Latam Foods Holding ApS

c/o ERRIA A/S
Torvet 21, 1. sal.
4600 Køge

CVR no. 35 63 50 33

Annual report 2019

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

on ______________________________ 20 ____

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chairman of the annual general meeting

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Latam Foods Holding ApS for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements in 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 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Copenhagen, 16 September 2020
Executive Board:

Bent U. Porsborg

Independent auditor's report

To the shareholders of Latam Foods Holding ApS

Opinion

We have audited the financial statements of Latam Foods Holding ApS for the financial year 1 January – 31 December 2019. The financial statements comprise income statement and other comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial reporting Standards as adopted by the EU and Danish disclosure requirements in 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 2019 and of the results of the Company’s operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial reporting Standards as adopted by the EU and Danish disclosure requirements in the Danish Financial Statements Act.

Material uncertainties regarding going concern

We draw attention to Note 2 in the financial statements, which states that the Company incurred a net loss of USD 491 thousand during the year ended 31 December 2019 and, as of that date, the Company's current liabilities exceeded total current assets by USD 12,231 thousand. In addition, the shareholder has at 31 December 2019 subordinated its loan to the Company that amounted to USD 11,643 thousand until the Company's over-indebtedness has been overcome on a permanent basis.

These conditions, along with that the Company does not have any sources of income, indicate that material uncertainties exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

Independent auditor's report

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 Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

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 International Financial reporting Standards as adopted by the EU and Danish disclosure requirements in 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.

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 financial statement 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 financial statements and, 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.

Independent auditor's report

- 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.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, 16 September 2020
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Niels Vendelbo State Authorised Public Accountant mne34532	Jesper Bo Pedersen State Authorised Public Accountant mne42778

Management's review

Company details

Latam Foods Holding ApS
c/o ERRIA A/S
Torvet 21, 1. sal.
4600 Køge

CVR no.	35 63 50 33
Established:	10 January 2014
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Executive Board

Bent U. Porsborg

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities of the Company

The activity of the Company is to hold investments in other companies. The Company is 100% owned by the FHI Food Holdings International Fund. As of 1 January 2019, the Company merged with Plumlatam Holding ApS.

The activities of the Company is to produce and sell food products through the Plumrose Company in Venezuela.

Development in activities and financial position

The Company incurred a net loss of EUR 491 thousand during the year ended 31 December 2019 and, as of that date, the Company's current liabilities exceeded total current assets by EUR 12,231thousand.

As stated in note 10, the shareholder, FHI Food Holdings International Fund, has at 31 December 2019 subordinated its loan to the Company that amounts to EUR 11,643 thousand until the Company's over-indebtedness has been overcome on a permanent basis.

These conditions, along with that the Company does not have any sources of income or assets that can be sold, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Management expects that it will be possible to obtain group internal or external financing to pay the current liabilities as they fall due during 2020, and the financial statements are therefore prepared assuming going concern.

Events after the balance sheet date

Following the Coronavirus outbreak starting in March 2020, Management is monitoring whether any potential changes in the environment in which the Company operates may impact the Company's operations. Management considers any potential impact of the Coronavirus outbreak on the Company's operations and assets to constitute 'non-adjusting events' and has not adjusted any figures in the financial statements 2019 as a result of COVID-19.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January – 31 December

Income statement and other comprehensive income

USD'000	Note	2019	2018
Revenue		-	-
Other expenses		(-219)	(-45)
Depreciation amortisation and impairment losses		110	(-1,060)
Operating loss		(-109)	(-1,105)
Financial expenses		(-370)	(-249)
Foreign exchange loss/gains		(-13)	524
Loss before tax		(-491)	(-830)
Tax on loss for the year	4	-	-
Net loss for the period		(-491)	(-830)
Other comprehensive income, net of tax			-
Total comprehensive income		(-491)	(-830)
Total comprehensive income attributable to			
Owners of the Company		(-491)	(-830)
		(-491)	(-830)

Financial statements 1 January – 31 December

Balance sheet

USD'000	Note	2019	2018
ASSETS			
Non-current assets			
Investments in subsidiaries	5	-	317
Intangible assets	6	-	-
Deferred tax assets		-	-
Total non-current assets		-	317
Current assets			
Trade and other receivables	7	78	25
Cash and cash equivalents		14	11
Total current assets		92	36
TOTAL ASSETS		92	353

EQUITY AND LIABILITIES			
Equity	8		
Share capital		9	9
Retained earnings		(-12,240)	(-11,749)
Total equity		(-12,231)	(-11,740)
Liabilities			
Interest-bearing loans	10	11,643	-
Non-current liabilities		11,643	-
Current liabilities			
Interest-bearing loans	10	-	11,333
Other payables	11	680	760
Current liabilities		680	12,093
Total liabilities		12,323	12,093
TOTAL EQUITY AND LIABILITIES		92	353

Financial statements 1 January – 31 December

Statement of changes in equity

USD'000	Share capital	Retained earnings	Total
Equity at 1 January 2019	9	(-11,749)	(-11,740)
Comprehensive loss for 2019			
Loss for the period	-	(-491)	(-491)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(-491)	(-491)
Transactions with equity owners	-	-	-
Total transactions with equity owners	-	-	-
Equity at 31 December 2019	9	(-12,240)	(-12,231)
Equity at 1 January 2018	9	(-10,919)	(-10,910)
Comprehensive loss for 2018			
Loss for the period	-	(-830)	(-830)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(-830)	(-830)
Transactions with equity owners	-	-	-
Total transactions with equity owners	-	-	-
Equity at 31 December 2018	9	(-11,749)	(-11,740)

Financial statements 1 January – 31 December

Cash flow statement

USD'000	Note	2019	2018
Net loss for the year		(-491)	(-830)
Adjustment for:			
Amortisation and impairment losses		-	1,060
Financial income		-	-
Financial expenses		-	-
Income taxes		-	-
		(-491)	230
Increase in trade and other receivables		(-53)	0
Decrease/increase in other payables		(-80)	89
		(-133)	319
Corporation tax paid			-
Cash flows from operating activities		(-624)	319
Merger with subsidiary		317	0
Development in loan		310	(-320)
Cash flows from financing activities		627	-
Total cash flows		3	(-1)
Cash and cash equivalents at 1 January		11	12
Cash and cash equivalents at 31 December		14	11

Financial statements 1 January – 31 December

Outline of notes to the financial statements

Note	
1	Significant accounting polices
2	Material uncertainties regarding going concern
3	Use of judgements and estimates
4	Income taxes
5	Investments in subsidiaries
6	Intangible assets
7	Trade and other receivables
8	Equity
9	Deferred tax
10	Interest-bearing loans
11	Other payables
12	Financial instruments
13	Related party disclosures
14	Disclosure of events after the balance sheet date
15	New standards and interpretations not yet adopted
16	Contingencies

Financial statements 1 January – 31 December

Notes

1 Significant accounting policies

Latam Foods Holding ApS is a private limited company domiciled in Denmark.

The financial statements are presented in accordance with International Financial reporting Standards as adopted by the EU and Danish disclosure requirements in the Danish Financial Statements Act for annual reports of reporting class B entities.

In addition, the financial statements comply with International Financial reporting Standards issued by the IASB.

The implementation of new or amended standards and interpretations, which are mandatory for financial reporting for 2018, has changed the information in disclosures, but has not resulted in changes in recognition and measurement.

Basis of preparation

The financial statements are presented in USD.

The accounting policies as set out below have been consistently applied during the financial period and to comparative figures.

Financial statements 1 January – 31 December

Notes

1 Significant accounting policies (continued)

Foreign currency translation and hyperinflation

Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). Transactions in other currencies than the functional currency are considered transactions in foreign currencies.

The Parent Company's functional currency is USD

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency translation adjustments resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Company's presentational currency USD at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the foreign currency translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the foreign currency translation reserve, net of amounts previously attributed to non-controlling interests, is reclassified to the income statement as part of the gain or loss on disposal.

Multitier exchange rates

Where a system of multitier exchange rates exists, individual transactions and monetary items denominated in foreign currencies are translated into the functional currency at the expected settlement rate of the transaction. The Company has used the "Exchange Agreement No 1" exchange rate to value financial instruments denominated in Venezuelan Bolivars at the year-end.

Financial statements 1 January – 31 December

Notes

1 Significant accounting policies (continued)

Income statement

Other expenses

Other expenses comprise expenses for fees for registration, trademarks, software, audit and advisory and insurance expenses.

Financial income and expense

Financial items comprise interest expenses, exchange gains and losses on debt and transactions in foreign currencies and impairment of investments in subsidiaries.

Corporation tax and deferred tax

Tax for the period consists of current tax and movements in deferred tax for the period. Tax relating to the loss for the period is recognised in the income statement, other comprehensive income or equity.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences which are not deductible for tax purposes and on other items where temporary differences do not affect either loss for the period or taxable income.

Deferred tax is measured at the tax rates (and in accordance with the tax rules) applicable in the respective countries at the date when the deferred tax is expected to be realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be used.

Changes in deferred tax due to changed tax rates are recognised in the income statement.

The Parent Company is the administrative company for the joint taxation in Denmark and settles all payments with the tax authorities.

Financial statements 1 January – 31 December

Notes

1 Significant accounting policies (continued)

Balance sheet

Intangible assets

Trademarks and trademark rights are stated at cost less accumulated amortisation and less accumulated write-downs.

Amortisation is charged on a straight-line basis over their estimated useful life of 20 years.

Investment in subsidiaries

Investment in subsidiaries is measured at cost. Cost comprises the purchase price stated at fair value with the addition of direct purchase costs.

If there is any indication of impairment, an impairment test is made. Write-down is made to the lower of the carrying amount and the recoverable amount.

Upon distribution of other reserves than profits from subsidiaries, the distributed amount will reduce the cost of the investments when the distribution takes the form of repayment of the Parent Company's investment.

Impairment of non-current assets

Assets with indefinite useful lives are subject to annual impairment tests. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Trade and other receivables

Receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method, less write-down for bad debts. Write-down for bad debts is effected when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Write-down of receivables is stated as the difference between the carrying amount and the net present value of projected cash flows. The effective rate of interest used for the initial recognition of the individual receivable or portfolio of receivables is used as discount rate.

Other payables

Other financial liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

1 Significant accounting policies (continued)

Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company.

The Company measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

On a transaction-by-transaction basis, the Company elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

The book-value method has been applied in 2019 to the merger between Latam Foods Holding ApS and Plumlatam Holding ApS with Latam Foods Holding ApS as the continuing company, since theese entities are controlled by the same Parent company. The book-value method is considered to have been completed at the date of the merger without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Cash flow statement

The cash flow statement presents cash flows broken down to operating activities, investing activities and financing activities for the period, changes for the period in cash and cash equivalents and cash and cash equivalents at the beginning and end of the period.

Cash flows from operating activities are presented using the indirect method and stated as loss adjusted for non-cash operating items, including amortisation and write-downs, interest received and paid and corporation taxes paid.

Cash flows from investing activities comprise cash flows from the purchase and sale of intangible assets and investments including discounted operations.

Cash flows from financing activities comprise changes in the amount or composition of the share capital and related expenses as well as cash flows from draw down and repayment of borrowings as well as the payment of dividends to shareholders.

Cash and cash equivalents comprise cash as well as short-term securities with a term to maturity of less than three months, which are easily realisable and only subject to an immaterial risk of changes in value.

Financial statements 1 January – 31 December

Notes

2 Going concern

According to the regulations governing the preparation of financial statements, Management is required to determine whether the financial statements can be presented on a "going concern" basis.

The Company incurred a net loss of USD 491 thousand during the year ended 31 December 2019 and, as of that date, the Company's current liabilities exceeded total current assets by USD 12,231 thousand.

As stated in note 10, the shareholder, FHI Food Holdings International Fund, has at 31 December 2019 subordinated its loan to the Company that amounted to USD 11,643 thousand until the Company's over-indebtedness has been overcome on a permanent basis.

These conditions, along with that the Company does not have any sources of income, indicate that material uncertainties exists that may cast significant doubt on the Company's ability to continue as a going concern.

Management expects that it will be possible to obtain group internal or external financing to pay the current liabilities as they fall due during 2020, and the financial statements are therefore prepared assuming going concern.

3 Use of judgements and estimates

In connection with the preparation of the financial statements, Management has made accounting estimates and judgements that affect the assets and liabilities reported at the balance sheet date as well as the income and expenses reported for the financial period. Management continuously reassesses these estimates and judgments based on a number of other factors in the given circumstances.

The following accounting estimates are considered significant to the financial reporting. Due to the economic circumstances and systems in Venezuela, it is unlikely that the Company will receive payment for the royalty receivables in the next financial period. The receivables are subject to regular impairment review by management and are written down sufficiently so the carrying value estimates the present value of future cash flows.

USD'000	2019	2018
4 Income taxes		
Tax on profit/loss for the period is specified as follows:		
Current tax expense	-	-
Impairment of deferred tax asset	-	-
Adjustment tax expense last year	-	-
	-	-
Tax on profit/loss for the period is broken down as follows:		
Computed tax at 22%	-	-
Withholding taxes on royalty invoices to Venezuela	-	-
Tax effect of:		
Non-deductible costs	-	-
Total tax expense/(credit)	-	-
Effective tax rate	0.0%	0.0%

Financial statements 1 January – 31 December

Notes

USD'000		2019	2018
5	**Investments in subsidiaries**		
	Cost at 1 January	18,348	18,348
	Disposal	(-18,348)	
	Cost at 31 December	-	18,348
	Impairment at 1 January	18,031	16,971
	Reversed impairment	(-18,031)	-
	Impairment for the period	-	1,060
	Impairment at 31 December	-	18,031
	Carrying amount at 31 December	-	317

6 Intangible assets

USD'000	2019	2018
Trademarks and trademark rights		
Costs at 1 January	-	1,774
Disposal	-	(-1,774)
Costs at 31 December	-	-
Accumulated impairment and amortisation at 1 January	-	1,774
Disposal	-	(-1,774)
Accumulated impairment and amortisation at 31 December	-	-
Carrying amount at 31 December	-	-

Financial statements 1 January – 31 December

Notes

USD'000	2019	2018
7 Trade and other receivables		
Amount owed by group entities	-	-
Other receivables	78	25
Trade and other receivables at 31 December	78	25

Due to the financial and political situation, royalty payments from Venezuela are associated with considerable uncertainty regarding their timing of payment. The Venezuelan operations of the Plumrose group have not made any payments for royalties since 1 October 2009.

Gross royalty receivables at 31 December 2019 amounted to USD 0 thousand (2018: USD 0 thousand) from Plumrose Latinoamericana, C.A. and La Montserratina C.A.

Recognition and measurement of royalty and amounts owed by group entities take into account the uncertainty associated with the outstanding amounts to the special circumstances that apply to Venezuela. Due to the circumstances in Venezuela, Management has chosen to write down the entire potion of receivables from Venezuela, which reflect the fair value.

8 Equity

Capital management

The capital structure of the Company consists of net liabilities and owners' equity. The Company manages its capital to safeguard its ability to operate as a going concern and to optimise returns to the shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes to economic conditions and its strategic objectives.

Share capital

	Shares issued	
	Number	Normal value
Cost at 31 December	800	9

The share capital is divided into 800 shares of nominal DKK 100 each and all fully paid. All shares rank equally. There are no limitations in negotiability or voting rights.

Management expects to re-establish equity by debt conversation or if possible cash-contribution.

Financial statements 1 January – 31 December

Notes

9 Deferred tax

	Assets		Liabilities	
USD'000	Company	Parent Company	Company	Parent Company
Deferred tax at 1 January		-		-
Impairment of deferred tax asset		-		-
Gross tax assets and liabilities		-		-
Net of tax liabilities		-		
		-		

The Company has deferred tax assets of DKK 10,903 thousand (2018: DKK 1,371 thousand) related to tax losses carried forward and foreign exchange gain on loans not repaid. The tax asset is impaired based on Management's assessment over the future utilisation of the asset.

USD'000	2019	2018
10 Interest-bearing loans		
Shareholder loan	11,643	11,333
	11,643	11,333

The shareholder loan is with FHI Food Holdings International Fund (the Company's parent). The loan is denominated in Euros and the interest rate is Euribor plus 317 basis points and the year of maturity is 2024. At 31 December 2019, the loan is subordinated until the Company's over-indebtedness has been overcome on a permanent basis.

Financial statements 1 January – 31 December

Notes

USD'000	2019	2018
11 Other payables		
Payables to related parties	395	595
Other payables	285	166
	680	761

12 Financial instruments

The Company has exposure to credit, liquidity and market risks from its use of financial instruments.

IAS 39 categories of financial instruments

USD'000	Company	Company 2019 Level 2
Loans and receivables (including cash and cash equivalents)		-
Financial liabilities measured at amortised cost		-

USD'000	Company	Company 2018 Level 2
Loans and receivables (including cash and cash equivalents)		-
Financial liabilities measured at amortised cost		-

The table above analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value.

Financial statements and 1 January – 31 December

Notes

12 Financial instruments (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

Loans and receivables which are level 3 represent royalty receivables from related parties, see note 7 for a description of the valuation technique and the unobservable inputs used.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from related parties and cash held at financial institutions.

Exposure to credit risk

USD'000	2019	2018
Receivables from related parties	0	-
Other receivables	78	25
Cash and cash equivalents	14	11
	92	36

Royalty receivables from related parties

See note 7 for an analysis of the credit risk related to these amounts owed.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The liquidity risk is managed, for both the Company and the parent company, by maintaining sufficient cash balances and credit facilities to meet working capital requirements.

Financial statements 1 January – 31 December

Notes

12 Financial instruments (continued)

Contractual maturities of non-derivative financial liabilities

USD'000	2019	2018
Current liabilities		
Other payables	680	760
Non-current liabilities		
Interest-bearing loans	11,643	11,333

Trade and other payables shown as current liabilities are expected to mature within six months of the balance sheet date.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. Exposure to interest and currency risks arises in the normal course of the Company's business.

Interest rate risk

USD'000	2019	2018
Cash and cash equivalents	14	11
Interest-bearing loans	11,643	11,333
	11,657	11,344

Sensitivity to interest rate risk

If Euribor had been 100 basis points higher/lower throughout the period, the finance expense for the Company and the parent company would have increased/decreased by USD 114 thousand. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Financial statements 1 January – 31 December

Notes

12 Financial instruments (continued)

Foreign currency risk

The Company's exposure to foreign currency risk is as follows:

2019

USD'000	USD	EUR	DKK	VEF	Total
Cash and cash equivalents	-	-	14	-	14
Other receivables	78	-	-	-	78
Other payables	(-501)	-	(179)	-	(-680)
Interest-bearing loans > 1 year	-	(-11,643)	-	-	(-11,643)
	(-423)	(-11,643)	(-165)	-	(-12,231)

2018

USD'000	USD	EUR	DKK	VEF	Total
Cash and cash equivalents	-	3	8	-	11
Other receivables	25	-	-	-	25
Other payables	(-595)	-	(-165)	-	(-760)
Interest-bearing loans > 1 year	-	(-11,333)	-	-	(-11,333)
	(-570)	(-11,330)	(-157)	-	(-12,057)

Sensitivity to foreign exchange rates

If USD had been 10% stronger/weaker at 31 December 2019, the Company's equity would have increased/decreased by USD 1 thousand (2018: USD 57 thousand). This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

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Notes

13 Related party disclosures

The Company's related parties include its subsidiaries, its direct parent and ultimate owner, FHI Food Holdings International Fund, which is the sole owner of the share capital of the Company, and FHI Food Holdings International Funds other investments.

14 Disclosure of events after the balance sheet date

Following the Coronavirus outbreak starting in March 2020, Management is monitoring whether any potential changes in the environment in which the Company operates may impact the Company's operations. Management considers any potential impact of the Coronavirus outbreak on the Company's operations and assets to constitute 'non-adjusting events' and has not adjusted any figures in the financial statements 2019 as a result of COVID-19.

No other events materially affecting the Company's financial position have occurred subsequent to the financial

15 New standards and interpretations not yet adopted

The IASB has issued new accounting standards (IFRS and IAS) and interpretations (IFRICs) which are not mandatory for Latam Foods Holding ApS in the preparation of the financial statements for 2019.

The Company expects to adopt the new accounting standards and interpretations when they become mandatory according to the effective dates adopted by the EU.

None of the new standards or interpretations are expected to have any effect on the financial reporting of Latam Foods Holding ApS.

16 Contingencies

The Danish Tax Agency has made a Tax claim to the Company regarding dividend payments from Plumrose Latinoamericana C.A. to the Company, due to the fact that are in the view that the Royalty is qualified as a taxable royalty payment. Management asses that it's more likely that the decision will be in the Company's favour.