategies to further develop existing markets and identify new export markets.

For 2021 we expect the following:

- Recovery of earnings before tax in line with the Company forecast.
- Sales growth driven by export sales.
- Commissioning of the investment program in production and validation of the system.

## Appreciation

Special thanks to the Supervisory Board for their wisdom and counsel throughout this very challenging year. We are grateful to our consumers, customers and our distributors in export markets for their dedication and supportive feedback on the quality of our products. We are proud of our achievements and want to thank our dedicated team of managers and employees for their efforts, motivation and positive contribution throughout the year.

Paramaribo, 12 March 2021

**Marlon Telting**  
Managing Director



# Statement of Financial Position

At 31 December 2020

	Note	At 31 December 2020	At 31 December 2019
		SRD	SRD
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	18,498,040	20,390,340
Intangible assets	4	512,909	187,007
Subsidiary interest		200,000	200,000
Financial assets	5	344,804	337,311
<b>Total non-current assets</b>		<b>19,555,753</b>	<b>21,114,658</b>
<b>Current Assets</b>			
Inventories	6	21,830,407	11,765,291
Trade and other receivables	7	5,984,349	3,086,257
Income tax receivable	10	989,735	43,342
Cash and cash equivalents	8	1,809,154	2,303,345
<b>Total current assets</b>		<b>30,613,645</b>	<b>17,198,235</b>
<b>Total assets</b>		<b>50,169,398</b>	<b>38,312,893</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	9	128,084	130,471
Capital in excess of par value	3/9	433,783	431,634
Revaluation reserve	3/9	1,279,840	1,343,633
Retained earnings		17,094,256	13,977,925
Net earnings		688,768	2,946,425
<b>Total equity</b>		<b>19,624,731</b>	<b>18,830,088</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred taxes	10	4,751,672	2,428,388
Long-term borrowings	11	2,076,258	3,089,775
Lease liability	12	2,007,170	1,378,351
<b>Total non-current liabilities</b>		<b>8,835,100</b>	<b>6,896,514</b>
<b>Current liabilities</b>			
Provisions	13	475,033	323,153
Short-term borrowings and lease liability	11/12	11,904,876	3,272,988
Trade and other payables	14	9,329,658	8,990,150
<b>Total current liabilities</b>		<b>21,709,567</b>	<b>12,586,291</b>
<b>Total equity and liabilities</b>		<b>50,169,398</b>	<b>38,312,893</b>

The accompanying notes on pages 24 to 35 are an integral part of these financial statements.

Paramaribo, 12 March 2021

**Supervisory Board**

P. Healy, Chairman  
S. Smit, Vice Chairman  
A. Brahim  
P. Brahim  
A. Venetiaan

**Managing Director**

M. Telting

# Statement of Profit and Loss

For the year ended 31 December 2020

	Note	2020	2019
		SRD	SRD
Sales		62,592,017	42,430,603
Cost of sales		(34,378,643)	(22,833,194)
<b>Gross profit</b>		<b>28,213,374</b>	<b>19,597,409</b>
Personnel expenses	15	(8,420,153)	(6,040,620)
Distribution costs		(1,206,398)	(341,123)
Administrative expenses	16	(7,784,942)	(6,481,928)
Depreciation /amortization	4	(2,111,568)	(1,839,063)
<b>Total expenses from operations</b>		<b>(19,523,061)</b>	<b>(14,702,734)</b>
<b>Earnings from operations</b>		<b>8,690,313</b>	<b>4,894,675</b>
Finance costs	17	(748,276)	(719,431)
Exchange rate (losses)/ gains	18	(7,171,498)	220,054
Investment income		9,405	6,120
Other non-operating income	19	290,966	198,928
<b>Earnings before tax</b>		<b>1,070,910</b>	<b>4,600,346</b>
Income tax	10	(382,142)	(1,653,921)
<b>Net earnings</b>		<b>688,768</b>	<b>2,946,425</b>
<b>EARNINGS PER SHARE</b>			
Number of shares outstanding		1,280,837	1,304,714
Earnings per share	20	<b>0.54</b>	2.26
<b>PROPOSED DIVISION OF NET EARNINGS</b>			
Interim dividend	21	-	391,414
Final dividend	21	-	-
Addition to retained earnings		688,768	2,555,011
		<b>688,768</b>	<b>2,946,425</b>

The accompanying notes on pages 24 to 35 are an integral part of these financial statements.

Paramaribo, 12 March 2021

## Supervisory Board

P. Healy, Chairman  
S. Smit, Vice Chairman  
A. Brahim  
P. Brahim  
A. Venetiaan

## Managing Director

M. Teltng

# Statement of Changes in Equity

For the year ended 31 December 2020

in SRD	Share capital	Capital in excess of par value	Revaluation reserve	Retained earnings	Total
<b>Equity at 1 January 2019</b>	130,471	431,634	1,411,645	14,309,162	16,282,912
Net earnings	-	-	-	2,946,425	2,946,425
Interim dividend	-	-	-	(391,414)	(391,414)
Unclaimed dividend	-	-	-	18,774	18,774
Correction previous year	-	-	-	(22,577)	(22,577)
Revaluation	-	-	(4,032)	-	(4,032)
Realized revaluation PP&E	-	-	(63,980)	63,980	-
<b>Equity at 31 December 2019 after appropriation of earnings</b>	<b>130,471</b>	<b>431,634</b>	<b>1,343,633</b>	<b>16,924,350</b>	<b>18,830,088</b>
Net earnings	-	-	-	688,768	688,768
Interim dividend	-	-	-	-	-
Unclaimed dividend	-	-	-	105,688	105,688
Capital reduction	(2,387)	2,149	-	238	-
Revaluation	-	-	187	-	187
Realized revaluation PP&E	-	-	(63,980)	63,980	-
<b>Equity at 31 December 2020 before appropriation of earnings</b>	<b>128,084</b>	<b>433,783</b>	<b>1,279,840</b>	<b>17,783,024</b>	<b>19,624,731</b>
<b>Appropriation of earnings</b>					
Proposed Final dividend	-	-	-	-	-
<b>Equity at 31 December 2020 after appropriation of earnings</b>	<b>128,084</b>	<b>433,783</b>	<b>1,279,840</b>	<b>17,783,024</b>	<b>19,624,731</b>

The accompanying notes on pages 24 to 35 are an integral part of these financial statements.

Paramaribo, 12 March 2021

**Supervisory Board**

P. Healy, Chairman  
S. Smit, Vice Chairman  
A. Brahim  
P. Brahim  
A. Venetiaan

**Managing Director**

M. Telting

# Statement of Cash Flows

For the year ended 31 December 2020

	2020	2019*
	SRD	SRD
<b>Cash flows from operating activities</b>		
Earnings before tax	1,070,910	4,600,346
<b>Adjusted for:</b>		
- Depreciation / amortization	2,111,568	1,839,063
- Provision product warranty	155,934	11,311
- Provision Inventories and other receivables	160,000	86,000
- Provision uncollectible amounts	-	(38,000)
- Revaluation result	1,838,479	149,250
- Investment income	(9,405)	(6,120)
- Finance costs	748,276	719,431
<b>Changes in working capital:</b>		
- Change in inventories	(10,065,116)	3,817,183
- Change in trade and other receivables	(2,898,092)	1,141,556
- Change in trade and other payables	339,508	(484,740)
- Adjustment regarding provisions	(160,000)	(48,000)
- Adjustment regarding receivables (hire purchase)	-	(88,348)
- Adjustment regarding payables	1,045,155	-
- Unclaimed dividend	105,688	18,774
- Unpaid dividend	-	(56,890)
<b>Cash (used in)/ generated from operations</b>	<b>(5,557,095)</b>	<b>11,660,816</b>
Claims paid	(4,054)	(2,670)
Paid income tax	(50,512)	(1,794,356)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(5,611,661)</b>	<b>9,863,790</b>
<b>Cash flows from investing activities</b>		
Investment in property, plant and equipment	(393,601)	(9,740,966)
Investment in intangible assets	(2,001)	(192,350)
Dividend received	2,205	6,120
<b>Net cash from investing activities</b>	<b>(393,397)</b>	<b>(9,927,196)</b>
<b>Cash flows from financing activities</b>		
Proceeds and repayments of borrowings	7,088,423	(728,404)
Lease payments	(679,712)	(607,059)
Paid interest	(897,844)	(785,939)
Dividend paid	-	(530,231)
<b>Net cash from financing activities</b>	<b>5,510,867</b>	<b>(2,651,633)</b>
Net decrease in cash and cash equivalents for the year	(494,191)	(2,715,039)
Cash and cash equivalents at 1 January	2,303,345	5,018,384
<b>Cash and cash equivalents at 31 December</b>	<b>1,809,154</b>	<b>2,303,345</b>

\*the comparison figures are restated regarding the lease liability.

The accompanying notes on pages 24 to 35 are an integral part of these financial statements.

**Paramaribo, 12 March 2021**

**Supervisory Board**

P. Healy, Chairman  
S. Smit, Vice Chairman  
A. Brahim  
P. Brahim  
A. Venetiaan

**Managing Director**

M. Telling

# Notes to the Financial Statement

## 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 Suriname. The financial statements refer to the Company's financial statements as at and for the year ended 31 December 2020.

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

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

N.V. VSH ENERGY is a 100% subsidiary of the Company and it is dormant.

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 64.30% (2019: 63.13%) 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 12 March 2021.

## 2. Basis of preparation

### a. Statement of compliance

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

### b. 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.

### c. 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.

### d. Use of estimates and judgements

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods if affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 13.

### e. Application of IFRS standards

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

IAS 2: Inventories

IAS 7: Statement of Cash Flows

IAS 19: Employee Benefits

IAS 24: Related Party Disclosures

IAS 29: Reporting in Hyperinflationary Economies

IAS 33: Earnings per Share

IFRS 9: Financial instruments

IFRS 15: Revenue from Contracts with Customers

IFRS 16: Leases

### 3. Significant accounting policies

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

#### a. Foreign currency transactions

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

The exchange rates used for the USD and the EURO at 31 December are:

in SRD	2020	2019
USD	17.50	8.20
EURO	21.50	9.20

#### b. Property, Plant and Equipment (PP&E)

Land is carried at cost adjusted for hyperinflation. Land improvements and buildings are carried at cost adjusted for hyperinflation less accumulated depreciation. All other PP&E is carried at cost less accumulated depreciation.

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

	Years
Property	20 - 40
Land improvements	5 - 10
Plant	5 - 10
Equipment	3 - 5
Motor vehicles	5
Right-of-use assets	5

Land is not depreciated

Low value items measured as equipment are written off at once.

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. Net gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss. Investments in progress are carried at cost on the basis of expenditure up to 31 December 2020. Investments in progress is not depreciated. Upon completion the total costs are transferred to the relevant PP&E.

#### c. Intangible assets

Intangible assets with finite useful lives, are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives of the related assets. The amortization expense is recognized in the statement of profit and loss under depreciation and amortization. The current estimated useful life is 3 years.

#### d. Subsidiary

The subsidiary is the entity over which the Company has control, defined as the power to govern the financial and operating policies so as to obtain benefits from their activities.

In 2014 N.V. VSH ENERGY was established and is dormant.

#### e. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Financial instruments carried on the statement of financial position include financial assets, trade and other receivables, cash and cash equivalents, trade and other payables and long- and short-term borrowings.

##### Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured at fair value (through statement profit and loss)
- Those to be measured at amortized cost

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

## Measurement

### Financial assets

Financial assets consist of investments in shares of listed companies. The shares are measured at their fair value, which is the closing price of the last trading session of the stock exchange in December 2020, where the shares are listed.

### Debt instruments

Debt instruments are measured at amortized cost. Amortized cost represents the net present value (NPV) of the consideration receivable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables

Due to their short-term nature, the Company initially recognizes these assets at the original invoiced or transaction amount less expected credit losses.

### Equity instruments

The Company measures an equity investment at fair value.

### Financial liabilities

#### Classification

The Company classifies its financial liabilities in the following measurement categories:

- Those to be measured at fair value
- Those to be measured at amortized cost

#### Measurement

All financial liabilities are recognized initially at fair value. Subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy notes.

#### f. Inventories

Inventories are stated at weighted average cost and net realizable value. Costs comprise direct materials and all costs incurred to bring inventories to their present location and condition net of discounts, rebates and bonuses.

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

#### g. Trade and other receivables

Trade and other receivables are measured at original invoice value less any expected credit loss. Trade receivables do not carry interest.

#### h. Cash and cash equivalents

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

#### i. Share capital

Shares are classified as equity.

#### j. 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.

#### k. 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 revaluation reserve due to annual depreciation is transferred to and presented as retained earnings.

#### l. Borrowings

Loans are recognized at fair value. Borrowings are subsequently carried at amortized cost using the effective interest method.

#### m. Provisions

Provisions are recognized for actual (legal or constructive) obligations, existing at reporting date and arising from past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation. The Company provides warranties on products sold. Provisions are made for the estimated costs based on past experience and industry averages for defective products.

#### n. Trade and other payables

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

**o. Sales**

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 statement of profit and loss, when performance obligations are satisfied and the significant risk and rewards of ownership have been transferred to the buyer.

**p. Cost of sales**

The cost of sales comprises of:

- the costs of raw- and packing material and costs directly and indirectly attributable to the sold and delivered goods.
- the write-down of inventories.

**q. Employee benefits**

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 statement of profit and loss. The Company has no obligations for long-term employee benefits.

**Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

**Long-term employee benefits**

Employees are awarded a jubilee payment for employment service exceeding twelve and a half years up to a maximum of forty service years.

**r. Leases**

The Company leases computers and motor vehicles. Lease contracts are typically made for fixed periods of 3 - 5 years. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leases are recognized as a right-of-use (ROU) asset and a corresponding liability at the lease commencement date.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external sources that reflect the terms of the lease and the type of asset leased.

The ROU asset is measured at cost comprising of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the heading Property, plant and equipment, and the lease liability is shown separately under Non-current and Current liabilities.

Short-term leases and leases of low value assets. The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets (less than USD 5,000) and short-term leases (shorter than twelve months). The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**s. Finance costs**

Finance costs comprises of borrowing costs, interest of the right-of-use asset, bank interest paid, bank interest received and bank charges and are recognized when incurred.

**t. Investment income**

Dividends received from financial assets during the year are recognized as investment income.

**u. Other non-operating income**

Other non-operating income comprises of sales of empty drums.

**v. Income tax and deferred taxes**

Taxes on income are accrued in the same period as the revenues and expenses to which they relate. Current tax receivables or payables for the current and prior periods are measured at the amount expected to be recovered from or paid to the Tax Authorities. The tax rates and the tax laws used are those that are enacted or substantively enacted at reporting date.

Deferred taxes are recorded, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for commercial purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at reporting date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**w. Earnings per share**

Earnings per share are calculated by dividing the net earnings attributable to Shareholders of the Company by the outstanding number of shares at 31 December.

**4. Property, plant and equipment and intangible assets**

Changes in PP&E and intangible assets in 2020 are as follows:

in SRD	Property	Plant	Equipment	Motor vehicles	Right of use assets: motor vehicles	Investments in progress	Total	Software
<b>Balance at 1 January 2019</b>	2,838,779	5,142,946	1,660,102	70,904	1,613,695	728,722	12,055,148	-
Investment	-	-	-	-	427,946	9,740,966	10,168,912	192,350
Depreciation/ amortization	(155,275)	(708,537)	(520,638)	(18,996)	(430,274)	-	(1,833,720)	(5,343)
Transfer	18,476	-	305,841	-	-	(324,317)	-	-
<b>Balance at 31 December 2019</b>	<b>2,701,980</b>	<b>4,434,409</b>	<b>1,445,305</b>	<b>51,908</b>	<b>1,611,367</b>	<b>10,145,371</b>	<b>20,390,340</b>	<b>187,007</b>
Investment	-	-	-	-	149,568	393,601	543,169	2,001
Depreciation/ amortization	(167,877)	(884,197)	(542,579)	(18,875)	(413,501)	-	(2,027,029)	(84,539)
Transfer	606,910	8,706,900	338,878	-	-	(10,061,128)	(408,440)	408,440
<b>Balance at 31 December 2020</b>	<b>3,141,013</b>	<b>12,257,112</b>	<b>1,241,604</b>	<b>33,033</b>	<b>1,347,434</b>	<b>477,844</b>	<b>18,498,040</b>	<b>512,909</b>
<b>Net carrying amount:</b>								
Current value	6,116,732	18,841,810	4,616,039	100,408	2,538,738	477,844	32,691,571	602,791
Accumulated depreciation/ amortization	(2,975,719)	(6,584,698)	(3,374,435)	(67,375)	(1,191,304)	-	(14,193,531)	(89,882)
<b>Balance at 31 December 2020</b>	<b>3,141,013</b>	<b>12,257,112</b>	<b>1,241,604</b>	<b>33,033</b>	<b>1,347,434</b>	<b>477,844</b>	<b>18,498,040</b>	<b>512,909</b>

The property, plant and equipment are insured against fire up to USD 5,473,604 (SRD 95,788,070). The motor vehicle is insured for all risks up to USD 12,500 (SRD 218,750).

The motor vehicles classified under right-of-use assets are insured for all risks up to USD 342,500 (SRD 5,993,750).

Adjustments in the right-of-use assets (ROU) during the year:

The right-of-use asset at the beginning of the lease contract is measured at present value including the residual value at the end of the period. With the adoption of IFRS 16 an annual adjustment of the present value of this residual value is being recognized as interest in the statement of profit and loss.

## 5. Financial assets

Financial assets consist 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 2020 of the Suriname Stock Exchange.

Funds	Numbers of shares	Price	Currency	2020 Value in SRD	2019 Value in SRD
Assuria N.V.	3,690	83.25	SRD	307,193	299,700
DSB Bank N.V.	4,179	9.00	SRD	37,611	37,611
<b>Total financial assets</b>				<b>344,804</b>	<b>337,311</b>

In December 2020 the Company received 90 shares in stock dividend from Assuria N.V. with a value of SRD 7,200.

## 6. Inventories

	in SRD	2020	2019
Raw materials and packaging		12,534,951	6,027,040
Finished goods		1,144,986	1,134,033
Supplies and spare parts		1,085,293	971,749
Trading goods		101,169	81,124
Prepaid goods in transit		6,964,008	3,551,345
<b>Total inventories</b>		<b>21,830,407</b>	<b>11,765,291</b>

The impairment loss recognized in the current year was SRD 160,000 (2019: SRD 86,000).

The prepaid goods in transit are insured against loss or damage up to USD 100,000 any one conveyance for machinery, equipment, packaging and other raw materials.

## 7. Trade and other receivables

	in SRD	2020	2019
Trade receivables		5,759,771	2,882,849
<i>Other receivables:</i>			
Fire insurance		191,008	85,590
Medical insurance		-	42,473
Deposits		23,029	23,029
Marine insurance		-	8,847
Other receivables		10,541	43,469
<b>Total trade and other receivables</b>		<b>5,984,349</b>	<b>3,086,257</b>

At 31 December 2020 trade receivables are shown net of an allowance for uncollectible amounts of SRD 893,193 (2019: SRD 893,193).

## 8. Cash and cash equivalents

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

	in SRD	2020	2019
Denominated in SRD		1,380,450	1,671,536
Denominated in USD		220,470	606,615
Denominated in EURO		208,234	25,194
<b>Total cash and cash equivalents</b>		<b>1,809,154</b>	<b>2,303,345</b>

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

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

### Share capital

At 31 December 2020 the issued share capital comprised of 1,280,837 shares (2019: 1,304,714 shares) with a par value of SRD 0.10 each. All issued shares are fully paid up. At 31 December 2020 the outstanding shares were reduced with 23.877 shares.

### 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. The 23.877 shares were credited to Capital in excess of par value for SRD 0.09 per share.

### 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.

## 10. Income tax and deferred taxes

### 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.

### Participation exemption

For the calculation of the income tax, participation exemption has been taken into consideration for dividend income to the amount of SRD 9,405 (2019: SRD 6,120).

The income tax (receivable)/ payable is specified as follows:

	in SRD	2020	2019
Balance at 1 January		(43,342)	82,853
Paid during the year		(50,512)	(1,794,356)
Settlement of income tax 2016		1,045,155	-
Due for the year		382,142	1,653,921
Iron inventory adjustments		(2,360,467)	(45,626)
Depreciation of PP&E		35,989	35,989
Accelerated depreciation		1,300	1,300
Correction previous years		-	22,577
<b>Balance at 31 December</b>		<b>(989,735)</b>	<b>(43,342)</b>

### Deferred taxes

Deferred taxes 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. Part of the investment made in PP&E is fully depreciated. A tax rate of 36% is used for the determination of this liability.

	in SRD	2020	2019
Balance at 1 January		2,428,388	2,422,318
Revaluation of non-current financial assets		106	(2,267)
Iron inventory adjustments		2,360,467	45,626
Release depreciation of PP&E		(35,989)	(35,989)
Release accelerated depreciation		(1,300)	(1,300)
<b>Balance at 31 December</b>		<b>4,751,672</b>	<b>2,428,388</b>

## 11. Borrowings

Borrowings consist of a long-term loan for investments in buildings and machinery and short-term loans which comprise of two collateral bank overdraft facilities denominated in SRD and USD.

On 17 Augustus 2018 a five-year loan of SRD 5,000,000 was signed to finance capital investments. The balance at year end amounted to SRD 2,076,258 (2019: SRD 3,089,775). The fixed rate is 11% per annum.

On 30 November 2020, the Company obtained a one year overdraft facility of a maximum of SRD 8,000,000 financed from COVID-19 credit facility of the Central Bank of Suriname (CBvS) to finance working capital requirements.

The balance at year end amounted to SRD 7,030,531 (2019: SRD 0). The fixed rate is 7.5% per annum.

The collateral encompasses:

- a mortgage on land at the Indira Gandhiweg 157
- first beneficiary on the fire insurance

On 19 June 2008, the Company obtained an overdraft facility of a maximum of USD 250,000 to finance working capital requirements on an ongoing basis.

The balance at year end amounted to USD 167,363 (SRD 2,928,856) (2019: USD 239,819).

The fixed rate is 7.0% per annum.

The collateral given to the bank are:

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

## 12. Lease liability

The lease liability comprise of a contract with, Fernandes Autohandel N.V., for distribution trucks (start date 2017) and a lease contract for a vehicle (start date 2019).

The Company agreed upon an installment plan which divides the financial obligation into monthly payments with a final payment of 15% for the distribution trucks.

The movement of the lease liability is as follows:

in SRD	2020	2019
Balance at 1 January	1,782,836	2,639,299
Movements:		
Revaluation loss	1,838,479	149,250
Proceed	-	334,133
Installments	(887,623)	(749,693)
Interest	207,911	142,634
Other	-	(732,787)
<b>Total</b>	<b>2,941,603</b>	<b>1,782,836</b>
Short-term portion (< 12 months) (USD53,396)	934,433	404,485
Between one and five years (USD 114,695)	2,007,170	1,378,351

### 13. Provisions

#### Product warranty

This warranty represents Management's best estimate of the Company's possible liability under warranties granted for its products, based on past experience and industry averages for defective products.

A provision of 0.75%, of the gross sales of margarine, shortening and butter (agreed with the Tax Authorities) was recognized amounting to SRD 475,033.

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

	in SRD	2020	2019
Balance at 1 January		323,153	314,512
Used during the year		(4,054)	(2,670)
		319,099	311,842
Addition		155,934	11,311
<b>Balance at 31 December</b>		<b>475,033</b>	<b>323,153</b>

### 14. Trade and other payables

	in SRD	2020	2019
Trade payables		7,013,684	6,983,280
<i>Other payables:</i>			
Employee benefits		832,036	588,227
Supplier invoices to be received		597,714	106,619
Marine insurance		102,534	-
Medical insurance		93,293	-
Other payables		690,397	1,312,024
<b>Total trade and other payables before distribution of earnings</b>		<b>9,329,658</b>	<b>8,990,150</b>

### 15. Personnel expenses

	in SRD	2020	2019
Salaries and wages		4,865,231	3,759,617
Bonuses		1,137,628	805,479
Medical insurance		516,463	402,704
Vacation allowances		507,321	294,096
Contribution to pension plan		488,430	370,776
Covid-19 related expenses		204,922	-
Training		73,194	72,118
Other personnel expenses		626,964	335,830
<b>Total personnel expenses</b>		<b>8,420,153</b>	<b>6,040,620</b>

All employees joined the Pension Fund "Stichting VSH Pensioenfonds".

The Company contributes 14% and the employees 6% of the base salary to the pension fund.

The Company's pension contribution in 2020 amounted to SRD 488,430 (2019: SRD 370,776).

This amount is recognized under personnel expense.

The plan maintained by the pension fund is a defined contribution plan, with the following maximum base salaries per year:

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

Pension liabilities of the pension fund at 31 December 2020 amounted to SRD 90,833,441<sup>3</sup> and the total equity amounted to SRD 71,386,716<sup>3</sup>.

<sup>3</sup>Unaudited

**16. Administrative expenses**

<b>in SRD</b>	<b>2020</b>	<i>2019</i>
Marketing	1,308,689	1,098,875
Maintenance	1,012,898	889,362
ICT costs	930,185	576,420
Office costs	911,259	656,790
Manufacturing	730,906	479,403
Utility expenses	483,642	463,604
External services	372,543	328,608
Insurance costs	292,756	185,670
Communication costs	283,394	187,302
Lab costs	276,842	276,648
Provisions	155,934	59,311
Remuneration of Supervisory Board	106,667	96,314
Other administrative expenses	919,227	1,183,621
<b>Total administrative expenses</b>	<b>7,784,942</b>	<b>6,481,928</b>

As per 1 January 2020 provisions are presented within administrative expenses. Comparative figures are presented accordingly.

**17. Finance costs**

<b>in SRD</b>	<b>2020</b>	<i>2019</i>
Interest received	(1,052)	(1,010)
Interest paid on short-term loans	287,028	197,476
Interest paid on long-term loans	403,956	446,844
Interest regarding lease liability:		
Interest lease expense	207,912	142,629
Interest regarding yearly adjustment	(149,568)	(66,508)
<b>Total finance costs</b>	<b>748,276</b>	<b>719,431</b>

**18. Exchange rate gains/(losses)**

<b>in SRD</b>	<b>2020</b>	<i>2019</i>
Revaluation cash and cash equivalents	44,991	495,982
Revaluation of loans	(3,424,874)	(218,896)
Revaluation of receivables and payables	(3,564,282)	(57,032)
Other	(227,333)	-
<b>Total (losses)/ gains on exchange</b>	<b>(7,171,498)</b>	<b>220,054</b>

**19. Other non-operating income**

<b>in SRD</b>	<b>2020</b>	<i>2019</i>
Proceeds from sales of empty drums	290,966	198,928

## 20. Earnings per share

All shares of the Company are shares with a par value of SRD 0.10. The calculation of earnings per share at 31 December 2020 was based on the net earnings attributable to Shareholders of the Company and a weighted average number of shares outstanding.

<b>in SRD</b>	<b>2020</b>	<i>2019</i>
Net earnings attributable to ordinary Shareholders of the Company	688,768	2,946,425
Number of ordinary shares outstanding	1,280,837	1,304,714
Earnings per share in SRD	0.54	2.26

## 21. Dividend declared and proposed

<b>in SRD</b>	<b>2020</b>	<i>2019</i>
Final dividend previous year SRD 0 per share (2018: SRD 0.15 per share)	-	195,707
First quarter interim dividend SRD 0 per share (2019: SRD 0.10 per share)	-	130,471
Second quarter interim dividend SRD 0 per share (2019: SRD 0.10 per share)	-	130,471
Third quarter interim dividend SRD 0 per share (2019: SRD 0.10 per share)	-	130,472
	-	587,121
Management proposes total dividend for 2020 of SRD 0 per share (2019: SRD 0.30 per share)	-	391,414

The proposed dividend 2019 was adopted by the Annual General Meeting of Shareholders on 24 August 2020.

## 22. Off balance commitments

### Low value assets

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

<b>in SRD</b>	<b>2020</b>	<i>2019</i>
Due within one year (USD 11,760) (2019: USD 356)	205,800	2,919
Between one and five years (USD 23,520) (2019: USD 0)	411,600	-
<b>Total</b>	<b>617,400</b>	<i>2,919</i>

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

### Stock option

An Executive performance plan is in place within the Company. In this plan 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 earnings before tax in the long-term.

## 23. Related party disclosure

### Supervisory Board

The remuneration of the Supervisory Board is approved by the Annual General Meeting of Shareholders. In 2020 the total remuneration amounted to SRD 106,667 (2019: SRD 96,314).

VSH United holds a majority share of 64.30% and has appointed 2 members in the Supervisory Board of the Company.

The individual members hold a total of 0.04% of the outstanding shares.

### Management

The remuneration of key management personnel of the Company is determined by the Supervisory Board. The remuneration consists of a fixed monthly salary and a bonus. Performance of the Managing Director is measured against a yearly minimum target of 18% of Return on Capital Employed (short-term) and a three-year target of 74% for growth in gross profit (long-term). Capital Employed at the beginning of the year amounted to SRD 25,726,602 and the Return on Capital Employed achieved in 2020 was 4.16% (2019: 18.57%). The minimum return on Capital Employed was not achieved in 2020 so the Managing Director is not eligible to receive the short-term bonus.

The Managing Director does not hold any shares of the outstanding shares in the Company.

### Related parties' transactions

#### Conditions related party transactions

The Chief Executive Officer and the Chief Financial Officer of VSH United are members 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 earnings before tax to the VSH Community Fund.

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	2020	2019
IT related services and salary administration		949,898	488,180

At 31 December 2020 the intercompany balance with VSH united and its subsidiaries is as follows:

The Company owed:

N.V. Verenigde Surinaamse Holdingmij SRD 130,378.

N.V. VSH Transport SRD 20,532.

N.V. VSH Trading SRD 2,124.

These amounts are included in trade payables and do not carry interest.

### Contribution

In 2020 the total contribution to the VSH Community Fund amounted to SRD 94,048 (2019: SRD 85,970).

## 24. Subsequent Events

In February 2021, the wage tax rate for employees and the corporate income tax rate for the Company were temporarily adjusted in accordance with amendments to the Wage Tax Act and the Income Tax Act.

# Independent Auditor's Report

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

## Opinion

We have audited the accompanying 2020 financial statements of N.V. VSH FOODS, the "Company", in Paramaribo, which comprise the statement of financial position as at December 31, 2020, the statement of profit and loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

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

## Basis for Opinion

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

## Other Information included in the 2020 Annual Report

Management is responsible for the other information. The other information comprise the information included in the 2020 Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 2020 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the procedures performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

***Paramaribo, March 12, 2021  
Lutchman & Co. N.V.***

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



# TEAM

*Together Everyone Achieves More*





**N.V. VSH FOODS**

Indira Gandhiweg 157 | Paramaribo - Suriname, South-America  
+597 482600 | [infofoods@vshunited.com](mailto:infofoods@vshunited.com) | [www.vshfoods.com](http://www.vshfoods.com)