

N.V. VERENIGDE SURINAAMSE HOLDINGMIJ.-  
UNITED SURINAME HOLDING COMPANY



# First Half Year Report 2014

## 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
- Create a better company for a better world

**N.V. Verenigde Surinaamse Holdingmij.-**

*United Suriname Holding Company*

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# Report of the Management

## Introduction

The VSH-United Group comprises a Holding Company and eleven operating subsidiaries; ten (10) are operating in Suriname and one (1) in Miami, Florida, USA.

## The Company

In the Annual General Meeting of Shareholders held on 22 May 2014, the financial statements 2013 and a cash dividend of SRD 2,979,507 (2012: SRD 2,979,507) or SRD 1.50 (2012: SRD 1.50) per share of nominal SRD 0.10 each were approved.

The Annual General Meeting of Shareholders re-elected Mr. R. Khodadin, Mrs. D.R. Halfhide, Mr. R. Elias, Mr. R. M. Hahn, Mr. J.J. Healy Jr. and Mr. A. Kluijver as members of the Supervisory Board.

In the Meeting of the Supervisory Board of 12 June 2014 the members appointed Mr. R. Khodadin as Chairman, Mrs. D.R. Halfhide as Vice Chairman and Mrs. Malini Ramsundersingh as Secretary.

## The Business Environment

The Suriname economy continued to grow during the first half year 2014 driven by continued investments in the oil refinery expansion and gold mining activities, in spite of the lower gold prices. Inflation, on a year to year basis was relatively stable at 2.2% at the end of June 2014 (12-month June 2013: 3.6%). Reduced US Dollar income from mining activities continues to put pressure on the Suriname Dollar exchange rate.

The deal between the Government of Suriname and Surgold to build a large scale gold mine in eastern Suriname has been finalized in August 2014. Economic activities in the second half of the year will be largely driven by activities related to the startup of the Surgold gold mine.

## Financial Overview

Consolidated Group revenue from continuing operations for the first half year 2014 amounted to SRD 30,026,679 (first half year 2013: SRD 29,721,216). Shipping revenue was 13.3% lower compared to the first half year 2013 due to an overall reduction in cargo volumes.

Trading revenue was 27.7% higher in the first half year 2014 due to substantially higher trading activity of VSH Steel. The revenue of the core trading business in personal protective equipment and office machines was 1.4% higher in the first half year 2014. Steel performed under budget due to an overall downturn in construction projects and increased local competition. Higher volumes in the domestic market led to a higher revenue in Foods of 4.4% in the first six months of 2014 compared to the same period in 2013. At CIC lower sales in the first half of 2014 contributed to slightly lower revenues compared to the same period in 2013.

Real Estate revenue improved because of a higher occupancy rate and an increase in rates.

Costs for the first half year 2014 amounted to SRD 23,777,129 (first half year 2013: SRD 23,345,274) which is 1.8% higher compared to the same period in 2013. Personnel expenses in the first half of 2014 were 3.6% higher compared to the first half of 2013 mainly due to higher salaries.

Administrative expenses posted at SRD 8,146,526 (first half year 2013: SRD 8,200,491).

Provisions for the first half year 2014 amounted to SRD 302,949 (first half year 2013: SRD 135,740). These higher provisions were mainly due to provisions for uncollectible amounts in the Shipping segment.

Profit from continuing operations for the first half year 2014 amounted to SRD 6,249,550 (first half year 2013: SRD 6,375,942). The effects of the increase in overall cost and under budget income are the combined factors that contributed to the lower profit from continuing operations.

The associated company Assuria N.V. (Assuria) performed well during the first half year 2014. Our share of profit as reflected in the statement of income amounted to SRD 5,644,508 (first half year 2013: SRD 5,885,360). Investment income in the first half year 2014 amounted to SRD 77,135 (first half year 2013: SRD 75,018). The companies in which we hold shares performed up to par and we expect income for the year to be at the level of 2013. Total profit after tax for the first half year 2014 amounted to SRD 9,702,217 (first half year 2013: SRD 10,111,519).

After deduction of non-controlling interest the profit attributable to shareholders amounted to SRD 8,814,939 (first half year 2013: SRD 9,211,081). Earnings per share amounted to SRD 4.44 (first half year 2013: SRD 4.86).

Profit attributable to shareholders which has been realized in the period is used as the bench mark for determining dividend policy. Unrealized profit is the portion of consolidated profit not received in cash (dividend) from group companies during the period. Realized profit attributable to shareholders amounted to SRD 3,225,029 (first half year 2013: SRD 3,442,363). Realized earnings per share amounted to SRD 1.62 (first half year 2013: SRD 1.82).

Interim dividend for the first and second quarter amounted to SRD 0.20 per share (First half year 2013: SRD 0.20 per share). The share price during the last trading session on the Suriname Stock Exchange in June 2014 amounted to SRD 49.75 compared to SRD 46.00 at 31 December 2013.

## **Outlook**

Concerns about government spending, currency stability and inflation continues. The start-up of a major mining project in the third quarter of 2014 will bring about much needed increase in economic activities.

We expect our core shipping business to improve due to expected increase of vessel handling and cargo volumes.

Steel is currently reviewing its overall marketing strategy in line with the changing local and regional business environment.

The volumes of Foods and CIC are expected to improve as both traditionally do better in the second half of the year.

Trading is expected to consolidate their position in personal protective equipment and office machines.

VSH United Group results for the second half year will improve and are expected to be in line with last year's result.

Paramaribo, 11 September 2014

## **The Management**

Mr. P. Healy, *CEO*

Mrs. M. Ramsundersingh, *Chief Legal & HR*

# Condensed Company Statement of Income

## for the six months ended 30 June 2014

	1 January - 30 June 2014	1 January - 30 June 2013
	SRD	SRD
<b>Income from</b>		
Subsidiaries	2,902,188	3,135,326
Share of profit in Associate	5,644,508	5,885,360
Investments	67,059	66,676
Other	314,350	193,310
	<b>8,928,105</b>	<b>9,280,672</b>
<b>Profit</b>		
Profit before tax	8,928,105	9,280,672
Income tax	113,166	69,591
Net profit for the period	<b>8,814,939</b>	<b>9,211,081</b>
<b>Division of Profit</b>		
Interim dividend	397,268	397,268
Surplus	<b>8,417,671</b>	<b>8,813,813</b>
	<b>8,814,939</b>	<b>9,211,081</b>

The accompanying notes on pages 14 to 19 are an integral part of these condensed consolidated interim financial statements.

Paramaribo, 11 September 2014

#### Supervisory Board

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

#### Management

P. Healy, CEO  
M. Ramsundersingh, Chief Legal & HR

# Condensed Company Balance Sheet

## before appropriation of profit

	At 30 June 2014	At 31 December 2013
<b>ASSETS</b>	<b>SRD</b>	<b>SRD</b>
<b>Non-current assets</b>		
Property, plant and equipment	365,302	244,343
Financial assets	15,878,598	14,325,506
Subsidiary interest	67,411,687	64,052,315
Investment in Associate	79,443,558	71,203,003
<b>Total non-current assets</b>	<b>163,099,145</b>	<b>149,825,167</b>
<b>Current assets</b>		
Subsidiary receivables	1,056,673	802,670
Trade and other receivables	292,805	3,344,006
Cash and cash equivalents	3,964,115	10,777,780
<b>Total current assets</b>	<b>5,313,593</b>	<b>14,924,456</b>
<b>Total assets</b>	<b>168,412,738</b>	<b>164,749,623</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	73,222,398	58,069,654
Result for the period	8,814,939	17,677,725
Revaluation reserves	69,555,242	69,249,459
<b>Total equity</b>	<b>151,852,867</b>	<b>145,257,126</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax	6,173,368	5,614,255
<b>Total non-current liabilities</b>	<b>6,173,368</b>	<b>5,614,255</b>
<b>Current liabilities</b>		
Subsidiary payables	8,404,985	12,344,916
Short-term provisions	-	87,775
Trade and other payables	1,981,518	1,445,551
<b>Total current liabilities</b>	<b>10,386,503</b>	<b>13,878,242</b>
<b>Total equity and liabilities</b>	<b>168,412,738</b>	<b>164,749,623</b>

The accompanying notes on pages 14 to 19 are an integral part of these condensed consolidated interim financial statements.

Paramaribo, 11 September 2014

**Supervisory Board**

R. Khodadin, Chairman

D. Halfhide, Vice Chairman

R. Elias

R. Hahn

J.J. Healy Jr.

A. Kluijver

**Management**

P. Healy, CEO

M. Ramsundersingh, Chief Legal & HR

# Condensed Consolidated Statement of Income

## for the six months ended 30 June 2014

	1 January - 30 June 2014	1 January - 30 June 2013
	SRD	SRD
<b>REVENUE</b>		
Trading	2,662,795	2,085,760
Industry	17,997,770	17,949,265
Shipping	7,558,480	8,722,906
Real estate	792,386	664,873
Other	1,015,248	298,412
	<b>30,026,679</b>	<b>29,721,216</b>
<b>COSTS</b>		
Personnel expenses	11,455,510	11,057,944
Administrative expenses	8,146,526	8,200,491
Distribution costs	626,384	780,606
Interest	180,119	276,665
Depreciation	3,065,641	2,893,828
Provisions	302,949	135,740
	<b>23,777,129</b>	<b>23,345,274</b>
Profit from continuing operations	<b>6,249,550</b>	<b>6,375,942</b>
<b>OTHER INCOME</b>		
Share of profit in Associate	5,644,508	5,885,360
Investments	77,135	75,018
	<b>5,721,643</b>	<b>5,960,378</b>
<b>PROFIT</b>		
<b>Profit before tax</b>	<b>11,971,193</b>	<b>12,336,320</b>
Income tax	2,268,976	2,224,801
<b>Net profit for the period</b>	<b>9,702,217</b>	<b>10,111,519</b>
<b>Attributable to:</b>		
Non-controlling interests	887,278	900,438
Equity holder of the Parent Company	8,814,939	9,211,081
Number of weighted average shares outstanding	1,986,338	1,896,050
Earnings per share	4.44	4.86

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Paramaribo, 11 September 2014

#### Supervisory Board

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

#### Management

P. Healy, CEO  
M. Ramsundersingh, Chief Legal & HR



# Condensed Consolidated Balance Sheet

## before appropriation of profit

	At 30 June 2014	At 31 December 2013
<b>ASSETS</b>	<b>SRD</b>	<b>SRD</b>
<b>Non-current assets</b>		
Property, plant and equipment	56,706,169	55,061,488
Intangible assets	532,075	571,776
Financial assets	16,578,327	15,043,458
Investment in associate	79,443,558	71,203,003
<b>Total non-current assets</b>	<b>153,260,129</b>	<b>141,879,725</b>
<b>Current assets</b>		
Inventories	24,906,582	25,070,076
Trade and other receivables	23,865,324	26,134,786
Current tax receivables	236,155	-
Cash and cash equivalents	9,267,225	15,975,277
<b>Total current assets</b>	<b>58,275,286</b>	<b>67,180,139</b>
<b>Total assets</b>	<b>211,535,415</b>	<b>209,059,864</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	73,222,398	58,069,654
Result for the period	8,814,939	17,677,725
Revaluation reserves	69,555,242	69,249,459
Equity attributable to equity holders of the Parent Company	151,852,867	145,257,126
Non-controlling interests	14,112,016	16,958,497
<b>Total equity</b>	<b>165,964,883</b>	<b>162,215,623</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	2,572,458	2,583,048
Long-term provisions	5,361,514	5,050,147
Deferred tax	12,507,354	12,021,814
<b>Total non-current liabilities</b>	<b>20,441,326</b>	<b>19,655,009</b>
<b>Current liabilities</b>		
Trade and other payables	22,649,347	25,123,865
Current tax payable	-	361,563
Short-term borrowings	1,963,383	766,456
Short-term provisions	516,476	937,348
<b>Total current liabilities</b>	<b>25,129,206</b>	<b>27,189,232</b>
<b>Total equity and liabilities</b>	<b>211,535,415</b>	<b>209,059,864</b>

The accompanying notes on pages 14 to 19 are an integral part of these condensed consolidated interim financial statements.

Paramaribo, 11 September 2014

Supervisory Board

R. Khodadin, Chairman

D. Halfhide, Vice Chairman

R. Elias

R. Hahn

J.J. Healy Jr.

A. Kluijver

Management

P. Healy, CEO

M. Ramsundersingh, Chief Legal & HR

# Condensed Consolidated Statement of Changes in Equity

## for the six months ended 30 June 2014

in SRD	SHARE CAPITAL	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	REVALUATION RESERVE	TOTAL	NON- CONTROLLING INTERESTS	TOTAL
<b>Equity at 1 January 2013</b>	<b>19,863</b>	<b>240,425</b>	<b>58,883,429</b>	<b>64,019,007</b>	<b>123,162,724</b>	<b>15,726,756</b>	<b>138,889,480</b>
Net profit	-	-	9,211,081	-	9,211,081	900,438	10,111,519
Profit distributions	-	-	-	-	-	(101,843)	(101,843)
Revaluation	-	-	-	3,194,256	3,194,256	3,214	3,197,470
Realized revaluation	-	-	92,579	(92,579)	-	-	-
Interim dividend	-	-	(397,268)	-	(397,268)	-	(397,268)
<b>Equity at 30 June 2013</b>	<b>19,863</b>	<b>240,425</b>	<b>67,789,821</b>	<b>67,120,684</b>	<b>135,170,793</b>	<b>16,528,565</b>	<b>151,699,358</b>
Profit after tax	-	-	8,863,912	-	8,863,912	1,016,667	9,880,579
Profit distributions	-	-	(794,535)	-	(794,535)	(577,741)	(1,372,276)
Revaluation	-	-	-	2,171,777	2,171,777	(17,439)	2,154,338
Realized revaluation	-	-	43,002	(43,002)	-	-	-
Correction previous year	-	-	(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>	<b>19,863</b>	<b>240,425</b>	<b>75,747,379</b>	<b>69,249,459</b>	<b>145,257,126</b>	<b>16,958,497</b>	<b>162,215,623</b>
<b>Appropriation of profit</b>							
Final dividend	-	-	(2,184,972)	-	(2,184,972)	(479,589)	(2,664,561)
<b>Equity at 31 December 2013 after appropriation of profit</b>	<b>19,863</b>	<b>240,425</b>	<b>73,562,407</b>	<b>69,249,459</b>	<b>143,072,154</b>	<b>16,478,908</b>	<b>159,551,062</b>
Net Profit	-	-	8,814,939	-	8,814,939	887,278	9,702,217
Profit distributions	-	-	-	-	-	(411,471)	(411,471)
Revaluation	-	-	-	363,042	363,042	(2,833,930)	(2,470,888)
Realized revaluation	-	-	57,259	(57,259)	-	-	-
Correction previous years	-	-	-	-	-	(8,769)	(8,769)
Interim dividend	-	-	(397,268)	-	(397,268)	-	(397,268)
<b>Equity at 30 June 2014</b>	<b>19,863</b>	<b>240,425</b>	<b>82,037,337</b>	<b>69,555,242</b>	<b>151,852,867</b>	<b>14,112,016</b>	<b>165,964,883</b>

The accompanying notes on pages 14 to 19 are an integral part of these condensed consolidated interim financial statements.

### Paramaribo, 11 September 2014

#### Supervisory Board

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

#### Management

P. Healy, CEO  
M. Ramsundersingh, Chief Legal & HR

# Condensed Consolidated Statement of Cash Flows

## for the six months ended 30 June 2014

	1 January - 30 June 2014	1 January - 30 June 2013
	SRD	SRD
<b>Cash flows from operating activities</b>		
Profit before tax	11,971,193	12,336,320
<b>Adjusted for:</b>		
Depreciation	3,065,641	2,893,828
Unrealized share of profit associate	(5,644,508)	(5,885,360)
Revaluation results	(336,822)	(86,646)
Investment income	(77,135)	(75,018)
Interest expense	180,119	276,665
Provisions	302,949	135,740
Cash flow from operations before changes in working capital	<b>9,461,437</b>	9,595,529
<b>Changes in working capital:</b>		
Change in inventories	163,494	(2,604,923)
Change in trade and other receivables	2,269,462	4,277,709
Change in trade and other payables	(2,474,518)	(18,207)
Adjustments regarding payables	-	(198,814)
Adjustments regarding provisions	(252,387)	-
<b>Cash generated from operations</b>	<b>9,167,488</b>	11,051,294
Claims paid	(43,219)	(22,806)
Paid interest	(180,119)	(276,665)
Paid income tax	(2,950,491)	(2,637,326)
<b>Net cash generated from operations</b>	<b>5,993,659</b>	8,114,497
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,291,698)	(7,985,979)
Disposal of property, plant and equipment	3,621,512	355,771
Purchase of non-current financial assets	(3,159)	(5,400)
Purchase of subsidiary interest	(6,393,850)	-
Dividends received	77,135	75,018
<b>Net cash used in investing activities</b>	<b>(10,990,060)</b>	(7,560,590)
<b>Cash flows from financing activities</b>		
Proceeds and repayments of loans	1,186,337	(101,234)
Payments regarding disposal of waste	(48,294)	-
Payments pensions	-	(551,609)
Redundancy payments	(68,821)	(24,066)
Dividend paid	(2,780,873)	(2,780,873)
<b>Net cash used in financing activities</b>	<b>(1,711,651)</b>	(3,457,782)
Net decrease in cash for the period	(6,708,052)	(2,903,875)
Cash and cash equivalents at 1 January	15,975,277	13,807,798
<b>Cash and cash equivalents at 30 June</b>	<b>9,267,225</b>	10,903,923

The accompanying notes on pages 14 to 19 are an integral part of these condensed consolidated interim financial statements.

Paramaribo, 11 September 2014

#### Supervisory Board

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

#### Management

P. Healy, CEO  
M. Ramsundersingh, Chief Legal & HR

# Operating Segments

## Information about reportable segments

x SRD 1,000	Shipping		Trading		Food		Detergents		Steel	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Income	8,054	8,864	2,188	2,052	4,979	4,770	10,987	11,144	2,985	2,393
Inter-segment income	-	-	-	-	-	-	-	-	-	-
Associate income	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-
Operating income	8,054	8,864	2,188	2,052	4,979	4,770	10,987	11,144	2,985	2,393
Operating result	2,699	4,385	805	901	1,671	1,366	1,591	1,427	136	(457)
	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013
Assets	25,604	25,284	7,064	6,430	14,959	13,597	40,766	41,844	11,214	14,751
Liabilities	9,649	10,161	945	644	4,838	4,461	17,583	19,509	3,989	5,383
Investments	2,469	2,654	172	117	300	936	1,198	2,585	367	281
Depreciation	465	844	105	119	297	593	1,422	2,959	303	590
Employees per segment	56	58	16	16	58	57	121	124	52	49

# Operating Segments

## Information about reportable segments

x SRD 1,000	Real estate		Other		Elimination		Consolidation	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Income	2,704	1,864	507	444	-	-	32,404	31,532
Inter-segment income	(1,002)	(657)	(192)	(249)	(1,194)	(906)	(2,388)	(1,812)
Associate income	-	-	5,645	5,885	-	-	5,645	5,885
Investment Income	-	-	88	77	-	-	88	77
Operating income	1,702	1,207	6,048	6,157	(1,194)	(906)	35,749	35,682
Operating result	730	205	4,340	4,509	-	-	11,972	12,336
	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013
Assets	17,575	17,202	94,603	89,952	-	-	211,785	209,060
Liabilities	2,029	1,816	6,788	4,870	-	-	45,821	46,844
Investments	3,366	10,159	423	912	-	-	8,295	17,644
Depreciation	351	593	123	193	-	-	3,066	5,891
Employees per segment	8	8	16	16	-	-	327	328

# Notes to the Condensed Consolidated Interim Financial Statements as at and for the six months ended 30 June 2014

## **1.) Corporate information**

N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company, (the Company) is registered and domiciled in Suriname. The Company's registered office is at Van 't Hogerhuysstraat 9-11 Paramaribo City, Suriname. These condensed consolidated interim financial statements as at and for the six months ended 30 June 2014 comprise the Company, its subsidiaries and its associate (together referred to as the Group).

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) (59.44%)**

The associate is:

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

The 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.

These condensed consolidated interim financial statements were authorized for issue by the Supervisory Board on 11 September 2014.

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

## **2.) Basis of preparation**

### **2.1) Statement of compliance**

These condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with generally accepted accounting principles for interim financial reporting.

These condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2013, which have been prepared in accordance with generally accepted accounting principles.

### **2.2) Basis of Measurement**

Property is valued at cost adjusted for hyperinflation less accumulated depreciation. Plant and equipment are valued at cost less accumulated depreciation. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Financial assets are presented at fair value. Other assets and liabilities are stated at face value using the historical cost method. The methods used to measure fair value are discussed further in note 3.

### 2.3) Functional and presentation currency

These condensed consolidated interim 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) Application of IFRS standards

Certain provisions from the following IFRS standards were applied to these condensed consolidated interim 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

### 3.) Accounting policies

The accounting policies adopted are consistent with those of 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 period as the parent company. All balances, transactions, income and expenses between Group companies are eliminated. Non-controlling interest represent the portion of profit and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet.

#### 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 statement of income. 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.

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 consolidated statement of income.

The exchange rates used for the US Dollar and the EURO at balance sheet date are:

in SRD	30 June 2014	31 December 2013
USD	3.35	3.35
EURO	4.57	4.61

## 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 revenue's 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
Land is not depreciated	

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 consolidated statement of income. There are no assets held under financial leases, and assets held under operating leases and not recognized in the Group's consolidated 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 under depreciation in the consolidated statement of income.

## Financial Assets

Financial assets consist mostly of shares in 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 June 2014, 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.

## Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in banks and cash on hand.



## **Loans**

Interest bearing bank 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 statement of income.

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 is 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 statement of income 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 earned.

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 consolidated statement of income on a straight-line basis over the term of the lease.

### **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 during the period.

## **Segments 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.

### **4.) Use of estimates and judgments**

The preparation of these condensed consolidated interim 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.

### **5.) Income tax**

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

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

### **6.) Operating segments**

Operating results of the segments 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-United (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:

**VSH Steel**

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 segment reporting are related to the subsidiary VSH Investment, VSH Marketing, the associate Assuria, the strategic investment N.V. Hotelmaatschappij Torarica and other shares held in local companies.

### **7.) Dividend declaration and payment**

The proposed total dividend 2013 of SRD 1.50 per share was adopted in the Annual General Meeting of Shareholders of 22 May 2014.

The first quarter interim dividend 2014 was declared and paid by the Company of SRD 0.10 per share (2013: SRD 0.10).

## **8.) Related party transactions**

Financial- and IT services are provided by the Company to VSH Foods, VSH USA and CIC. These services are provided against market prices and conditions. For the six months ended 30 June 2014 total amount billed and posted to other income in the condensed Company statement of income was SRD 212,483 (First half year 2013: SRD 151,372). The Company also purchases goods from other subsidiaries of VSH United.

The Group participates in the 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 Group contributes on a final monthly basis 1.5% of the profit before tax to the VSH Community Fund. For the six months ended 30 June 2014 a total amount of SRD 110,154 (first half year 2013: SRD 110,606) was contributed by the Group.

# Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To: The Shareholders, Supervisory Board and the Management of  
**N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company**  
Paramaribo City, Suriname

## Report on review of condensed consolidated interim financial information

### *Introduction*

We have reviewed the accompanying condensed consolidated interim financial information of N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company, in Paramaribo, which comprises the condensed company balance sheet and the condensed consolidated balance sheet at 30 June 2014, the condensed company and condensed consolidated statements of income, changes in equity and cash flows for the period of six months ended 30 June 2014 and the notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with generally accepted accounting principles for interim financial reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagement 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information at 30 June 2014 is not prepared, in all material respects, in accordance with generally accepted accounting principles for interim financial reporting.

Paramaribo, 11 September 2014

## **Lutchman & Co**

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