

# Latin American Snack Foods ApS

Holbergsgade 14, 2. tv.  
1057 København K

CVR no. 25 60 05 09

## Annual report 2016

The annual report was presented and approved at the  
Company's annual general meeting on

30 May 2017

  
chairman

## **Contents**

<b>Statement by the Board of Directors and the Executive Board</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>3</b>
<b>Management's review</b>	<b>6</b>
<b>Operating review</b>	<b>6</b>
<b>Financial statements 1 January – 31 December</b>	
<b>Income statement</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes</b>	<b>10</b>

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Latin American Snack Foods ApS for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 30 May 2017

Executive Board:

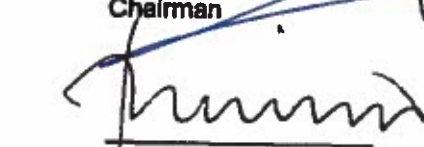
  
Carl Edgar Berge  
Vøgg

Board of Directors:

  
Dennis Schilder  
Chairman


  
Maria Georgalou

  
Robert Manza

  
Ioannis Voukakis

  
Ole Møller Sørensen

  
Carl Edgar Berge  
Vøgg

  
Torben Christian  
Skaanild



## **Independent auditor's report**

**To the shareholders of Latin American Snack Foods ApS**

### **Opinion**

We have audited the financial statements of Latin American Snack Foods ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



## **Independent auditor's report**

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



## **Independent auditor's report**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 May 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

David Olafsson  
State Authorised  
Public Accountant

## **Management's review**

Latin American Snack Foods ApS  
Annual report 2016  
CVR no. 25 60 05 09

## **Management's review**

### **Operating review**

#### **Principal activities**

The purpose of the Company is to own shares in Chipiga S. DE R.L. DE C.V., a Mexican manufacturing Company.

#### **Development in activities and financial position**

The result for the year is a profit of DKK -186 thousand (2015: a profit of DKK 15,849 thousand).

Chipiga is in the process of being wound up and is expected to be liquidated during 2017. Management is of the opinion that the proceeds from liquidation will exceed the carrying value of the shares as at 31 December 2016.

Management is assessing its options in relation to how it will invest the resulting proceeds.

#### **Events after the balance sheet date**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2016	2015
Other external costs		-333	-326
<b>Gross loss</b>		<b>-333</b>	<b>-326</b>
<b>Operating loss</b>		<b>-333</b>	<b>-326</b>
Financial income from group entities	2	0	16,165
Financial expenses		-22	-69
<b>Profit/Loss before tax</b>		<b>-355</b>	<b>15,770</b>
Tax on profit/loss for the year	3	169	79
<b>Loss for the year</b>		<b>-186</b>	<b>15,849</b>

### Proposed profit appropriation/distribution of loss

Retained earnings	-186	15,849
	<b>-186</b>	<b>15,849</b>



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Investments</b>	4		
Equity investments in group entities		45,774	45,774
		45,774	45,774
<b>Total fixed assets</b>		45,774	45,774
<b>Current assets</b>			
<b>Receivables</b>			
Corporation tax		248	79
+		34	35
		282	114
<b>Cash at bank and in hand</b>		0	287
<b>Total current assets</b>		282	401
<b>TOTAL ASSETS</b>		46,056	46,175

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>5</b>		
Share capital		315	315
Retained earnings		45,459	45,645
<b>Total equity</b>		<b>45,774</b>	<b>45,960</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Banks, current liabilities		125	0
Trade payables		58	43
Other payables		99	172
		<b>282</b>	<b>215</b>
<b>Total liabilities other than provisions</b>		<b>282</b>	<b>215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>46,056</b>	<b>46,175</b>
Contractual obligations, contingencies, etc.	6		
Related party disclosures	7		

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Latin American Snack Foods ApS for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with option from higher reporting classes.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, dividends from equity investments in subsidiaries recognised at cost are always recognised in the income statement. In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividends exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary. Previously, cost was reduced to the extent that distributed dividends exceeded accumulated earnings after the acquisition date.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

#### Income statement

##### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

##### Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

#### Balance sheet

##### Equity investments in group entities and associates

Equity investments in group entities and associates are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### **Receivables**

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

##### **Equity**

##### *Dividends*

The expected dividends payment for the year is disclosed as a separate item under equity.

##### **Corporation tax and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

## Financial statements 1 January – 31 December

### Notes

<b>2 Financial income from group entities</b>			
DKK'000			
Income from investments in subsidiaries	2016	2015	
	0	16,165	
	0	16,165	
<b>3 Tax on profit/loss for the year</b>			
Tax contribution			
	-169	-79	
	-169	-79	
<b>4 Investments</b>			
DKK'000			
Cost at 1 January	2016	2015	
	124,268	124,268	
Cost at 31 December	124,268	124,268	
Adjustment at 1 January	-78,494	-78,494	
Adjustment at 31 December	-78,494	-78,494	
	45,774	45,774	
<b>5 Equity</b>			
DKK'000			
Equity at 1 January 2016	Share capital	Retained earnings	Total
Profit for the year	315	45,845	45,980
Equity at 31 December 2016	0	-186	-186
	315	45,459	45,774

There have been no changes in the share capital during the last five years.

The share capital consists of 4,095 A-shares of a nominal value of DKK 50 each and B-shares of a nominal value of DKK 50 each.

All shares rank equally.

## Financial statements 1 January – 31 December

### Notes

#### 6 Contractual obligations, contingencies, etc.

The Company is jointly taxed with other Danish company PepsiCo Nordic Denmark ApS, with PepsiCo Nordic Denmark ApS being the administrative company. The Company has, together with the administrative company, unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc., may entail an increase in the Company's liability.

#### 7 Related party disclosures

Latin American Snack Foods ApS' related parties comprise the following:

##### Control

Pepsico Global Investments B.V., Zonnebaan 35, 3542 EB Utrecht, Holland and Chipita Participations Limited, 11 Boumboulinas Street, C.Y. 1060 Nicosia, Cyprus.

Pepsico Global Investments B.V., holds the majority of the share capital in the Company

Latin American Snack Foods ApS is part of the consolidated financial statements of PepsiCo Inc., 700 Anderson Hill Road, Purchase NY 10577, USA, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of PepsiCo Inc. can be obtained by contacting the Company.