

N.V. VSH FOODS



## **First Half Year Report 2021**

# Mission Statement & Core Values

## MISSION STATEMENT

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

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

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.

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# Managing Director's Report First Half Year 2021

## 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 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 United group. N.V. Verenigde Surinaamse Holdingmij,-/United Suriname Holding Company (VSH United), holds 64.30% of the shares of N.V. VSH FOODS.

## THE COMPANY

On 26 March 2021 the Annual General Meeting of Shareholders approved the financial statements 2020. The Company did not pay dividends in the year. Therefore, the net earnings for financial year 2020 will be added to the retained earnings for reinvestment in the Company. The members of the Supervisory Board Mr. S. Smit, Mr. A. Brahim, Mr. P. Healy, Mr. P. Brahim and Mr. A. Venetiaan were re-elected.

## The Performance HIGHLIGHTS

- Sales revenue up by 84.5%
- Gross profit growth 69.47%
- Earnings before tax up by 360.2%
- Overall volume down by 5.5%
- Export volume down by 18.3%

Sales volume declined as a result of necessary price increases. Cost of Sales increased by 99.5% versus the same period in 2020 as a consequence of price increases of raw materials and increases in foreign currency exchange rates, which we included in our pricing strategy. In the reporting period our earnings from operations increased to SRD 8,843,884 (first half year 2020: SRD 3,079,294). Our net earnings were influenced by exchange rate losses amounting to SRD 2,278,628 and an increase of the income tax rate from 36% to 46%.

## Overall

Suriname is facing an economic and monetary crisis. The government COVID-19 pandemic measures continued to have impact on our business and the Suriname economy. A National COVID-19 vaccination campaign was initiated and we can report that at the end of June 2021 our Company fully vaccination rate was 9.2% and the partial vaccination rate 60%.

The exchange rate for the US dollar increased from SRD 14.29 on 02 January 2021 to SRD 21.50 on 30 June 2021. The annual inflation (June 2020 to June 2021) was 54.0%<sup>1</sup>. Total personnel expenses increased by 21.09% compared to the same reporting period last year. The administrative expenses increased by 26.87%. Earnings before tax increased to SRD 6,300,716 (2020: SRD -2,421,676)

## THE OUTLOOK FOR THE SECOND HALF YEAR

For the remainder of the year we will focus on our profitability as economic conditions are not expected to change. Net earnings for the year 2021 is expected to be in line with our budget.

Paramaribo, 20 August 2021

Managing Director  
Marlon Telting

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<sup>1</sup> Source: General Bureau of Statistics Suriname  
First Half Year Report 2021 N.V. VSH FOODS

## Condensed Statement of Financial Position at 30 June 2021

	At 30 June 2021	At 31 December 2020
	SRD	SRD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	18,477,311	18,498,040
Intangible assets	440,007	512,909
Subsidiary interest	200,000	200,000
Financial assets	348,494	344,804
<b>Total non-current assets</b>	<b>19,465,812</b>	<b>19,555,753</b>
<b>Current assets</b>		
Inventories	33,130,638	21,830,407
Trade and other receivables	2,559,346	5,984,349
Income tax receivable	-	989,735
Cash and cash equivalents	1,570,203	1,809,154
<b>Total current assets</b>	<b>37,260,187</b>	<b>30,613,645</b>
<b>Total assets</b>	<b>56,725,999</b>	<b>50,169,398</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	128,084	128,084
Capital in excess of par value	433,783	433,783
Revaluation reserve	1,250,212	1,279,840
Retained earnings	17,815,013	17,094,256
Net earnings for the period	3,519,898	688,768
<b>Total equity</b>	<b>23,146,990</b>	<b>19,624,731</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred taxes	4,735,006	4,751,672
Long-term borrowings	1,526,771	2,076,258
Lease liability	1,813,742	2,007,170
<b>Total non-current liabilities</b>	<b>8,075,519</b>	<b>8,835,100</b>
<b>Current liabilities</b>		
Provisions	851,712	475,033
Short-term borrowings and lease liability	7,797,012	11,904,876
Income tax payable	1,671,910	-
Trade and other payables	15,182,856	9,329,658
<b>Total current liabilities</b>	<b>25,503,490</b>	<b>21,709,567</b>
<b>Total equity and liabilities</b>	<b>56,725,999</b>	<b>50,169,398</b>

Paramaribo, 20 August 2021

### Supervisory Board

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

### Managing Director

M. Telting

## Condensed Statement of Income

### For the six months ended 30 June 2021

	1 January - 30 June 2021	1 January - 30 June 2020
	SRD	SRD
Sales	42,706,965	23,150,311
Cost of sales	(23,067,839)	(11,561,909)
<b>Gross profit</b>	<b>19,639,126</b>	<b>11,588,402</b>
Personnel expenses	(4,141,112)	(3,419,909)
Distribution costs	(521,424)	(356,798)
Administrative expenses	(4,807,719)	(3,764,910)
Depreciation /amortization	(1,324,987)	(967,491)
<b>Total expenses from operations</b>	<b>(10,795,242)</b>	<b>(8,509,108)</b>
<b>Earnings from operations</b>	<b>8,843,884</b>	<b>3,079,294</b>
Finance costs	(521,132)	(407,858)
Exchange rate gains /(losses)	(2,278,628)	(5,179,019)
Other non-operating income	256,592	85,907
<b>Earnings before tax</b>	<b>6,300,716</b>	<b>(2,421,676)</b>
Income tax	(2,780,818)	871,803
<b>Net earnings</b>	<b>3,519,898</b>	<b>(1,549,873)</b>

Paramaribo, 20 August 2021

#### Supervisory Board

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

#### Managing Director

M. Telting

## Condensed Statement of Changes in Equity for the six months ended 30 June 2021

in SRD	Share capital	Capital in excess of par value	Revaluation reserve	Retained earnings	Total
<b>Equity at 1 January 2020</b>	130,471	431,634	1,343,633	16,924,350	18,830,088
Net earnings	-	-	-	3,509,535	3,509,535
Interim dividend	-	-	-	-	-
Realized revaluation PP&E	-	-	(31,991)	31,991	-
<b>Equity at 30 June 2020</b>	130,471	431,634	1,311,642	20,465,876	22,339,623
Net earnings	-	-	-	(2,820,767)	(2,820,767)
Interim dividend	-	-	-	-	-
Unclaimed dividend	-	-	-	105,688	105,688
Capital Reduction	(2,387)	2,149	-	238	-
Revaluation	-	-	187	-	187
Realized revaluation PP&E	-	-	(31,989)	31,989	-
<b>Equity at 31 December 2020 before appropriation of net earnings</b>	128,084	433,783	1,279,840	17,783,024	19,624,731
<b>Appropriation of net earnings</b>					
Final dividend	-	-	-	-	-
<b>Equity at 31 December 2020 after appropriation of net earnings</b>	128,084	433,783	1,279,840	17,783,024	19,624,731
Net earnings	-	-	-	3,519,898	3,519,898
Interim dividend	-	-	-	-	-
Revaluation	-	-	2,361	-	2,361
Realized revaluation PP&E	-	-	(31,989)	31,989	-
<b>Equity at 30 June 2021</b>	128,084	433,783	1,250,212	21,334,911	23,146,990

Paramaribo, 20 August 2021

### Supervisory Board

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

### Managing Director

M. Telting



## Condensed Statement of Cash Flows for the six months ended 30 June 2021

	30-Jun-21	30-Jun-20
	SRD	SRD
<b>Cash flows from operating activities</b>		
Earnings before tax	6,300,716	(2,421,676)
<i>Adjusted for:</i>		
- Depreciation / amortization	1,324,987	967,491
- Provisions	380,670	33,744
- Revaluation result	1,057,357	-
- Finance costs	521,132	407,858
<i>Changes in working capital:</i>		
- Change in inventories	(11,300,231)	(5,724,721)
- Change in trade and other receivables	3,425,003	871,416
- Change in trade and other payables	5,853,198	6,601,617
- Adjustment regarding provisions	(3,992)	(4,050)
<b>Cash generated from operations</b>	<b>7,558,840</b>	<b>731,679</b>
Paid income tax	(137,166)	(50,512)
<b>Net cash generated from operating activities</b>	<b>7,421,674</b>	<b>681,167</b>
<b>Cash flows from investing activities</b>		
Investment in property, plant & equipment	(1,231,356)	(26,458)
<b>Net cash used in investing activities</b>	<b>(1,231,356)</b>	<b>(26,458)</b>
<b>Cash flows from financing activities</b>		
Proceeds and repayments of borrowings	(5,452,570)	(613,291)
Lease payments	(455,566)	750,486
Paid interest	(521,132)	(407,858)
<b>Net cash generated from/ (used in) financing activities</b>	<b>(6,429,268)</b>	<b>(270,663)</b>
Net increase/ (decrease) in cash and cash equivalents for the six months	(238,951)	384,046
Cash and cash equivalents at 1 January	1,809,154	2,303,345
<b>Cash and cash equivalents at 30 June</b>	<b>1,570,203</b>	<b>2,687,391</b>

Paramaribo, 20 August 2021

### Supervisory Board

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

### Managing Director

M. Telting

# Notes to the condensed interim financial statements as at and for the six months ended 30 June 2021

## 1. Information on the reporting entity

N.V. VSH FOODS is a company registered and domiciled in Suriname. The Company's registered office and manufacturing plant is located at Indira Gandhiweg 157, Paramaribo City, Suriname. The condensed interim financial statements refer to the Company's financial statements as at and for the six months ended 30 June 2021.

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

N.V. VSH Energy is a 100% dormant subsidiary of the Company.

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% in the Company.

These condensed interim financial statements have been prepared by the Management of the Company and were authorized for issue by the Supervisory Board on 20 August 2021.

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

## 2. Accounting policies

### *Basis of preparation*

These condensed interim financial statements for the reporting period ended 30 June 2021 have been prepared under guidelines set forth by Accounting Standard IAS 34 'Interim Financial Reporting'.

The accounting policies followed in these condensed interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2020.

These condensed interim financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2020 annual report.

### 3. Foreign currency transactions

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

*The exchange rates used for the USD and the EUR at reporting dates are:*

In SRD	30 June 2021	31 December 2020	30 June 2020
USD	21.00	17.50	15.00
EUR	24.96	21.50	16.81

### 4. 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 participates in the VSH Community Fund.

#### Charges for services

At 30 June 2021 the intercompany balance with the VSH Group is as follows:

The Company owed:

- N.V. VSH Transport SRD 35,098 (2020:SRD 732,235)
- N.V. VSH Trading SRD 19,950 (2020:SRD 46,003)
- N.V. VERENIGDE SURINAAMSE HOLDINGMIJ SRD 157,790 (2020:SRD 293,454)

These amounts are included in trade payables.

#### Contribution

The Company contributes on a final monthly basis 1.5% of the earnings before tax to the VSH Community Fund. This non-profit foundation was established on 22 August 2008 to finance and coordinate community projects on behalf of the VSH United. For the six months ended 30 June 2021 a total amount of SRD 82,887 (first half year 2020: SRD 23,969) was contributed by the Company.

### 5. Dividend

During the first half year of 2021 no dividend was paid.

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

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

### **Our conclusion**

We have reviewed the accompanying condensed interim financial information of N.V. VSH FOODS (“the Company”), in Paramaribo, which comprises the condensed statement of financial position at 30 June 2021, the condensed statement of income, the condensed statement of changes in equity and the condensed statement of cash flows for the six months ended 30 June 2021 and the notes to the condensed interim financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information at 30 June 2021 is not prepared, in all material respects, in accordance with generally accepted accounting principles for interim financial reporting.

### **Basis for our conclusion**

We conducted our review in accordance with International Standard on Review Engagement 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’. A review of condensed interim financial information is a limited assurance engagement. Our responsibilities under this standard are further described in the ‘Our responsibilities for the review of the condensed interim financial information’ section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Responsibilities of Management and the Supervisory Board for the condensed interim financial information**

Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with generally accepted accounting principles for interim financial reporting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the condensed interim financial information that is free from material misstatement whether due to fraud or error.

The supervisory board is responsible for overseeing the Company's financial reporting process.

## **Our responsibilities for the review of the condensed interim financial information**

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the International Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with International Standard on Review Engagement 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

Our review included among others:

- Updating our understanding of the Company and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of internal control, as it relates to the preparation of the condensed interim financial information;
- Making inquiries of management and others within the Company;
- Applying analytical procedures with respect to information included in the condensed interim financial information;
- Obtaining assurance evidence that the condensed interim financial information agrees with or reconciles to the Company's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed interim financial information;
- Considering whether the interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Paramaribo, 20 August 2021

**Lutchman & Co N.V.**

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