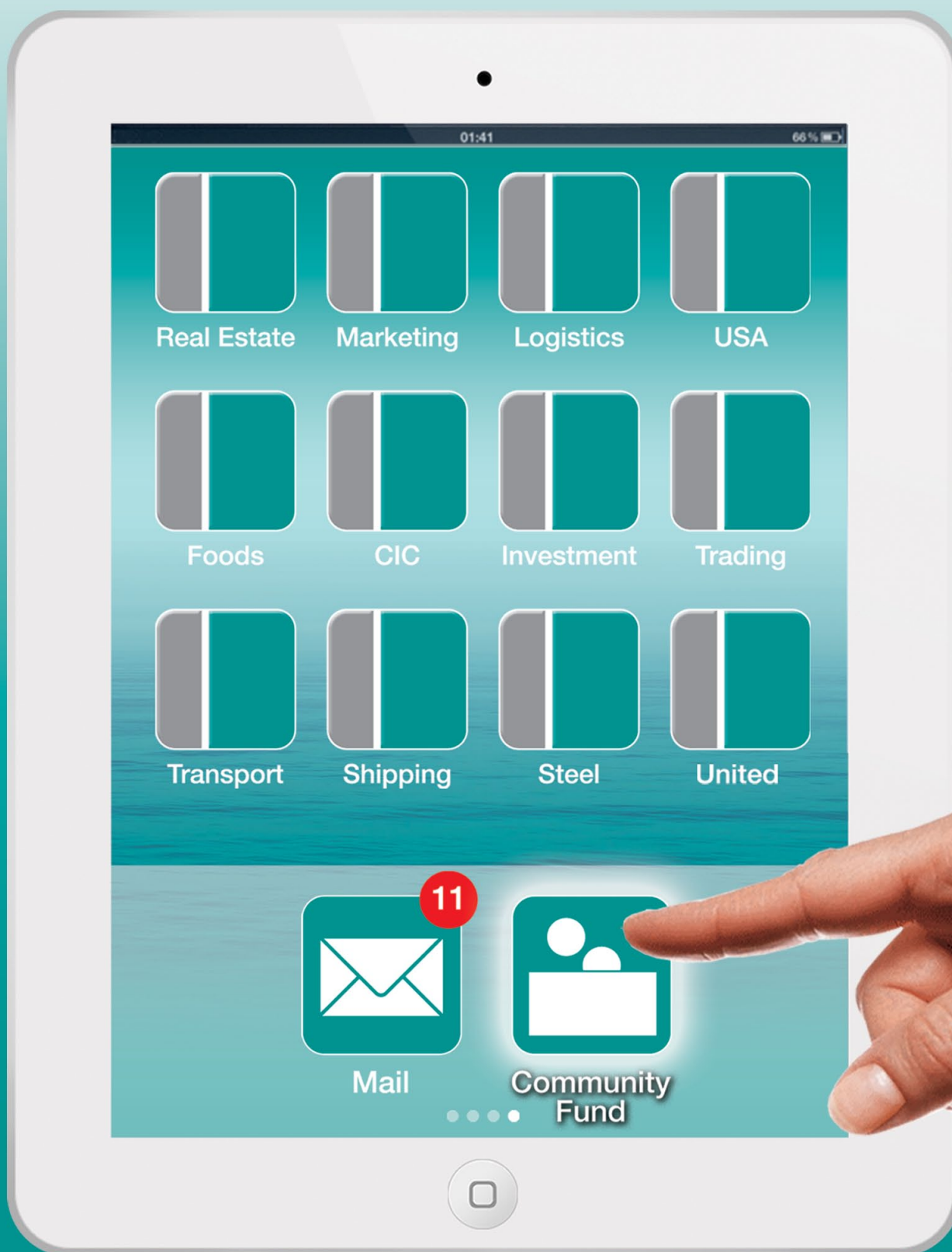
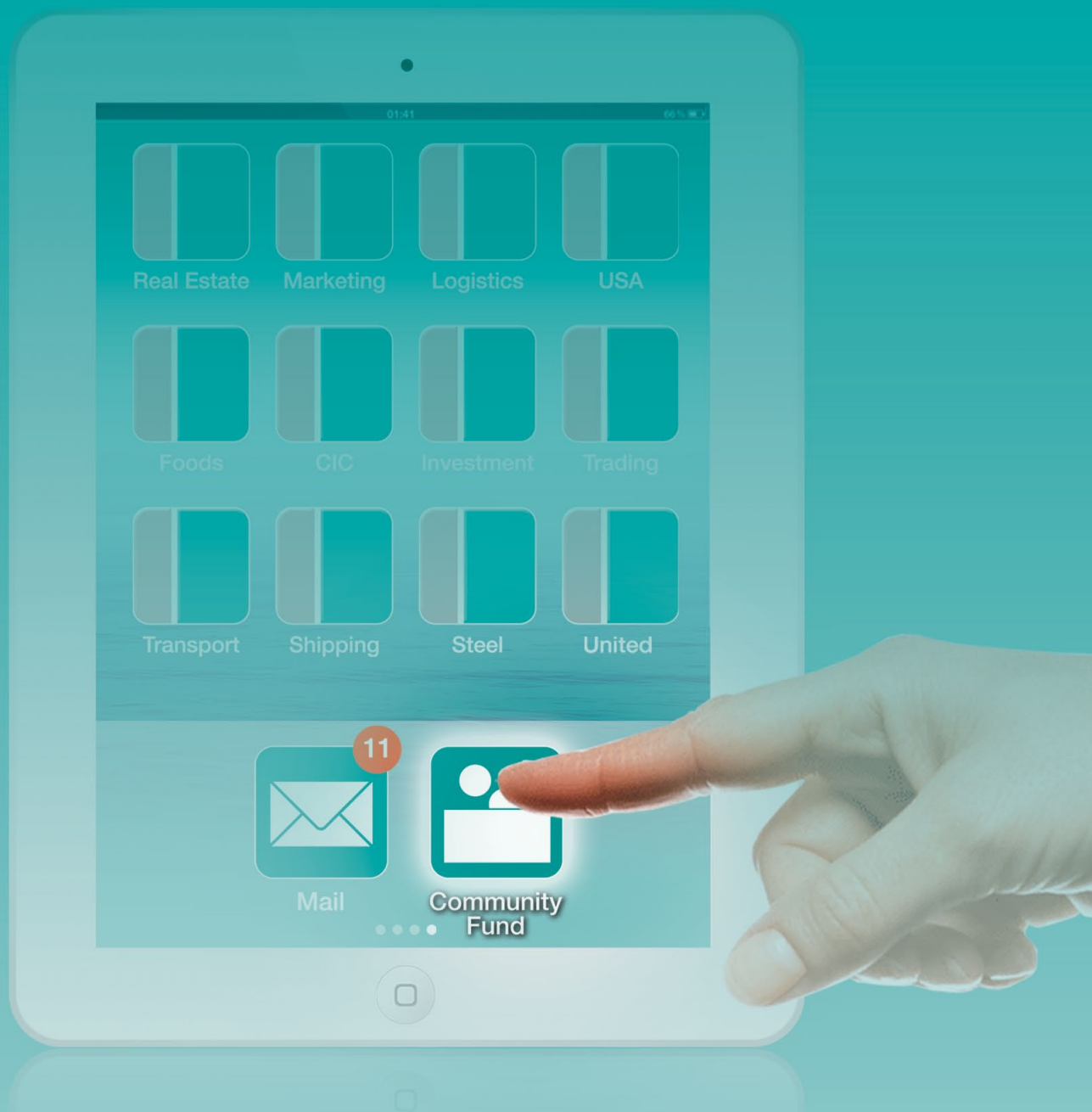


# ANNUAL REPORT 2013



# 2013 ANNUAL REPORT VSH UNITED



**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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## ISO CERTIFIED SUBSIDIARIES

**VSH Shipping**



**VSH Transport**



**VSH Foods**

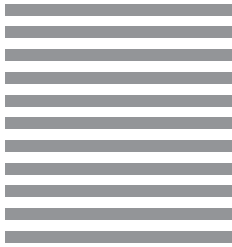


**VSH Steel**



**CIC**





# Supervisory Board of Directors and Management

N.V. Verenigde Surinaamse Holdingmij.-  
United Suriname Holding Company  
Established in Paramaribo, Suriname

## Supervisory Board of Directors

R. Khodadin (Chairman), D. Halfhide, (Vice Chairman), R. Elias, R. Hahn, J. Healy Jr., A. Kluijver.



R. Khodadin



D. Halfhide



R. Elias



R. Hahn



J. Healy Jr.



A. Kluijver

## Management

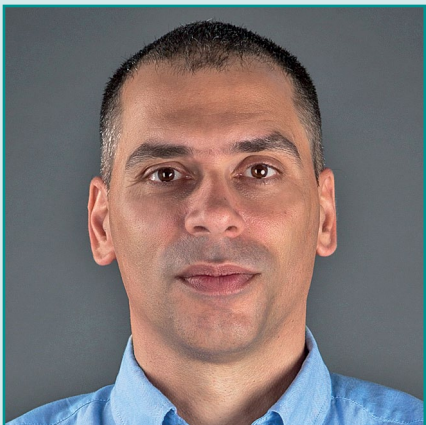
P. Healy, Managing Director, Chief Executive Officer (CEO)  
M. Ramsundersingh, Managing Director, Chief Legal Officer (CLO)  
P. Brahim, Assistant Managing Director, Chief Financial Officer (CFO)



P. Healy



M. Ramsundersingh



P. Brahim

# Management of the Subsidiaries

## SHIPPING

### N.V. VSH SHIPPING

*P. Healy, Managing Director*

*S. Poort, Assistant Managing Director*

### N.V. VSH TRANSPORT

*P. Healy, Managing Director*

*S. Poort, Assistant Managing Director*

### VSH-UNITED (USA) L.L.C.

*J. Liong-A-San, Managing Director*

### N.V. VSH LOGISTICS

*K. Wong Fong Sang, Managing Director*

## REAL ESTATE

### N.V. VSH REAL ESTATE

*P. Healy, Managing Director*

*C. Lie Wah Hing, Assistant Managing Director*

## INDUSTRY

### N.V. VSH-STAALMIJ.-

### UNITED SURINAME STEEL COMPANY

*W. Martoredjo, Managing Director*

### N.V. VSH FOODS

*M. Telting, Managing Director*

### N.V. CONSOLIDATED INDUSTRIES CORPORATION

*W. van Meegdenburg, Managing Director*

*K. Healy, Assistant Managing Director*

## INVESTMENT

### N.V. VSH INVESTMENT

*P. Brahim, Managing Director*

## TRADING

### N.V. VSH TRADING

*K. Wong Fong Sang, Managing Director*



**P. Healy**



**W. Martoredjo**



**K. Wong Fong Sang**



**M. Telting**



**J. Liong-A-San**



**W. van Meegdenburg**



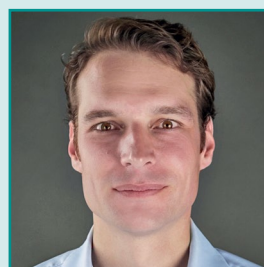
**K. Healy**



**P. Brahim**



**C. Lie Wah Hing**



**S. Poort**

Management as per 8 May 2014



## Suriname

Suriname is a country of 163,270 square kilometers situated on the northeast shoulder of South America and home of the VSH Group. While a Babylonian profusion of some seven languages are in everyday use, the official language is Dutch. The population of some 530,300 souls is one of the most polyglot in the world and includes indigenous Indians, African descendents, Hindustanis, Javanese, Chinese, Lebanese, Jews and Europeans. Recent arrivals include Brazilians and so called new Chinese. Almost half of the population is concentrated in and around the capital city of Paramaribo.

Suriname has a strong democratic tradition dating back some 145 years. Legislative powers are in the hands of the National Assembly composed of 51 members elected by popular vote for a period of five years. The President is the Head of Government and is elected for five years by a two thirds majority vote in the National Assembly or by a common majority vote in the United Peoples Assembly comprised of national, regional and municipal representatives. The Council of Ministers chaired by the Vice President consists of 17 member ministers and exercises the highest executive and administrative power.

Mining is the backbone of the economy. Bauxite is mined and processed into alumina, an intermediate product for the production of aluminum. Gold is mined in large, medium and small scale operations and provides employment to hinterland communities and migrant workers from Brazil.

Crude oil production and refining contributes significantly to the fuel requirements of industry and electric power generation. Energy requirements are further complemented by a hydro-electric dam located 90 km south of Paramaribo.

Rice, bananas, shrimp, fish and timber comprise the other traditional export products.

Suriname is the proud guardian of one of the largest expanses of pristine tropical rainforests in the world. The Central Suriname Nature Reserve (1.6 million hectares) is the largest of 15 protected areas encompassing 12% of the total land surface of the country.

Since its establishment in 1958 the VSH Group has grown steadily and is well positioned to participate in the further development of this young nation.



# Report of the Supervisory Board of Directors

## To the Shareholders

We hereby present our report on the activities of the Supervisory Board of Directors in 2013.

The Supervisory Board of Directors performed its duties in accordance with Suriname law, the Company's bylaws and the Corporate Governance Code. We advised management on relevant issues and monitored management performance in relation to goals set. Management of the Holding and the subsidiaries regularly informed us, both verbally and in writing, on policy and material aspects of business development, major events, investments, and transactions. We also received a detailed monthly report from Management on the current business position of the subsidiaries while we were kept abreast of results and the financial position, risks and risk management, HR issues in a thorough manner. The Supervisory Board of Directors was consulted in all decisions of fundamental importance to the VSH Group. In addition, we discussed strategic issues with Management on a regular basis.

## Consultation and decision making

The Supervisory Board of Directors held regular monthly meetings, 14 in total. The board members regularly attended the board meetings. The average attendance ratio was 78% while no member of the Supervisory Board of Directors took part in fewer than half of the meetings. In addition, resolutions on urgent matters were adopted in writing or by electronic communication and later approved during official meetings. The subjects discussed in the meetings included the financial position and results, Company strategy, Company policy, business plans and appraisals, health, safety and environment, investments, management development and appointments. In the board meeting held on 11 July 2013 the Supervisory Board of Directors approved the purchase of shares to increase our position in N.V. Consolidated Industries Corporation (CIC). In a board meeting held on 22 August 2013 Management presented the appraisals of the subsidiaries over the first half year 2013 and the financial statements over the first half year 2013. In a board meeting held on 24 October 2013 Management presented the operational plans for 2014 and the board approved capital expenditures for 2014. In a board meeting held on 20 November 2013 a committee of the board formulated a framework for a succession policy related to key management positions within the VSH Group. Management remuneration was evaluated and approved in the board meeting held on 12 December 2013. In a board meeting held on 16 January 2014 Management presented the Internal Audit Plan for the year 2014. In a board meeting held on 24 January 2014 a committee of the board and the external auditor discussed the auditors' findings regarding the interim audit of 2013 and the follow up by Management of the recommendations noted in the management letter 2012. Special attention was given to risk management and the importance of strengthening the Internal Audit Department. In a meeting held on 13 February 2014 management presented the appraisals of the subsidiaries for the year 2013.

## Corporate Governance

In the meeting of the Supervisory Board of Directors held on 13 March 2014 article 12 was added to the Corporate Governance Code. This article introduces the IT Charter which is the basis for providing assurance regarding the quality and integrity of the information processes within the VSH Group. During the same meeting the board reviewed the Corporate Governance Code, the Internal Audit Charter as well as the Code of Conduct, while it approved the new IT Charter.

## Supervisory Board of Directors changes and appointments

In accordance with article 7.20 of the bylaws all directors resigned during the Annual General Meeting of Shareholders on 24 May 2013. In this meeting all five members, Mr. R. Khodadin, Mrs. D. Halfhide, Mr. R. Elias, Mr. R. Hahn and Mr. A. Kluijver were re-elected as members of the Supervisory Board of Directors. To fill the vacancy left by Mr. P. Healy who resigned from the Supervisory Board of Directors effective 1 September 2011, Mr. J. Healy Jr. was elected a member of the Supervisory Board of Directors in the Annual General Meeting of Shareholders on 24 May 2013, effective 1 July 2013.

Being eligible, the members Mr. R. Khodadin, Mrs. D. Halfhide, Mr. R. Elias, Mr. R. Hahn, Mr. J. Healy Jr. and Mr. A. Kluijver offer themselves for re-election in the Annual General Meeting of Shareholders to be held on 22 May 2014.

The Supervisory Board of Directors recommends that the members mentioned be re-elected.

## Management changes and appointments

Mr. J. Healy Jr., Managing Director of United Suriname Holding Company retired on 1 July 2013 after having served the Company for 40 years. To fill this position the appointment of Mr. P. Healy as CEO and Mrs. M. Ramsundersingh as CLO was approved in the Annual General Meeting of Shareholders on 24 May 2013, effective 1 July 2013.



# Report of the Supervisory Board of Directors

Effective 1 January 2014 Mr. R. Mac Donald, Assistant Managing Director of VSH Trading, resigned. To fill the vacancy of Managing Director of N.V. VSH Trading, the Supervisory Board of Directors approved the appointment of Mrs. K. Wong Fong Sang, effective 1 January 2014.

To fill the vacancies left by Mr. P. Healy who stepped down as Managing Director of N.V. VSH Logistics and VSH-UNITED (USA) LLC on 1 January 2014, the Supervisory Board of Directors approved the appointments effective 1 January 2014 of Mrs. K. Wong Fong Sang as Managing Director of N.V. VSH Logistics and Mrs. J. Liong-A-San as Managing Director of VSH-UNITED (USA) LLC.

To fill the vacancy left by Mrs. K. Wong Fong Sang who stepped down as Managing Director of N.V. VSH Foods on 7 March 2014, the Supervisory Board of Directors recommended the appointment of Mr. M. Telting as Managing Director. His appointment was approved in the Annual General Meeting of Shareholders of N.V. VSH Foods on 7 March 2014.

The Supervisory Board of Directors approved the appointment of Mr. S. Poort as Assistant Managing Director of N.V. VSH Shipping and N.V. VSH Transport effective 1 February 2014.

## Performance of the Supervisory Board of Directors

In a meeting held on 12 December 2013 the Supervisory Board of Directors evaluated the performance of the board. Based upon individual appraisals they found the performance collectively as well as individually to be satisfactory, but amenable for further improvement especially in the following areas: risk assessment and management, IT management and succession plans in key management positions.

## Management performance and Executive Performance Pay

On 12 December 2013 the Supervisory Board of Directors evaluated the overall performance of the Managing Directors of the United Suriname Holding Company and found the performance to be good. Specific areas of attention were discussed with the management including IT management and a succession policy within the Group.

Performance of the management of United Suriname Holding Company is measured against a yearly minimum target of 15% Return on Capital Employed. Based on the realized profit before tax of 15% Return on Capital Employed in 2013, the short-term target was achieved. The Executive Performance Pay applies to Managing Directors in position for the full year. A change of management took place on 1 July 2013 and therefore no short-term bonus is due for the year 2013.

Performance of the Managing Director of United Suriname Steel Company is measured against a yearly minimum target of 10% Return on Capital Employed. Based on the realized profit before tax of 10% Return on Capital Employed in 2013, the Managing Director will receive a short-term bonus of SRD 9,254 in 2014.

Performance of the Managing Director of CIC is measured against a yearly minimum target of 10% of Return on Capital Employed. Based on the realized profit before tax of 12% Return on Capital Employed in 2013, the Managing Director received a short-term bonus of SRD 39,309 in 2014.

The other subsidiaries did not meet their minimum target of Return on Capital Employed.

## Dividend Policy and Interim Dividend

The policy of the Company is to pay a dividend in the order of 30% to 35% of the net profit attributable to the Shareholders of the Company, after deduction of unrealized profit from subsidiaries and the associate company. Subject to unforeseen developments the Supervisory Board of Directors has approved the payment of interim dividend for the year 2014 as follows:

- 1st quarter payable 16 June 2014; SRD 0.10 per share
- 2nd quarter payable 15 August 2014; SRD 0.10 per share
- 3rd quarter payable 17 November 2014; SRD 0.10 per share
- 4th quarter payable 16 February 2015; SRD 0.10 per share

## Financial Statements and Division of Profit

In compliance with the requirements of article 9.20 of the bylaws, management presented the financial statements 2013 to the Supervisory Board of Directors on 8 May 2014.

These financial statements can be found on pages 22 to 44 of this annual report.

The independent external auditor, Lutchman & Co, Accountants audited the financial statements.



# Report of the Supervisory Board of Directors

Their Audit Report can be found on page 21. The net profit attributable to shareholders amounts to SRD 17,677,725 (2012: SRD 16,431,570). We recommend that the Shareholders approve the financial statements as presented.

The Supervisory Board of Directors endorses the recommendation of the Management to pay a cash dividend for the year of SRD 2,979,507. If approved, total dividend will amount to SRD 1.50 per share of nominal SRD 0.01 per share and the balance of the net profit amounting to SRD 14,698,218 will be added to retained earnings. Four quarterly interim dividends have been approved and declared for a total of SRD 0.40 per share of nominal SRD 0.01 per share. The final dividend will thus amount to SRD 1.10 per share of nominal SRD 0.01 per share. We advise the Shareholders to approve the dividend as recommended.

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

The remuneration of the Supervisory Board of Directors amounts to SRD 91,200 per year and was last adjusted on 1 July 2013.

## **Appreciation**

Our thanks and appreciations go to the members of Management, and all the employees of VSH United, its subsidiaries and its associate for their contribution in 2013. Their collective hard work and commitment helped the Group to a good performance in a challenging market environment and to make substantial progress towards achieving the goals set out in its Strategy Plan.

Paramaribo, 8 May 2014

## **The Supervisory Board of Directors,**

R. Khodadin, Chairman

D. Halfhide, Vice Chairman

R. Elias

R. Hahn

J. Healy, Jr.

A. Kluijver

## Salient Figures

in SRD	2013	2012	2011	2010	2009
<b>Consolidated</b>					
Revenue	<b>63,200,893</b>	57,599,750	57,633,790	48,822,623	36,082,716
Profit from continuing operations	<b>14,401,741</b>	12,878,475	14,278,116	12,164,266	3,802,413
Other income	<b>10,346,252</b>	9,188,424	6,383,606	5,099,149	15,321,696
Net profit to Shareholders	<b>17,677,725</b>	16,431,570	15,416,129	11,431,839	9,794,995
Cashflow	<b>23,568,482</b>	21,898,843	20,221,746	15,510,669	12,607,625
Working capital	<b>39,990,907</b>	38,452,114	38,973,383	35,354,320	33,810,053
Shareholders' equity	<b>145,257,126</b>	125,347,696	107,350,146	87,706,889	73,937,402
Paid-in capital	<b>19,863</b>	19,863	18,058	18,058	18,050
<b>Per share of SRD 0.01</b>					
Cash dividend	<b>1.50</b>	1.50	1.92	1.26	0.80
Intrinsic value	<b>73.13</b>	69.42	59.45	48.57	40.96
Market value	<b>46.00</b>	37.50	30.00	27.00	22.00
<b>USD Rate</b>					
Year average	<b>3.35</b>	3.35	3.38	3.27	2.80
Per end of the year	<b>3.35</b>	3.35	3.35	3.40	2.80



Project renovation of the St. Tarcisius Boy Scouts clubhouse.



Project "the pen-and-pencil for children" at the Nola Hatterman Art Academy.



# Report of the Managing Directors

## Introduction

Since its inception in 1958 as a trading company VSH United has become one of the most diversified groups in Suriname. Its major activities include ship agency, port terminal operations, trading, manufacturing, real estate development and management. Through associated companies VSH United is involved in the insurance and hotel business.

## VSH United

Group results for 2013 improved compared to the previous year. Revenue from our ship agency, port terminal operations, real estate and industry all improved, while trading revenue declined due to incidental trading income in the Steel Company in 2012.

In the Annual General Meeting of Shareholders held on 24 May 2013 the financial statements 2012 and a dividend of SRD 2,979,507 or SRD 1.50 per share of nominal SRD 0.01 were approved.

On 9 May 2013 the VSH Corporate Governance Code was amended to reflect the changes in holding management. As part of the continuing improvement in the Governance structure of the Company the Corporate Governance Code was expanded to include an IT Charter in March 2014.

In line with the long term corporate strategy to enhance our interest in subsidiaries, our share position in CIC increased in August 2013 from 43.87% to 45.43% and in April 2014 to 59.44%.

## The business environment

Suriname economic growth continued in 2013 and was driven by the investments in the oil and mining industry. For 2013 GDP growth is estimated at 4% (2012: 4%) and inflation amounted to 0.6% (2012: 4.3%). The Suriname economy in the second half of 2013 started showing signs of the effects of the reduced activities in the small gold mining sector and the delay in the upstart of two major gold mining projects. At the same time the reduced government income from the mining sector put pressure on government expenditures and foreign reserves. The State Oil refinery expansion project is expected to be completed on schedule by the end of 2014 and the challenge remains in finding new oil reserves. A total of six major international oil companies that have signed offshore oil exploration agreements with State Oil are in the process of finalizing preparations for offshore drill activities in 2015. Uncertainty surrounding the continuation of the bauxite and alumina industry by Suralco remains. Even though Suralco has announced their intention to keep the alumina refinery in operations plans to start mining activities at Nassau in the eastern part of Suriname are still being worked out. Long term bauxite ore supplies from the Nassau mine are required to supply the alumina plant to be able to continue alumina production. After a period of a fairly stable currency since the first quarter 2011 the Suriname Dollar exchange rate versus the US Dollar has come under pressure since the second quarter 2013.

The predominant dependance of the economy on the mining sector continues to be of concern. A positive development in the agricultural sector was the privatization of the government owned banana plantations. The positive development in the agricultural sector and developments in the tourism sector support the urgent need to diversify the Suriname economic activities.

## Financial overview

The Group's net profit from continuing operations amounted to SRD 14,401,741 (2012: SRD 12,878,475). Total revenue amounted to SRD 63,200,893 (2012: SRD 57,599,750) and operating expense amounted to SRD 48,799,152 (2012: SRD 44,721,275) due to higher personnel expenses (SRD 2.3 million), higher administrative expenses (SRD 1.1 million) and a higher depreciation (SRD 0.4 million).

Other income includes our share of profit in associate company Assuria and investment income. Other income amounted to SRD 10,346,252 (2012: SRD 9,188,424).

Profit before tax amounted to SRD 24,747,993 (2012: SRD 22,066,899).  
Net profit for the year amounted to SRD 19,594,830 (2012: SRD 17,521,019).

## Segment performance and reporting

The results reflect reduced performance in the shipping and the trading segments. In the industry segment CIC and VSH Steel attained better results, while VSH Foods performed below expectations. VSH Real Estate results improved.

# Report of the Managing Directors

## Shipping

The ship agency companies **VSH Shipping** and **VSH Logistics** represent liner services from ports in Latin America, the Caribbean, North America, the Far East and Europe. The ship agency companies also provide vessel agency services to various bulk carriers and offshore activities mainly for the local oil industry. VSH Logistics also provides ticketing and cargo sales services to airlines operating to and from Suriname. **VSH-UNITED (USA) L.L.C.** is based in Miami Florida and is a registered NVOCC - non vessel operating common carrier specialized in cargo movements from Miami, Panama and Hong Kong to Paramaribo.

**VSH Transport** is the port terminal operator offering consolidation, stevedoring, terminal cargo handling, warehousing, project logistic support, customs brokerage and trucking services. The table below gives an overview of vessels and cargo handled.

Year	2013	2012	2011	2010
<b>Vessels handled</b>	<b>239</b>	<b>274</b>	<b>260</b>	<b>255</b>
<b>Cargo handled</b>				
<i>Containers (Full teus)</i>				
Incoming	<b>11,902</b>	10,891	7,747	6,576
Outgoing	<b>5,445</b>	2,952	2,478	1,414
<b>Bulk Cargo (metric tons)</b>				
Incoming	<b>218,088</b>	184,654	125,301	108,651
Outgoing	<b>444,337</b>	443,487	653,847	550,819
<b>General Cargo (revenue tons)</b>				
Incoming	<b>53,419</b>	65,451	82,554	80,882
Outgoing	<b>173</b>	443	1,423	830

Shipping income was 6.8% higher in comparison to 2012 and amounted to SRD 18,170,079 (2012: SRD 17,020,695). The segment operating result amounted to SRD 8,191,919 (2012: SRD 9,780,245). This is 16.2% lower than 2012 due to higher expenses related to the investment in a software development project and in a project for terminal expansion. Vessels handled decreased while cargo handling increased. Consolidated cargo volume handled by VSH-UNITED (USA) L.L.C. grew by 4.7% to 403,756 cubic feet (2012: 385,764 cubic feet).

Services operated by Seaboard Marine, Eukor Car Carriers, Intermarine, Seatrade and Atlantic Feeder Service (AFS) contributed to increased cargo volumes and income. Agency and custom brokerage services as well as increased passenger volume on Insel Air also contributed to income.

In 2013 a total of SRD 2.7 million was invested in agency and cargo management, port expansion and investments in equipment for the port. Off and near shore seismic work continued in 2013 and currently a total of 6 foreign oil companies have signed offshore exploration agreements with State Oil for various blocks offshore. Prospects for further cargo growth in 2014 are largely depended on new investments in the mining sector.

## Trading

**N.V. VSH Trading** is distributor for Canon office equipment and holds an important share of the market for copiers, fax machines, printers and scanners. As distributor for Red Wing and Worx the Company supplies major industries with quality footwear for the workplace. A full line of Personal Protective Equipment compliments the assortment available to customers.

Trading operating income is stated after deduction of cost of goods sold. Operating income amounted to SRD 3,701,195 (2012: SRD 3,681,464). Segment operating result in 2013 was 21.2% lower than 2012 and amounted to SRD 1,091,824 (2012: SRD 1,385,366). This is predominantly due to a write off in dead stock in 2013. In March 2014 the company moved into its new showroom, office and warehouse facility at our main office location at Van 't Hogerhuysstraat. The existing warehouse adjacent to the main office building was converted to enhance customer experience in a modern sales and service facility.

# Report of the Managing Directors

## Food

The Food segment is related to activities of **N.V. VSH Foods (56.01%)**, which includes the production and distribution of margarine, butter and shortening. Operating income is stated after deduction of cost of packaging and raw materials. Segment operating income in 2013 was 4.0% higher than 2012 and amounted to SRD 9,696,980 (2012: SRD 9,323,775). Segment operating result in 2013 was 24.5% lower than 2012 and amounted to SRD 1,916,956 (2012: SRD 2,540,171). A provision of SRD 893,193 for uncollectable trade receivables negatively affected the overall results. Sales revenue in 2013 was 2.5% higher than in 2012 and amounted to SRD 19,031,173 (2012: SRD 18,558,659). Sales volume in 2013 was marginally higher than 2012 and amounted to 1,393 metric ton (2012: 1,372 metric ton). Gross margin improved to 49.1% (2012: 48.5%). In 2012 the company was chosen as one of the winners of the 2012 IDEAS Energy Innovation Contest for the Caribbean with a biodiesel project. The biodiesel project promotes energy efficiency and access to renewable energy by manufacturing biodiesel made from waste fats. In 2013 the focus was on waste fats collections, awareness, and start up on the manufacturing process. The biodiesel project will be operational by the end of 2014. Export markets are being re-evaluated to improve product positioning and marketing. Export volumes are expected to grow and a continued monitoring of commodity prices in order to safeguard margins should improve results in 2014.

## Detergents

**N.V. Consolidated Industries Corporation (45.43%)** manufactures a wide range of industrial and household detergents and plastic packaging material. The Company's products command an important share of the local and regional markets. Operating income is reported after deduction of cost of packaging and raw materials. Segment income improved by 9.8% in 2013 and amounted to SRD 22,290,252 (2012: SRD 20,302,929). Segment operating result amounted to SRD 3,930,900 (2012: SRD 1,017,129). This significant improvement is the result of pricing policies and reduced trade discounts. In 2013 the company recovered an amount of SRD 435,500 from a fraud case discovered in 2012. Powder detergent volume decreased to 2,476 metric ton (2012: 2,906 metric ton) as a result of lower demand in our major export markets. Liquid detergent volume increased to 4,195 metric ton (2012: 4,075 metric ton). The second phase of the bleach plant was commissioned in April 2013 and capacity has doubled. In the first quarter of 2013 several new and renewed products were introduced to the market. These include powder detergent, dishwashing liquid, fabric softeners and liquid laundry detergents. These new products re-enforced the Company's position in the local market and supported export expansion. Further improved operating results are expected in 2014.

## Steel

**N.V. VSH-Staalmij.-/United Suriname Steel Company** produces prefabricated steel structures and supplies the construction industry in Suriname and in the Caribbean. Operating income is reported after deduction of cost of raw materials. Operating income in 2013 was 25% higher than 2012 and amounted to SRD 7,732,904 (2012: SRD 6,183,334). Segment operating result amounted to SRD 1,518,108 (2012: SRD 650,583). Production volume increased to metric 1,454 ton (2012: 891 metric ton). Productivity achieved was 22.9 man-hours per ton (2012: 24.7 man-hours per ton). Gross margin reduced to 46% (2012: 51%). The new software put into use at the Engineering department (Tekla Structures) and Project Management (LIEMAR Software) has supported efficiency, improved process-flow and productivity. The company has sufficient work in portfolio for the first half of 2014. Prospects for sufficient orders in the second half of 2014 are not promising due to a down turn in the local construction industry. To mitigate a possible decline in production volume, will require increased export sales effort. Target volume of 1,700 metric ton for 2014 is under pressure.

## Real Estate

**N.V. VSH Real Estate** owns, develops and manages real estate objects for use by the Group or for rent to external tenants. This segment also includes the historic apartment building at Waterkant owned by VSH Trading. Real Estate income amounted to SRD 2,657,991 (2012: 2,067,711) and operating result amounted to SRD 660,110 (2012: SRD 62,009). The higher operating result in 2013 is mainly due to improved occupancy. The project to convert the existing warehouse adjacent to the main office building to a modern office, showroom and storage facility for VSH Trading was completed in February 2014.

## Associate Company

**Assuria N.V. (24.63%)** is the largest insurance company in Suriname offering a broad range of life, casualty and health insurance products in Suriname, Guyana, Trinidad and Tobago and other Caribbean territories. Assuria holds a 49% share position in De Surinaamsche Bank N.V., the largest retail bank in Suriname. The Bank Act of 2011 requires Assuria to reduce its shareholding in De Surinaamsche Bank N.V. to 20%. To comply with this ruling Assuria has submitted a plan to the regulator. It is unclear to what

# Report of the Managing Directors

extent the value and earnings of Assuria will be compromised. The Company's share in the equity of Assuria amounted to SRD 71,203,003 (2012: SRD 60,138,489). The price for an Assuria share on the last trading session in 2013 at the Suriname Stock Exchange amounted to SRD 95.75 (2012: SRD 78.00). The Company's share in the net profit of Assuria amounted to SRD 9,606,104 (2012: SRD 8,513,532). During the year an amount of SRD 2,905,105 (2012: SRD 2,290,425) was received in cash dividend.

## Investments

Investments include the Company's, strategic investment in N.V. Hotelmaatschappij Torarica, the subsidiary **N.V. VSH Investment** and other investments in local production companies and financial institutions. Investment income amounted to SRD 740,148 (2012: SRD 674,892). At year end investment assets stood at SRD 15,043,458 (2012: SRD 13,472,167).

## Strategic Investment

N.V. Hotelmaatschappij Torarica (12.30%) operates three hotels in prime locations along the Suriname River. The Royal Torarica is a 109 room luxury hotel located next to Torarica a 132 room first class hotel and casino in the entertainment centre of Paramaribo. Up the road a short walk from Torarica is a fine 122 room no frills hotel called Eco Resort Inn. These hotels provide state of the art accommodation to mainly business visitors and tourists.

## Investment Subsidiary

**N.V. VSH Investment** operates as broker on the Suriname Stock Exchange. The Suriname Stock Exchange meets every other week and 12 stocks are listed. The Index increased by 6.7% to 8,431 in 2013 (2012: 7,901).

## Proposed dividend

Profit attributable to the Shareholders of the Company amounted to SRD 17,677,725 (2012: SRD 16,431,570). Total quarterly interim dividend amounted to SRD 794,535 or SRD 0.40 per share. Management proposes a final cash dividend of SRD 2,184,972 or SRD 1.10 per share. Total dividend then amounts to SRD 2,979,507. Management further recommends that the remaining profit amounting to SRD 14,698,218 be transferred to the retained earnings. Should the proposed dividend be approved, Shareholders equity will increase from SRD 123,162,724 at the beginning of the year to SRD 143,072,154 at the end of the year.

## Share price

At the end of the year the price for shares of the Company at the Suriname Stock Exchange amounted to SRD 46.00 per share (2012: SRD 37.50 per share).

## Financial condition

### Liquidity and capital resources

The consolidated cash flow statement illustrates that cash and cash equivalents at year end increases to SRD 15,975,277 (2012: SRD 13,807,798). In 2013 operating activities generated SRD 15,882,904 (2012: SRD 13,673,326) in cash and cash equivalents. Investments in financial and fixed assets amounted to SRD 17,643,692 (2012: SRD 16,284,464) and were financed with own means.

## Assets and capital structure

### Equity and debt

The Group's capital structure is as follows:

	2013	2012
	SRD	SRD
Interest bearing loans and borrowings	3,349,504	6,060,188
Cash and cash equivalents	(15,975,277)	(13,807,798)
Total equity	162,215,623	141,495,451
<b>Total net capital employed</b>	<b>149,589,850</b>	<b>133,747,841</b>

Investments financed by own means amounted to SRD 17,643,692 (2012: SRD 16,284,464).

## Legal

A fraud case involving the Assistant Managing Director Finance at the subsidiary N.V. Consolidated Industries Corporation (CIC) was settled and closed based on an amount of SRD 435,500 recovered. Management of VSH Foods initiated legal action to collect outstanding receivables from one delinquent debtor.



# Report of the Managing Directors

## Personnel and organization

At the end of the year the Group employed 320 persons (2012: 333 persons). Management consists of 5 Managing Directors; 4 Assistant Managing Directors and 26 specialized staff members.

The Company encourages individual development through financial assistance for career development through specialized training. Training during the year included: First Aid refreshment courses, financial courses, Internal Audit courses, facility management, product quality, project management, sales & marketing techniques (NIMA), HSEQ and HR Assistant.

One Managing Director and a specialized staff member received their master degree In Business Administration at the FHR Lim A Po Institute for Social Studies.

Bonuses and salary adjustments are based on performance evaluation. Bonuses paid for the year amounted to SRD 3,172,412 (2012: SRD 2,657,134). A medical insurance plan provides medical services to employees and their families. Employees contribute 4% and the management 6% of gross wages to the medical plan.

The VSH Pension Fund is incorporated in a separate legal entity which is governed by a board consisting of four members of whom the Chairman and Secretary are appointed by the Management and two other members elected by the participants. At the end of the year there were 177 active pension fund members, 41 persons with deferred pension, 15 pensioners, 3 widows and 4 orphans receiving pension. Pension liabilities at 31 December 2013 amounted to SRD 18,522,743\* (2012: SRD 16,896,802). Total equity of the fund amounted to SRD 33,542,850 (2012: SRD 29,860,602). Pension benefits for 123 CIC employees are insured. Under this plan there are 32 pensioners and 3 persons with disability pension.

\*unaudited

## Personnel Activities

On 14 December 2013, a Christmas lunch was held in the Royal Ballroom of Royal Torarica; 273 persons attended including spouses. At the lunch employees celebrating 10, 15, 20, 30 and 35 years of service were honored. We honored Mrs. M. Venloo (37 years of service), Mrs. E. Sabajo (23 years of service) and Mr. H. Paujali (30 years of service) whom retired on 1 January 2014. On 26 October 2013, employees and family members of CIC attended the annual family day event at Overbridge Resort.

## Community Activities

The VSH Community Fund is incorporated in a separate legal entity which is governed by a board consisting of three VSH Management members. The foundation supports sustainable community projects in education, environment and health care. Some supported projects are mentioned below.

The foundation has two permanent projects: the daily bread project for the children's home "Zout der Aarde" and "Villa Zapakara Kindermuseum".

The foundation donated the first prize for the Spelling Bee project of the Kiwanis Club.

The foundation donated the first to the Salvation Army Christmas Charity Project.

The foundation donated for the expansion construction project of the St. Petrus Dondersschool and for the renovation of the St. Tarcisius Boy scouts clubhouse. A donation was made for the rebuilding of the children's home Nos Casitas and to the home for disabled persons Stichting Betheljada.

During the year especially during religious holidays and school vacations donations are made to church, educational vacation projects and to community organizations to give comfort to the elderly, the youth and the disadvantaged.

## Outlook

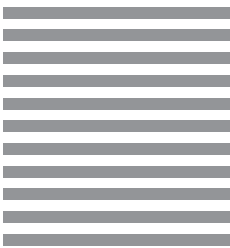
Even though positive economic growth has been projected for 2014 continued low price levels for mineral exports will continue to fuel uncertainty for investors. Leading up to the elections in May 2015 it is not expected that the government will reduce expenditures and exchange rate concerns will remain. VSH Group first quarter results or lower than budget and indicate that projected group results for 2014 will have to be reviewed at mid-year. It is essential that our industrial companies further develop their export sales activities while the shipping group must continue to improve agency and terminal efficiency to support cargo volume growth. The Trading Company in its new showroom is fully equipped to improve sales.



**Project St. Petrus Dondersschool.**



**Project St. Petrus Dondersschool.**



## Report of the Managing Directors

### Appreciation

We thank the members of the Supervisory Board of Directors for their valuable advice and support during the year. The VSH United team has once again proven their mettle by completing a successful year. We thank our customers and suppliers for their loyalty and support.

### Paramaribo, 8 May 2014

Mr. Patrick Healy - Managing Director, Chief Executive Officer

Mrs. Malini Ramsundersingh - Managing Director, Chief Legal Officer



Permanent project Villa Zapakara Kindermuseum. Theme "the QI of China".



Permanent project Villa Zapakara Kindermuseum. Theme "the QI of China".



# Independent Auditor's Report

To: The Shareholders of  
**N.V. Verenigde Surinaamse Holdingmij.-**  
United Suriname Holding Company  
Paramaribo

## Report on the financial statements

We have audited the accompanying financial statements 2013 of N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company, in Paramaribo, which comprise the consolidated and company balance sheet at 31 December 2013, the consolidated and company income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

## Management's responsibility

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

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of N.V. Verenigde Surinaamse Holdingmij.- United Suriname Holding Company at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Paramaribo, 8 May 2014

**Lutchman & Co, Accountants**

Represented and signed by  
Drs. M.R.A. Lutchman RA, chartered accountant

# Income Statement

for the year ended 31 December 2013

	note	2013	2012
		SRD	SRD
<b>Income from</b>			
Subsidiaries		7,081,913	7,096,604
Share of profit in Asssociate		9,606,104	8,513,532
Investments		728,768	663,228
Other		407,719	247,197
		17,824,504	16,520,561
<b>Profit</b>			
Profit before tax		17,824,504	16,520,561
Income tax		146,779	88,991
Net profit		17,677,725	16,431,570
<b>Division of Profit</b>			
Interim dividend	7	794,535	794,535
Final dividend	7	2,184,972	2,184,972
Surplus		14,698,218	13,452,063
		17,677,725	16,431,570

The accompanying notes are an integral part of these financial statements

Paramaribo, 8 May 2014  
**Supervisory Board of Directors**  
*R. Khodadin, Chairman*  
*D. Halfhide, Vice Chairman*  
*R. Elias*  
*R. Hahn*  
*J. Healy Jr.*  
*A. Kluijver*

Paramaribo, 8 May 2014  
**Managing Directors**  
*P. Healy*  
*M. Ramsundersingh*

# Balance Sheet at 31 December 2013

Before appropriation of profit

ASSETS	2013	2012
	SRD	SRD
<b>Non-current assets</b>		
Property, plant and equipment	244,343	272,441
Financial assets	14,325,506	12,761,688
Subsidiary interest	64,052,315	52,955,437
Investment in Associate	71,203,003	60,138,489
<b>Total non-current assets</b>	<b>149,825,167</b>	<b>126,128,055</b>
<b>Current assets</b>		
Subsidiary receivables	802,670	6,057,580
Trade and other receivables	3,344,006	2,800,167
Cash and cash equivalents	10,777,780	10,003,269
<b>Total current assets</b>	<b>14,924,456</b>	<b>18,861,016</b>
<b>Total assets</b>	<b>164,749,623</b>	<b>144,989,071</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	19,863	19,863
Capital in excess of par value	240,425	240,425
Retained earnings	58,069,654	44,636,831
Result for the year	17,677,725	16,431,570
Revaluation reserves	69,249,459	64,019,007
<b>Total equity</b>	<b>145,257,126</b>	<b>125,347,696</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax	5,614,255	5,051,280
<b>Current liabilities</b>		
Subsidiary payables	12,344,916	13,369,559
Income tax payable	87,775	42,910
Trade and other payables	1,445,551	1,177,626
<b>Total current liabilities</b>	<b>13,878,242</b>	<b>14,590,095</b>
<b>Total equity and liabilities</b>	<b>164,749,623</b>	<b>144,989,071</b>

The accompanying notes are an integral part of these financial statements

Paramaribo, 8 May 2014  
**Supervisory Board of Directors**  
*R. Khodadin, Chairman*  
*D. Halfhide, Vice Chairman*  
*R. Elias*  
*R. Hahn*  
*J. Healy Jr.*  
*A. Kluijver*

Paramaribo, 8 May 2014  
**Managing Directors**  
*P. Healy*  
*M. Ramsundersingh*

# Consolidated Income Statement

for the year ended 31 December 2013

	note	2013	2012
		SRD	SRD
<b>Revenue</b>			
Trading		3,962,864	4,745,398
Industry		38,433,419	33,606,605
Shipping		17,171,786	16,481,747
Real estate		1,495,074	1,110,550
Other	4	2,137,750	1,655,450
		63,200,893	57,599,750
<b>Costs</b>			
Personnel expenses	4	22,771,422	20,519,181
Administrative expenses		18,025,157	16,961,596
Interest		514,372	530,760
Depreciation and amortization	8	5,890,757	5,467,273
Provisions	4	1,597,444	1,242,465
		48,799,152	44,721,275
<b>Profit from continuing operations</b>		14,401,741	12,878,475
<b>Other Income</b>			
Share of profit in Associate	10	9,606,104	8,513,532
Investments		740,148	674,892
		10,346,252	9,188,424
<b>Profit</b>			
<b>Profit before tax</b>		24,747,993	22,066,899
Income tax	5	5,153,163	4,545,880
<b>Net profit</b>		19,594,830	17,521,019
<b>Attributable to:</b>			
Non-controlling interests		1,917,105	1,089,449
Equity holders of the Parent Company		17,677,725	16,431,570
Weighted average number of shares	6	1,986,338	1,896,050
<b>Earnings per share</b>	6	8.90	8.67

The accompanying notes are an integral part of these financial statements

Paramaribo, 8 May 2014  
**Supervisory Board of Directors**  
*R. Khodadin, Chairman*  
*D. Halfhide, Vice Chairman*  
*R. Elias*  
*R. Hahn*  
*J. Healy Jr.*  
*A. Kluijver*

Paramaribo, 8 May 2014  
**Managing Directors**  
*P. Healy*  
*M. Ramsundersingh*

# Consolidated Balance Sheet at 31 December 2013

Before appropriation of profit

ASSETS	note	2013	2012
<b>Non-current assets</b>		<b>SRD</b>	<b>SRD</b>
Property, plant and equipment	8	55,061,488	51,313,723*
Intangible assets	8	571,776	45,822*
Financial assets	9	15,043,458	13,472,167
Investment in associate	10	71,203,003	60,138,489
<b>Total non-current assets</b>		<b>141,879,725</b>	<b>124,970,201</b>
<b>Current assets</b>			
Inventories	11	25,070,076	27,321,623
Trade and other receivables	12	26,134,786	27,821,280
Cash and cash equivalents	13	15,975,277	13,807,798
<b>Total current assets</b>		<b>67,180,139</b>	<b>68,950,701</b>
<b>Total assets</b>		<b>209,059,864</b>	<b>193,920,902</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	14	19,863	19,863
Capital in excess of par value		240,425	240,425
Retained earnings	14	58,069,654	44,636,831
Results for the year		17,677,725	16,431,570
Revaluation reserves	14	69,249,459	64,019,007
<b>Equity attributable to equity holders of the Parent Company</b>		<b>145,257,126</b>	<b>125,347,696</b>
Non-controlling interests		16,958,497	16,147,755
<b>Total equity</b>		<b>162,215,623</b>	<b>141,495,451</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	15	2,583,048	3,739,643
Deferred tax	5	12,021,814	12,443,843
Long-term provisions	17	5,050,147	5,743,378
<b>Total non-current liabilities</b>		<b>19,655,009</b>	<b>21,926,864</b>
<b>Current liabilities</b>			
Trade and other payables	18	25,123,865	26,338,518
Short-term borrowings	16	766,456	2,320,545
Current tax payable	5	361,563	1,251,767
Short-term provisions	17	937,348	587,757
<b>Total current liabilities</b>		<b>27,189,232</b>	<b>30,498,587</b>
<b>Total equity and liabilities</b>		<b>209,059,864</b>	<b>193,920,902</b>

\* Figures adjusted for comparison purposes

The accompanying notes are an integral part of these financial statements

Paramaribo, 8 May 2014  
**Supervisory Board of Directors**  
*R. Khodadin, Chairman*  
*D. Halfhide, Vice Chairman*  
*R. Elias*  
*R. Hahn*  
*J. Healy Jr.*  
*A. Kluijver*

Paramaribo, 8 May 2014  
**Managing Directors**  
*P. Healy*  
*M. Ramsundersingh*

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

in SRD	Share Capital	Capital in excess of par value	Retained earnings	Revaluation reserve	Total	Non-Controlling Interest	Total
<b>Equity at 1 January 2012</b>	18,058	240,425	45,677,651	58,522,987	104,459,121	15,298,557	119,757,678
Shares issued	1,805	-	-	-	1,805	-	1,805
Profit after tax	-	-	16,431,570	-	16,431,570	1,089,449	17,521,019
Profit distributions	-	-	(1,188,496)	-	(1,188,496)	(301,537)	(1,490,033)
Revaluation	-	-	-	5,632,459	5,632,459	61,286	5,693,745
Realized revaluation	-	-	136,439	(136,439)	-	-	-
Correction previous year	-	-	11,237	-	11,237	-	11,237
<b>Equity at 31 December 2012 before appropriation of profit</b>	19,863	240,425	61,068,401	64,019,007	125,347,696	16,147,755	141,495,451
<b>Appropriation of profit</b>							
Dividend	-	-	(2,184,972)	-	(2,184,972)	(420,999)	(2,605,971)
<b>Equity at 31 December 2012 after appropriation of profit</b>	19,863	240,425	58,883,429	64,019,007	123,162,724	15,726,756	138,889,480
Profit after tax	-	-	17,677,725	-	17,677,725	1,917,105	19,594,830
Profit distributions	-	-	(794,535)	-	(794,535)	(679,584)	(1,474,119)
Revaluation	-	-	-	5,366,033	5,366,033	(14,225)	5,351,808
Realized revaluation	-	-	135,581	(135,581)	-	-	-
Correction previous years	-	-	(154,821)	-	(154,821)	(3,989)	(158,810)
Unclaimed dividend	-	-	-	-	-	12,434	12,434
<b>Equity at 31 December 2013 before appropriation of profit</b>	19,863	240,425	75,747,379	69,249,459	145,257,126	16,958,497	162,215,623
<b>Appropriation of profit</b>							
Proposed dividend	-	-	(2,184,972)	-	(2,184,972)	(479,589)	(2,664,561)
<b>Equity at 31 December 2013 after appropriation of profit</b>	19,863	240,425	73,562,407	69,249,459	143,072,154	16,478,908	159,551,062

The accompanying notes are an integral part of these financial statements

Paramaribo, 8 May 2014  
**Supervisory Board of Directors**  
*R. Khodadin, Chairman*  
*D. Halfhide, Vice Chairman*  
*R. Elias*  
*R. Hahn*  
*J. Healy Jr.*  
*A. Kluijver*

Paramaribo, 8 May 2014  
**Managing Directors**  
*P. Healy*  
*M. Ramsundersingh*

# Consolidated Cash Flow Statement

for the year ended 31 December 2013

	2013	2012
	SRD	SRD
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	<b>24,747,993</b>	<b>22,066,899</b>
<i>Adjusted for:</i>		
-Depreciation	<b>5,890,757</b>	5,467,273
-Unrealized share of profit associate	<b>(9,606,104)</b>	(8,513,532)
-Revaluation results	<b>(205,319)</b>	(278,903)
-Correction previous years	<b>-</b>	12,572
-Investment income	<b>(740,148)</b>	(674,892)
-Interest expense	<b>514,372</b>	530,760
-Provisions	<b>1,597,444</b>	1,242,465
Cash flow from operations before changes in working capital	<b>22,198,995</b>	19,852,642
<i>Changes in working capital:</i>		
-Change in inventories	<b>2,251,547</b>	(2,361,590)
-Change in trade and other receivables	<b>1,686,494</b>	1,154,614
-Change in trade and other payables	<b>(1,214,653)</b>	2,658,930
-Adjustments regarding receivables	<b>79,106</b>	614,680
-Adjustments regarding provisions	<b>(1,585,560)</b>	(165,009)
<b>Cash generated from operations</b>	<b>23,415,929</b>	<b>21,754,267</b>
Claims paid	<b>(32,293)</b>	(33,039)
Paid interest	<b>(514,372)</b>	(530,760)
Paid income tax	<b>(6,986,360)</b>	(7,517,142)
<b>Net cash from operating activities</b>	<b>15,882,904</b>	<b>13,673,326</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant & equipment	<b>(16,896,413)</b>	(16,087,919)
Disposal of property, plant & equipment	<b>6,731,936</b>	5,346,982
Purchase of non-current financial assets	<b>(45,458)</b>	(196,545)
Sale of non-current financial assets	<b>-</b>	8,580
Purchase of subsidiary interest	<b>(701,820)</b>	-
Dividends received	<b>3,645,253</b>	2,965,317
<b>Net cash used in investing activities</b>	<b>(7,266,502)</b>	<b>(7,963,585)</b>
<b>Cash flows from financing activities:</b>		
Proceeds and repayments of loans	<b>(2,710,684)</b>	(1,262,324)
Pension provisions	<b>(709,363)</b>	(673,207)
Redundancy payments	<b>(49,369)</b>	(516,671)
Dividend declared	<b>(2,979,507)</b>	(3,629,582)
<b>Net cash used in financing activities</b>	<b>(6,448,923)</b>	<b>(6,081,784)</b>
Net increase in cash for the year	<b>2,167,479</b>	(372,043)
Cash and cash equivalents at 1 January	<b>13,807,798</b>	14,179,841
<b>Cash and cash equivalents at 31 December</b>	<b>15,975,277</b>	<b>13,807,798</b>

The accompanying notes are an integral part of these financial statements

Paramaribo, 8 May 2014  
**Supervisory Board of Directors**  
*R. Khodadin, Chairman*  
*D. Halfhide, Vice Chairman*  
*R. Elias*  
*R. Hahn*  
*J. Healy Jr.*  
*A. Kluijver*

Paramaribo, 8 May 2014  
**Managing Directors**  
*P. Healy*  
*M. Ramsundersingh*



**Project Stichting Betheljada.**



**Permanent project daily bread for the children's home "Zout der Aarde".**

# Notes to the Consolidated Financial Statements

## ■ 1.) Information on the reporting entity

N.V. Verenigde Surinaamse Holdingmij./United Suriname Holding Company, is a company registered and domiciled in Suriname. The Company's registered office is at Van 't Hogerhuysstraat 9-11, Paramaribo, Suriname. The consolidated financial statements of the Company at and for the year ended 31 December 2013 comprise the Company, its subsidiaries and its associate (together referred to as the Group).

These financial statements were authorized for issue by the Supervisory Board of Directors on 8 May 2014 and will be submitted for approval in the Annual General Meeting of Shareholders on 22 May 2014.

The subsidiaries are:

1. **N.V. VSH Shipping**
2. **N.V. VSH Transport**
3. **N.V. VSH Trading**
4. **N.V. VSH-Steel./United Suriname Steel Company (VSH Steel)**
5. **N.V. VSH Real Estate**
6. **N.V. VSH Investment**
7. **VSH Marketing Company Ltd.**
8. **N.V. VSH Logistics**
9. **VSH-UNITED (USA) L.L.C.**
10. **N.V. VSH Foods (56.01%)**
11. **N.V. Consolidated Industries Corporation (CIC) (45.43%)**

The associate is:

1. **Assuria N.V. (24.63%)**

The VSH United Group is involved in: shipping, logistics, transport, port operating, steel fabrication, manufacturing of butter, margarine and shortening, manufacturing of household cleaning products and packaging material, trading, insurance, real estate and investment.

## ■ 2.) Basis of preparation

### 2.1) Statement of compliance

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

### 2.2) Basis of Measurement

Specific basis of measurement are: Property and plant are valued at costs adjusted for hyperinflation. Equipment and software are valued at cost. Financial assets are valued at fair value. Other assets and liabilities are stated at fair value using the historical cost method. The methods used to measure fair value are described further in note 2.6.

### 2.3) Functional and presentation currency

These consolidated financial statements are presented in Suriname Dollars (SRD), which is the Company's functional currency. All financial information presented in SRD has been rounded to the nearest dollar.

### 2.4) Use of estimates and judgments

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

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

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

## 2.5) Application of IFRS standards

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

- IAS 7: Statement of Cash Flows
- IAS 16: Property, Plant and Equipment
- IAS 17: Leases
- IAS 18: Revenue
- IAS 19: Employee Benefits
- IAS 24: Related Party Disclosures
- IAS 28: Investments in Associates and Joint Ventures
- IAS 29: Financial Reporting in Hyperinflationary Economies
- IAS 33: Earnings per Share

## 2.6) Accounting policies

*The accounting policies adopted are consistent with those applied in the previous financial year.*

### Subsidiaries

Subsidiaries are those companies 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. Subsidiaries are fully consolidated and the financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company. All balances, transactions, income and expenses between Group companies are eliminated. Non controlling interests represent the portion of profit and net assets not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet. CIC is consolidated as subsidiary within the Group. Under IFRS 10 and IAS 27 it can clearly be demonstrated that “control” exists over CIC by virtue of:

1. The share position of 45.43% in CIC.
2. The share position of 12.74% in CIC owned by Assuria Beleggingsmaatschappij N.V., a subsidiary of Assuria. The Company has significant influence (IAS 28) over Assuria by virtue of VSH's 24.63% share position in Assuria and holds two of the six positions on the Assuria Supervisory Board of Directors including the Chair.
3. The Company and Assuria hold three of the five positions on the Supervisory Board of Directors of CIC.
4. The attendance at the CIC Annual General Meeting of Shareholders does not rise above 85.00%. In the years 2002 to 2013 the attendance was between 56.42% and 75.24%.
5. There has been no instance in previous years, in any case not since 1986, where CIC Shareholders have voted against proposals of the Company.

### Associate

Within the framework of IAS 28 associates are those companies over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the associate after the date of acquisition. The Company's share in the profit or loss of the associate is recognized in the Company's income statement. Dividend received reduces the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Company's proportional interest in the associate arising from changes in the revaluation of property, plant, equipment and other assets.

As of 2010 Assuria is presented as an associate.

Under IAS 28.6 the Company meets the requirement of significant influence by virtue of:

1. The share position of 24.63% in Assuria.
2. The Company holds two out of six positions on the Assuria Supervisory Board of Directors including the Chair.

### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated to the functional currency at the exchange rate at that date. Exchange differences arising are charged or credited to the income statement.

# Notes to the Consolidated Financial Statements

The exchange rates used for the US Dollar and the EURO per 31 December are:

in SRD	2013	2012
USD	3.35	3.35
EURO	4.61	4.42

## Foreign operations

The assets and liabilities of foreign operations on consolidation are translated to the SRD at the exchange rates at the balance sheet date. The revenues and expenses of foreign operations are translated to the SRD at the exchange rates at the date of the transactions. The Company's shares in foreign operations are valued at the exchange rates at balance sheet date.

## 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 property, plant and equipment are carried at costs less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the costs of individual assets to their residual values over their estimated useful lives as follows:

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

When a major repair or maintenance is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement, if the recognition criteria are satisfied. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the income statement. There are no assets held under financial leases, and assets held under operating leases and not recognized in the balance sheet.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

## Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement under depreciation and amortization. The current estimated useful life is 3 years.

## Financial Assets

Financial assets consist of shares of listed companies that are not subsidiaries or associates. The shares are measured at their fair value, which is the closing price of the last trading session of the stock exchange in December 2013, where the shares are listed.

## Inventories

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

## Finished products and work in progress

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

## Trade and other receivables

Trade and other receivables are stated at nominal value less an allowance for uncollectible amounts, if there is objective evidence that the Group will not be able to collect the receivable. Trade receivables do not carry interest.



# Notes to the Consolidated Financial Statements

## **Cash and cash equivalents**

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

## **Loans**

Interest bearing loans are recorded at the fair value of the consideration received net of transaction costs. After the initial recognition interest bearing loans are subsequently measured at amortized cost using the effective interest method.

## **Provisions**

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

## **Trade and other payables**

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

## **Employee benefits**

The Group employees participate in a defined benefit pension plan. Some of the pensions are insured while other employees participate in a pension fund foundation which is a separate legal entity.

The Group's contribution is recorded under personnel expenses in the consolidated income statement.

The Group, except for CIC, has no obligations for long term employee benefits. CIC has the obligation to pay medical benefits to pensioners. A provision based on actuarial calculations has been recognized for long term employee benefit obligations.

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **Revenue**

Revenue from the sale of products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of turnover and sales taxes, customer discounts and other sales related discounts. Revenue from the sale of products is recognized in the consolidated income statement when the amount of revenue can be measured reliably, the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products. Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the balance sheet date. Revenue from operating leases is recognized on a straight-line basis over the term of the relevant lease. Interest income is recognized when received.

Other revenue comprises of gains on exchange, income from previous years, gain on revaluation of inventories, transfer fees, broker provisions, proceeds from sales of empty drums, proceeds from promo activities and fees for consulting and terminal, agency and other services.

## **Other income**

Other income comprises of the Company's share in the profit or loss of the associate and dividend payments received from financial assets.

## **Expenses**

### **Borrowing costs**

All borrowing costs are recognized as an expense when incurred.

### **Operating lease payments**

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.



# Notes to the Consolidated Financial Statements

## Income tax

Taxes on income are accrued in the same period as the revenues and expenses to which they relate. Current tax receivables and 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 balance sheet date. Deferred taxes are recorded, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for commercial purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding for the period.

## Segment reporting

A segment is a distinguishable component of the Group that is a separate legal entity or a group of separate legal entities, which are subject to risks and rewards that are different from those of other segments.

### ■ 3.) Segment results

Operating result of the segment is reported before distribution of costs of the Company and income taxes.

The shipping segment comprises shipping activities of the following subsidiaries:

VSH Shipping  
VSH Transport  
VSH Logistics  
VSH USA

The trading segment comprises of trading activities of the following subsidiary:

VSH Trading

The food segment comprises of food production and distribution of the following subsidiary:

VSH Foods

The detergent segment comprises of production and distribution of detergents and packaging material by the following subsidiary:  
CIC

The steel segment comprises steel fabrication of the following subsidiary:

United Suriname Steel Company

The real estate segment comprises real estate rental and service income of the following subsidiaries:

VSH Real Estate  
VSH Trading

Other income, assets and liabilities not included in the segment reporting are related to the subsidiary

VSH Investment, VSH Marketing, the associate Assuria, the strategic investment Torarica and other shares held in local companies.

# Notes to the Consolidated Financial Statements

## Segment Reporting

X SRD 1,000	Shipping		Trading		Food		Detergents	
	2013	2012	2013	2012	2013	2012	2013	2012
Income	18,170	17,021	3,701	3,681	9,697	9,324	22,290	20,303
Inter-segment income	-	-	-	-	-	-	-	-
Associate income	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Operating income	18,170	17,021	3,701	3,681	9,697	9,324	22,290	20,303
Operating results	8,192	9,780	1,092	1,385	1,917	2,540	3,931	1,017
Assets	25,284	26,894	6,430	7,926	13,597	13,869	41,844	42,320
Liabilities	10,161	11,309	644	2,865	4,461	5,234	19,509	21,592
Investments	2,654	4,492	117	131	936	1,386	2,585	1,308
Depreciation	844	556	119	105	593	589	2,959	3,007
Employees	50	48	16	19	57	60	124	124

# Notes to the Consolidated Financial Statements

	Steel		Real Estate		Other		Elimination		Consolidation	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	7,733	6,183	4,018	3,202	534	381	-	-	66,143	60,095
	-	-	(1,360)	(1,134)	(111)	(114)	(1,471)	(1,248)	(2,942)	(2,496)
	-	-	-	-	9,606	8,514	-	-	9,606	8,514
	-	-	-	-	740	675	-	-	740	675
	7,733	6,183	2,658	2,068	10,769	9,456	(1,471)	(1,248)	73,547	66,788
	1,518	651	660	62	7,438	6,632	-	-	24,748	22,067
	14,751	15,285	17,202	11,717	89,952	75,910	-	-	209,060	193,921
	5,383	6,145	1,816	5,615	4,870	(335)	-	-	46,844	52,425
	281	2,187	10,159	6,542	912	238	-	-	17,644	16,284
	590	524	593	482	193	204	-	-	5,891	5,467
	49	56	8	10	16	16	-	-	320	333

# Notes to the Consolidated Financial Statements

## ■ 4.) Other revenue, personnel costs, provisions and pensions

### Other revenue

in SRD	2013	2012
Gains on exchange	121,964	41,253
Income from previous years	345,024	156,579
Gain on revaluation of inventories	88,554	149,041
Income from terminal and agency services	736,928	364,781
Other	845,280	943,796
<b>Total other revenue</b>	<b>2,137,750</b>	<b>1,655,450</b>

### Personnel expenses

in SRD	2013	2012
Salaries and wages	14,176,535	13,179,505
Vacation and holiday expenses	1,448,349	778,608
Bonuses	3,172,412	2,657,134
Medical	1,783,724	1,916,607
Contribution to pension plan	934,734	828,066
Training	436,463	487,066
Other personnel expenses	819,205	672,195
<b>Total personnel expenses</b>	<b>22,771,422</b>	<b>20,519,181</b>

### Provisions

in SRD	2013	2012
Uncollectable receivables	1,386,787	328,502
Disposal of waste	175,645	-
Reduced marketability of inventories	198,773	-
Fraud	(435,500)	32,889
Product warranty and liability	26,660	(41,961)
Deferred maintenance	42,500	42,502
Pension	-	(549,341)
Medical	48,066	1,429,874
Redundancy	154,513	-
<b>Total provisions</b>	<b>1,597,444</b>	<b>1,242,465</b>

# Notes to the Consolidated Financial Statements

## Pensions

For the employees of the Group, that have joined the Pension Fund, the Group contributes 12% of the base salary and the employees' own contribution is 5%. The Group's pension expenses in 2013 amounted to SRD 800,908 (2012: SRD 619,315) and are recognized under personnel expenses.

The plan maintained by the foundation is a defined benefit plan, with a maximum benefit of 70% of the following ceilings:

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

Pension liabilities of the Pension Fund at 31 December 2013\* amounted to SRD 18,522,743 (2012: SRD 16,896,802) and the total equity amounted to SRD 33,542,850 (2012: SRD 29,860,602).

\* Unaudited

Employees of CIC that have joined its company's pension plan contribute 6% of the base salary. The balance of the actuarial calculated pension premiums is contributed by CIC. The pension expenses for CIC in 2013 amounted to SRD 133,826 (2012: SRD 208,751) and are recognized under personnel expenses. CIC has made a commitment to improve pensions subject to an agreement with the union to eliminate future medical benefits for retired personnel.

## 5.) Income tax and deferred tax liabilities

### Income tax

In 2009 the Tax Authorities have corrected several income tax 2007 filings which would imply an additional tax payable over 2007 of SRD 3,374,290.

The income tax corrections concern the following companies:

- VSH Shipping
- VSH Trading
- VSH Real Estate
- VSH Transport
- VSH Logistics

In 2012 the Tax Authorities have corrected the income tax 2009 filing for VSH Steel which would imply an additional tax payable over 2009 of SRD 140,259.

Objection letters have been filed with the Tax Authorities as we believe that there is no basis for these corrections.

The income tax obligations for 2013 are specified as follows:

in SRD	2013	2012
Balance at 1 January	1,251,767	2,184,649
Paid during the year	(6,986,360)	(7,517,142)
Due over the year	5,153,163	4,545,880
Correction previous year	(23,821)	1,335
PP&E replacement reserve	602,081	614,790
Inventory adjustments	228,879	1,266,590
Release revaluation land and buildings*	114,005	114,475
Accelerated depreciation	21,849	41,190
<b>Balance at 31 December**</b>	<b>361,563</b>	<b>1,251,767</b>

\* Included VSH Foods SRD 37,742 (2012: SRD 37,730).

\*\* Excluding eventual statutory interest on the amounts to be paid following a decision of the Tax Authorities on the submitted objections.

# Notes to the Consolidated Financial Statements

## Deferred tax liabilities

These are tax liabilities arising from the differences between valuation for commercial and for taxation purposes. In 2002, 2003, 2004 and 2005 requests for the application "accelerated depreciation" according to the investment code 2001 were submitted by VSH Foods 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. As a result of the application of the "Iron Inventory" valuation method the inventory has been written up this year based on the actual situation. A tax rate of 36% is used for the determination of this liability.

in SRD	2013	2012
Balance at 1 January	12,443,843	14,048,488
Revaluation of financial assets	544,785	432,400
Inventory adjustments	(228,879)	(1,266,590)
Release revaluation land and buildings	(114,005)	(114,475)
PP&E replacement reserve	(602,081)	(614,790)
Release accelerated depreciation	(21,849)	(41,190)
<b>Balance at 31 December</b>	<b>12,021,814</b>	<b>12,443,843</b>

## 6.) Earnings per share

All shares of the Company are ordinary shares with a par value of SRD 0.01. The calculation of earnings per share at 31 December 2013 was based on the profit attributable to ordinary Shareholders of the Company of SRD 17,677,725 (2012: SRD 16,431,570) and a weighted average number of ordinary shares outstanding during the year ended at 31 December 2013 of 1,986,338 (2012: 1,896,050).

	2013	2012
Weighted average number of shares	1,986,338	1,896,050
Earnings per share in SRD	8.90	8.67

## 7.) Dividends declared and proposed

The following dividends were declared by the Company:

in SRD	2013	2012
Fourth quarter interim dividend previous year SRD 0.08 per share (2011: SRD 0.08)	198,633	144,461
Final cash dividend previous year SRD 1.10 per share (2011: SRD 1.60)	2,184,972	2,889,219
First quarter interim dividend SRD 0.10 per share (2012: SRD 0.10)	198,634	198,634
Second quarter interim dividend SRD 0.10 per share (2012: SRD 0.10)	198,634	198,634
Third quarter interim dividend SRD 0.10 per share (2012: SRD 0.10)	198,634	198,634
<b>Declared</b>	<b>2,979,507</b>	<b>3,629,582</b>

### After the balance sheet date 2013:

Declared by the company:

Fourth quarter interim dividend SRD 0.10 per share

198,633

The Management proposed the following final dividend:

Cash dividend SRD 1.10 per share

2,184,972

The proposed dividend 2012 was adopted by the Annual General Meeting of Shareholders of 24 May 2013.

# Notes to the Consolidated Financial Statements

## 8.) Property, plant, equipment and intangible assets

Changes in property, plant and equipment are as follows:

in SRD	Total	Property	Machinery and Equipment	Furniture and Fixture	Investments in progress
Book value at 1 January 2012	46,012,828	25,332,349	12,786,278	4,250,773	3,643,428
Investment	16,072,006	6,381,007	4,817,026	1,753,460	3,120,513
Depreciation	5,424,129	1,137,468	2,689,939	1,596,722	
Disposal*	(5,346,982)	-	-	-	(5,346,982)
<b>Book value at 31 December 2012</b>	<b>51,313,723</b>	<b>30,575,888</b>	<b>14,913,365</b>	<b>4,407,511</b>	<b>1,416,959</b>
Movements 2013:					
Investment	16,275,580	4,328,060	1,948,957	1,114,631	8,883,932
Depreciation	5,795,879	1,232,224	2,788,920	1,774,735	
Disposal*	(6,731,936)	-	-	-	(6,731,936)
<b>Book value at 31 December 2013</b>	<b>55,061,488</b>	<b>33,671,724</b>	<b>14,073,402</b>	<b>3,747,407</b>	<b>3,568,955</b>
Consists of:					
Current Value	92,749,169	45,734,607	28,873,092	14,572,515	3,568,955
Accumulated Depreciation	37,687,681	12,062,883	14,799,690	10,825,108	
<b>Book value at 31 December 2013</b>	<b>55,061,488</b>	<b>33,671,724</b>	<b>14,073,402</b>	<b>3,747,407</b>	<b>3,568,955</b>

\* Disposal includes transfers of investments in progress to the respective asset categories.

Changes in intangible assets are as follows:

in SRD	Software
<b>Book value at 1 January 2012</b>	<b>73,054</b>
Investment	15,912
Amortization	43,144
<b>Book value at 31 December 2012</b>	<b>45,822</b>
Investment	620,833
Amortization	94,878
<b>Book value at 31 December 2013</b>	<b>571,776</b>
Consists of:	
Current Value	709,799
Accumulated Amortizations	138,023
<b>Book value at 31 December 2013</b>	<b>571,776</b>

The property, plant, equipment and intangible assets are insured against fire up to USD 36,182,484 (SRD 121,211,321).

# Notes to the Consolidated Financial Statements

## 9.) Financial assets

Financial assets comprise of 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 where the shares are listed in December 2013.

Funds	Number of Shares	Price per share Value in SRD	2013 Value in SRD	2012 Value in SRD
Assuria N.V.*	4,100	95.75	392,575	319,800
N.V. Hotelmaatschappij Torarica	163,020	72.00	11,737,440	11,411,400
Surinaamse Brouwerij N.V.	1,287	1,549.00	1,993,563	945,945
De Surinaamsche Bank N.V.	5,576	68.00	379,168	539,478
Self Reliance N.V.	14,118	35.00	494,130	249,930
Hakrinbank N.V.	116	339.00	39,324	-
Royal Bank of Scotland	2,967	1.42	4,213	4,168
Elgawa N.V.	10	151.50	1,515	-
<b>Total shares</b>			<b>15,041,928</b>	<b>13,470,721</b>
Other			<b>1,530</b>	<b>1,446</b>
<b>Total financial assets</b>			<b>15,043,458</b>	<b>13,472,167</b>

\* The Assuria shares are held by VSH Foods and VSH Investment

## 10.) Investment in associate

Changes in carrying amount of associate:

in SRD	2013	2012
Balance at 1 January	60,138,489	50,048,227
Company's share of profit	9,606,104	8,513,532
Profit distribution	(3,227,895)	(3,299,065)
Adjustments revaluation reserve	4,686,305	4,875,795
<b>Balance at 31 December</b>	<b>71,203,003</b>	<b>60,138,489</b>

## 11.) Inventories

in SRD	2013	2012
Raw materials and packaging	11,836,738	12,782,347
Goods for sale	5,117,748	5,631,308
Finished goods	1,014,512	1,191,805
Supplies and spare parts	2,240,693	2,058,830
Goods in transit	5,167,948	5,927,377
Provision for reduced marketability	(307,563)	(270,044)
<b>Total inventories</b>	<b>25,070,076</b>	<b>27,321,623</b>

The net addition to the provision for reduced marketability in the current year was SRD 198,773 (2012: nil).

The inventories are insured against fire up to USD 8,610,000 (SRD 28,843,500).

# Notes to the Consolidated Financial Statements

## 12.) Trade and other receivables

in SRD	2013	2012
Trade receivables	19,342,162	21,784,746
Advance to personnel	218,379	283,277
Prepayments and deposits	1,634,655	1,658,876
Insurance	31,477	43,130
Work in progress	491,163	724,100
To settle import duty	8,720	29,554
Other receivables	4,408,230	3,297,597
<b>Total trade and other receivables</b>	<b>26,134,786</b>	<b>27,821,280</b>

At 31 December 2013 trade receivables are shown net of an allowance for uncollectible amounts of SRD 1,449,627 (2012: SRD 433,271). The net addition in the current year was SRD 1,386,787 (2012: SRD 328,502).

## 13.) Cash and cash equivalents

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

in SRD	2013	2012
Denominated in SRD	5,208,539	3,787,338
Denominated in US Dollars	9,309,310	8,570,786
Denominated in EURO	1,457,428	1,449,674
<b>Total cash and cash equivalents</b>	<b>15,975,277</b>	<b>13,807,798</b>

The cash and cash equivalents are freely available.

## 14.) Issued capital, capital in excess of par value, reserves

in SRD	2013	2012
Issued capital at 1 January	19,863	18,058
Issued capital at 31 December	19,863	19,863

At 31 December 2013 the issued share capital comprised of 1,986,338 shares (2012: 1,986,338 shares). The shares have a par value of SRD 0.01. All issued shares are fully paid.

### Capital in excess of par value

The capital in excess of par value relates to the difference between the nominal value and the price of shares issued in 2010, 2007 and 2006.

### Revaluation reserve

This reserve has arisen from the revaluation of property and financial assets less deferred taxes and yearly realized depreciation from the revaluation of property. The yearly realized transfer of the revaluation reserve of the property is based on the difference between the commercial depreciation and fiscal depreciation. Also booked to the revaluation reserve are changes in the company's share in the equity of the associate which are not recognized in the associate's profit and loss.

### Retained earnings

In 2013 the interim dividend of SRD 794,535 (2012: SRD 794,535) over the year has been charged to retained earnings. Also charged to retained earnings is the company's share of profit distributed to management by associate company Assuria. In 2013 this amounted to SRD nil (2012: SRD 393,961). The total amount of profit distribution for 2013 amounted to SRD 794,535 (2012: SRD 1,188,496).

# Notes to the Consolidated Financial Statements

## 15.) Long-term borrowings

Long-term borrowings comprises of several collateral loans for its subsidiaries.

in SRD	2013	2012
VSH Steel	-	394,881
CIC	2,583,048	3,344,762
<b>Total long-term borrowings</b>	<b>2,583,048</b>	<b>3,739,643</b>

At 31 December 2013 the loan of VSH Steel has been paid off in full.

Loans CIC comprise of three long term arrangements with financial institutions:

- In 2006 a loan of USD 275,000 was issued on behalf of CIC. The term of the loan is 10 years with a fixed interest rate of 8.5% per annum. Monthly payments including interest amount to USD 3,410.
- In 2007 an investment facility of USD 1,050,000 was issued on behalf of CIC. The term of the loan is 7 years with a fixed interest rate of 8.25% (as from August 2011) per annum. Monthly payments amount to USD 5,850 with a bullet payment at the end of the term.
- In 2011 a loan of USD 520,000 was issued on behalf of CIC. The term of the loan is 5 years with a fixed interest rate of 8% per annum. Monthly payments including interest amount to USD 10,544 and the balance at 31 December 2013 was USD 311,215.

The collateral given for these loans are mortgages on land and buildings at the Saramaccadoorsteek no. 10.

## 16.) Short-term borrowings

Short-term borrowing comprises of the short term (< 12 months) portion of the long term loans and of the following collateral bank overdraft facilities:

- On 19 June 2008, VSH Foods obtained an overdraft facility with a maximum of USD 250,000 to finance working capital requirements on an ongoing basis. The balance at year ended amounted to USD 15,087 (SRD 50,540) (2012: nil). The fixed rate is 9% per annum.
- On 6 December 2013, CIC obtained an overdraft facility with a maximum of USD 475,000 to finance working capital requirements on an ongoing basis. The balance at year end amounted to USD nil (2012: USD 490,229). The fixed rate is 8.25% per annum.
- On 19 December 2006, CIC obtained an overdraft facility with a maximum of SRD 100,000 to finance working capital requirements on an ongoing basis. The fixed rate is 11% per annum. This facility was not used during the year.

The collateral given for these loans are:

- Pledged securities.
- Fiduciary assignment of inventories.
- Fiduciary assignment of machinery and equipment.

# Notes to the Consolidated Financial Statements

## 17.) Provisions and commitments

### Provisions

in SRD	2013	2012
Product warranty and liability	680,409	510,397
Deferred maintenance	159,375	116,875
Pension	1,687,787	2,397,150
Long term medical obligation	3,317,847	3,269,781
Redundancy	142,077	36,932
<b>Total provisions</b>	<b>5,987,495</b>	<b>6,331,135</b>
Short term provisions < 12 months	937,348	587,757
Long term provisions > 12 months	5,050,147	5,743,378

### Product warranty and liability

The warranty provision represents management's best estimate of the liability under warranties granted for its products, based on past experience and industry averages for defective products.

in SRD	2013	2012
VSH Steel	115,437	91,948
VSH Foods	148,432	145,620
CIC	416,540	272,829
<b>Total product warranty and liability</b>	<b>680,409</b>	<b>510,397</b>

### Deferred maintenance

This provision represents management's estimate of deferred maintenance regarding property and buildings.

in SRD	2013	2012
VSH Transport	159,375	116,875

### Pension

This item represents a provision with regards to the intention of management to improve existing pension policies.

in SRD	2013	2012
CIC	1,687,787	2,397,150

### Long term medical obligation

CIC has the obligation to pay medical expenses for pensioners for which a provision amounting to SRD 3,317,847 (2012: SRD 3,269,781) is considered necessary.

### Redundancy

Redundancy at balance sheet date represents a provision for a VSH Trading and a VSH Steel employee no longer active.

### Commitments

### Operating leases

At balance sheet date the total commitment for future lease payments under non-cancelable operating leases amounts to:

in SRD	2013	2012
Due within one year	3,545,357	3,222,877
Between one and five years	13,695,385	27,803,208
Longer than five years	9,973,720	14,625,667
<b>Total</b>	<b>27,214,462</b>	<b>45,651,752</b>

# Notes to the Consolidated Financial Statements

Non-cancelable operating lease payments represent rentals payable by the Group for use of vehicles, computer hardware and port terminal lease commenced on 1 April 2010 for a period of 15 years.

## VSH Community Fund

This non-profit foundation was established on 22 August 2008 to finance and coordinate community projects on behalf of the Group. The fund is financed by contributions of 1.5% of the profit before tax on a final monthly basis from the operating companies. In 2013 a total amount of SRD 262,618 (2012: SRD 222,030) was contributed by the companies.

## 18.) Trade and other payables

in SRD	2013	2012
Trade payables	15,269,177	16,364,179
Other taxes payable	1,339,298	1,380,217
Employee benefits	1,658,633	952,069
Received deposit and advanced	3,671,998	4,677,195
Dividend and tax payables	2,542,268	364,591
Other payables	642,491	2,600,267
Total trade and other payables before profit distribution	25,123,865	26,338,518
Proposed dividend	2,664,561	2,605,971
<b>Total trade and other payables after profit distribution</b>	<b>27,788,426</b>	<b>28,944,489</b>

## 19.) Related party disclosure

### Supervisory Board of Directors

The remuneration of the Supervisory Board of Directors is approved by the Shareholders' Meeting. In 2013 the total remuneration amounted to SRD 83,600 (2012: SRD 65,600).

### Management

The remuneration of key management personnel of the Group is determined by the Supervisory Board of Directors. The remuneration consists of a fixed monthly salary and a bonus of which a significant part is based on the Executive Performance Scheme.

Based on the Executive Performance Scheme for 2013 a bonus of SRD 48,563 (2012: SRD 240,155) has been approved by the Supervisory Board of Directors. This amount is payable in 2014 and has not been recognized in the balance sheet at 31 December 2013.

### Services

Financial- and IT services with an invoice value of SRD 300,664 (2012: SRD 182,252) are provided by the Company to VSH Foods, VSH USA and CIC.

## 20.) Subsequent events

After balance sheet date:

- Establishment of the subsidiary N.V. VSH Labour Services to be effective in 2014.
- Purchase of shares in subsidiary CIC increasing the share position to 59.44% on 4 April 2014.