



NV VERENIGDE SURINAAMSE HOLDINGMIJ.-  
UNITED SURINAME HOLDING COMPANY

## **HALF-YEAR REPORT 2008**

Paramaribo, 15 August 2008



## HALF-YEAR REPPORT 2008

### Introduction

The VSH-United Group comprises a holding company and ten subsidiaries; nine are operating in Suriname and one in Miami, Florida.

On 22 August 2008 the VSH-United Group celebrates its fiftieth anniversary. Activities include a reception for customers, business partners and shareholders, announcement of the first VSH Journalism Prize, establishment of the VSH Community Foundation and the publication of the Expatriate IV in honor of James J. Healy, one of the founding members of VSH.

In the Annual Meeting of Shareholders held on 10 June 2008 the accounts for the year 2007 were approved and a dividend of SRD 938,600 or SRD 0.52 per share was approved.

### The Business Environment

High prices for export minerals; alumina, gold and oil continued to buoy the Suriname economy, but at the same time increased prices for imports have fueled inflation to the highest levels in recent years. The May 2007 to May 2008 inflation amounted to 13.8%.

In July the rating agency Fitch affirmed Suriname's IDR at 'B' with a positive outlook.

An exploration hole drilled off-shore by Repsol YPF did not produce a commercially viable oil find but confirmed positive indications for the area. Important infrastructure projects were started up including dyke building in Coronie and Commewijne and paving of the 40 km road to Southdrain in Nickerie and the 70 km road to Afobakka. Heavy rainfall has kept the Afobakka Hydro Power Station producing most of the electricity requirement thereby reducing the need for expensive thermal power generation. The Suriname government and the bauxite companies Suralco and BHP Billiton have not yet concluded an agreement for mining bauxite in West Suriname. To guarantee the continuity of supply of bauxite to the refinery at Paranam from own sources after 2010 it is critical that an agreement is reached soon.

### Financial Overview

The performance of the Steel Company continued to drag the Group results down during the first half of the year. Projects initiated in 2007 with low margins are now nearing completion and results at the Steel Company for the second half of the year are expected to be positive. Consolidated profit before tax for the first half of the year amounted to SRD 2,208,481 representing an increase of 6.7% compared to the first half of 2007. Income increased by 26% to SRD 10,439,570. While income from the industry sector accounted for about half of this increase, margins in this sector were low. Income from the other sectors was in line with or better than budgeted. Costs on the other hand increased substantially to SRD 8,231,095 or by 32%. The personnel costs increased by 31% due to substantial extra cost for temporary employment at the Steel Company and due to salary increases. Overhead cost increased by 43%. About half of this cost increase arises from sub-contracting and maintenance and repair at the Steel Company. Other items include corrections to previous years and incidental expenses related to our 50 year anniversary.

### Outlook

Performance at the Steel Company is expected improve in the second half of the year. There is sufficient work on hand at improved margins. Margins in the Food sector are also expected to improve as raw material prices stabilize. The Shipping and Trading sectors should continue to perform as budgeted. Results for the year 2008 are expected to improve marginally.

The Management has with the approval of the Supervisory Board of Directors decided to continue payment of a quarterly interim dividend of SRD 0.08 per share.

Managing Director  
James J. Healy Jr.

Paramaribo, 15 August 2008



CONSOLIDATED INCOME STATEMENT

	1st half 2008	1st half 2007
in SRD		
<b>Income from</b>		
Trading	1,187,450	1,281,598
Industry	3,790,186	2,749,431
Shipping	3,374,667	2,911,135
Real Estate	421,785	361,948
Investments	1,101,410	708,815
Other	564,078	286,215
	<u>10,439,576</u>	<u>8,299,142</u>
<b>Costs</b>		
Personnel Expenses	3,976,737	3,036,338
Administrative Expenses	3,367,729	2,348,201
Interest	45,902	52,838
Depreciation	840,727	792,901
Provisions	-	-
	<u>8,231,095</u>	<u>6,230,278</u>
<b>Profit before tax</b>	2,208,481	2,068,864
Income Tax	327,914	458,904
<b>Net Profit</b>	<u>1,880,567</u>	<u>1,609,960</u>
Profit from continuing operations	1,880,567	1,609,960
Net loss from discontinued operations	-	-
<b>Attributable to:</b>		
Minority Interests	61,521	52,018
Equity Holder of the Parent Company	1,819,046	1,557,942
Number of Shares	1,802,744	1,802,744
Earnings per Share	1.01	0.86
Efficiency Ratio	1.2683	1.3321



CONSOLIDATED BALANCE SHEET

in SRD	30 June 2008	31 Dec. 2007
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	15,843,120	15,965,534
Financial Assets	49,856,833	47,128,294
<b>Total Non-Current Assets</b>	<u>65,699,953</u>	<u>63,093,828</u>
<b>Current Assets</b>		
Inventories	14,991,795	13,920,543
Trade and other receivables	6,951,285	6,339,080
Current Tax Receivables	420,735	115,932
Cash and Cash Equivalents	4,589,854	2,991,679
<b>Total Current Assets</b>	<u>26,953,669</u>	<u>23,367,234</u>
<b>Total Assets</b>	<u>92,653,622</u>	<u>86,461,062</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued Capital	18,050	18,050
Capital in excess of par value	222,502	222,502
Retained Earnings	14,643,216	12,994,644
Revaluation Reserves	36,787,287	34,407,745
Equity Attributable to Equity Holders of the Parent	51,671,055	47,642,941
Minority Interests	2,700,464	2,638,943
<b>Total Equity</b>	<u>54,371,519</u>	<u>50,281,884</u>
<b>Liabilities</b>		
<b>Non-current Liabilities</b>		
Long-Term Borrowings	987,748	1,077,073
Deferred Tax	21,515,213	20,205,327
<b>Total non-current Liabilities</b>	<u>22,502,961</u>	<u>21,282,400</u>
<b>Current Liabilities</b>		
Trade and Other Payables	14,887,333	13,996,848
Short-Term Debt	172,308	-
Short-Term Provisions	719,501	899,930
<b>Total Current Liabilities</b>	<u>15,779,142</u>	<u>14,896,778</u>
<b>Total Equity and Liabilities</b>	<u>92,653,622</u>	<u>86,461,062</u>



## ***Notes to the half year Consolidated Financial Statements***

### **Information on the reporting entity**

N.V. Verenigde Surinaamse Holdingmij.- /United Suriname Holding Company, is company domiciled in Suriname. The address of the Company's registered office is Van 't Hogerhuysstraat 9-11, Paramaribo. The consolidated financial statements of the Company as at and for the half year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the Group).

The subsidiaries are:

1. N.V. VSH-Scheepvaartmij.- /United Suriname Shipping Company
2. N.V. VSH-Transportmij.- /United Suriname Transport Company
3. N.V. VSH-Handelmij.- /United Suriname Trading Company
4. N.V. VSH-Staalij.- /United Suriname Steel Company
5. N.V. VSH-Eigendomsij.- /United Suriname Real Estate Company
6. N.V. VSH-Beleggingsmij.- /United Suriname Investment Company
7. VSH Marketing Company LTD.
8. N.V. Uniblue Shipping
9. VSH-UNITED (USA) L.L.C.
10. Margarine- en Vettenfabriek N.V./ Margarine Fats & Oil Co Ltd (56.05%)

The VSH United Group is involved in: shipping, logistics, transport, steel fabrication, manufacturing of butter, margarine and shortening, trading, real estate and investment.

All other information regarding applicable reporting standards can be found in the VSH UNITED ANNUAL REPORT 2007 ([www.vshunited.com](http://www.vshunited.com)).