

N.V. VSH FOODS



First Half Year Report 2022

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 2022

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 65.34% of the shares of N.V. VSH FOODS.

THE COMPANY

On 25 March 2022 the Annual General Meeting of Shareholders approved the financial statements 2021 and payment of cash dividend of SRD 2.11 per share. This represents a pay-out ratio of 20%. 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.

BUSINESS ENVIRONMENT

The government measures for their macroeconomic reform plans to stabilize the economy such as the discontinuity of the subsidies and the adoption of the free market exchange rate have impact on our business. A direct consequence is the decrease of consumer purchase power. The implementation of Value Added Tax is postponed to January 2023.

The exchange rate for the US dollar increased from SRD 21.65 on 02 January 2022 to SRD 22.80 on 30 June 2022. The annual inflation (June 2021 to June 2022) was 55.1%¹.

PERFORMANCE HIGHLIGHTS (compared to the same reporting period last year)

- Sales revenue up by 72.6%
- Gross profit growth 61.2%
- Earnings before tax up by 126.0 %
- Overall sales volume up by 12.9%
- Export sales volume up by 51.7%

Sales volume increased driven by a strong growth in our export markets. Domestic volume had a slight growth of 0.2%. The decline of consumer purchase power in the local market is reflected in the results of retail volume which declined by 10.5% versus the same period in 2021. The sales volume of bulk products increased by 12.1%.

Cost of Sales increased by 82.2% versus the same period in 2021 as a consequence of price increases of raw materials and increases in foreign currency exchange rates.

In the reporting period our earnings from operations increased to SRD 14,660,642 (first half year 2021: SRD 8,843,884). Our earnings before tax increased to SRD 14,241,063 (first half year 2021: SRD 6,300,716).

¹ Source: General Bureau of Statistics Suriname
First Half Year Report 2022 N.V. VSH FOODS

Total personnel expenses increased by 46.3% compared to the same reporting period last year. The administrative expenses increased by 81.0%.

THE OUTLOOK FOR THE SECOND HALF YEAR

For the remainder of the year we will maintain our strategic focus on growth in the export markets as local conditions are not expected to change. Net earnings for the year 2022 are expected to be in line with our budget.

Paramaribo, 12 August 2022

Managing Director
Marlon Telting

Condensed Statement of Financial Position at 30 June 2022

	At 30 June 2022	At 31 December 2021
	SRD	SRD
ASSETS		
Non-current Assets		
Property, plant and equipment	17,715,320	18,038,405
Intangible assets	294,203	367,105
Subsidiary interest	200,000	200,000
Financial assets	375,985	352,184
Total non-current assets	18,585,508	18,957,694
Current Assets		
Inventories	53,387,744	37,423,949
Trade and other receivables	10,606,574	15,816,706
Cash and cash equivalents	3,691,377	1,405,122
Total current assets	67,685,695	54,645,777
Total assets	86,271,203	73,603,471
EQUITY AND LIABILITIES		
Equity		
Share capital	128,084	128,084
Capital in excess of par value	433,783	433,783
Revaluation reserve	1,213,085	1,229,842
Retained earnings	28,649,404	17,068,505
Net earnings	9,116,273	13,482,973
Total equity	39,540,629	32,343,187
Liabilities		
Non-current liabilities		
Deferred taxes	9,853,629	9,863,056
Employee benefit obligations	808,834	1,021,633
Long-term borrowings	333,651	945,973
Lease liability	-	105,104
Total non-current liabilities	10,996,114	11,935,766
Current liabilities		
Provisions	946,835	947,971
Short-term borrowings and lease liability	17,528,443	10,635,011
Income tax payable	5,358,042	4,692,755
Trade and other payables	11,901,140	13,048,781
Total current liabilities	35,734,460	29,324,518
Total equity and liabilities	86,271,203	73,603,471

Paramaribo, 12 August 2022

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 2022

	1 January - 30 June 2022	1 January - 30 June 2021
	SRD	SRD
Sales	73,706,026	42,706,965
Cost of sales	(42,039,648)	(23,067,839)
Gross profit	31,666,378	19,639,126
Personnel expenses	(6,056,812)	(4,141,112)
Distribution expenses	(774,006)	(521,424)
Administrative expenses	(8,702,529)	(4,807,719)
Depreciation /amortization expenses	(1,472,389)	(1,324,987)
Total expenses from operations	(17,005,736)	(10,795,242)
Earnings from operations	14,660,642	8,843,884
Finance costs	(568,778)	(521,132)
Exchange rate (losses)/ gains	(326,562)	(2,278,628)
Investment income	5,535	-
Other non-operating income	470,226	256,592
Earnings before tax	14,241,063	6,300,716
Income tax	(5,124,790)	(2,780,818)
Net earnings	9,116,273	3,519,898
EARNINGS PER SHARE		
Weighted average number of shares outstanding	1,280,837	1,280,837
Earnings per share	7.12	2.75

Paramaribo, 12 August 2022

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 2022

in SRD	Share capital	Capital in excess of par value	Revaluation reserve	Retained earnings	Total
Equity at 1 January 2021	128,084	433,783	1,279,840	17,783,024	19,624,731
Net result	-	-	-	3,519,898	3,519,898
Revaluation	-	-	2,362	-	2,362
Realized revaluation PP&E	-	-	(31,989)	31,989	-
Equity at 30 June 2021 before appropriation of earnings	128,084	433,783	1,250,213	21,334,911	23,146,991
Net result	-	-	-	9,963,075	9,963,075
Interim dividend	-	-	-	(768,502)	(768,502)
Revaluation	-	-	1,623	-	1,623
Realized revaluation PP&E	-	-	(21,994)	21,994	-
Equity at 31 December 2021 before appropriation of earnings	128,084	433,783	1,229,842	30,551,478	32,343,187
Appropriation of earnings					
Final dividend	-	-	-	(1,934,064)	(1,934,064)
Equity at 31 December 2021 after appropriation of earnings	128,084	433,783	1,229,842	28,617,414	30,409,123
Net result	-	-	-	9,116,273	9,116,273
Revaluation	-	-	15,233	-	15,233
Realized revaluation PP&E	-	-	(31,990)	31,990	-
Equity at 30 June 2022 before appropriation of earnings	128,084	433,783	1,213,085	37,765,677	39,540,629

Paramaribo, 12 August 2022

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 2022

	30 June 2022	30 June 2021
Cash flows from operating activities		
Earnings before tax	14,241,063	6,300,716
<i>Adjusted for:</i>		
- Depreciation and amortization expenses	1,472,389	1,324,987
- Provision product warranty	-	380,670
- Provision employee benefit obligation	(212,799)	
- Revaluation result on lease liabilities	99,324	1,057,357
- Maintenance and insurances on lease	264,317	243,289
- Investment income	(5,535)	
- Finance costs	568,778	521,132
<i>Changes in working capital:</i>		
- change in inventories	(15,963,795)	(11,300,231)
- change in trade and other receivables	5,210,132	3,425,003
- change in trade and other payables	(1,147,641)	5,853,198
- adjustment regarding provisions	-	(3,992)
- adjustment regarding payables	(295,543)	-
Cash generated/ (used in) from operations	4,230,690	7,802,129
Claims paid	(1,135)	
Paid interest	(530,598)	(521,132)
Paid income tax	(4,354,594)	(137,166)
Net cash generated/ (used in) from operating activities	(655,637)	7,143,831
Cash flows from investing activities		
Investment in property, plant and equipment	(1,025,178)	(1,231,356)
Dividend received	5,535	-
Net cash used in investing activities	(1,019,643)	(1,231,356)
Cash flows from financing activities		
Proceeds and (repayments) of borrowings	6,694,524	(5,452,570)
Payments of lease liability	(971,576)	(698,856)
Dividend paid	(1,761,413)	-
Net cash generated/(used in) from financing activities	3,961,535	(6,151,426)
Net increase in cash and cash equivalents for the year	2,286,255	(238,951)
Cash and cash equivalents at 1 January	1,405,122	1,809,154
Cash and cash equivalents at 30 June	3,691,377	1,570,203

Paramaribo, 12 August 2022

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 2022

1. Information on the reporting entity

N.V. VSH FOODS (the Company) is a company registered and domiciled in Suriname. The Company's registered office is at Indira Gandhiweg 157, Paramaribo Suriname. The condensed interim financial statements refer to the Company's financial statements as at and for the six months ended 30 June 2022.

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 wholly-owned (100%) and a dormant subsidiary of N.V. VSH FOODS.

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 65.34% 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 12 August 2022.

These condensed interim financial statements have not been reviewed by the external accountant.

2. Basis of preparation

Statement of compliance

These condensed interim financial statements for the reporting period ended 30 June 2022 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 2021.

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 2021 annual report.

3. Foreign Exchange Rates

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 income.

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

In SRD	30 June 2022	31 December 2021	30 June 2021
USD	22.80	21.65	21.00
EUR	23.81	24.53	24.96

4. Dividend Policy

The Company's policy is to pay an annual dividend in the order of 30% to 35% of the net earnings, payable in one interim and a final dividend.

5. Related parties' 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.

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.

At 30 June 2022 the intercompany balance with the VSH United is as follows:

The Company owed:

- N.V. VSH Transport SRD 61,799 (2021:SRD 35,098)
- N.V. VSH Trading SRD 106,497 (2021:SRD 19,950)
- N.V. VSH Shipping SRD 27,160 (2021:SRD 2,156)
- N.V. VERENIGDE SURINAAMSE HOLDINGMIJ SRD 76,222 (2021:SRD 157,790)

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

Contribution

The Company contributes on a final monthly basis 1.5% of the earnings before tax to the VSH Community Fund. For the six months ended 30 June 2022 a total amount of SRD 215,106 (first half year 2021: SRD 82,887) was contributed by the Company.