

COMPANY REGISTRATION NUMBER 07467768

**KELLOGG LATIN AMERICA HOLDING COMPANY
(ONE) LIMITED**

FINANCIAL STATEMENTS

29 December 2018

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

STRATEGIC REPORT

YEAR ENDED 29 DECEMBER 2018

The Directors present their strategic report of the Company for the year from 31 December 2017 to 29 December 2018 (the “year ended 29 December 2018”).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the Company is that of an investment holding company and is expected to continue as such for the foreseeable future.

During 2018, the Company has made additional investments in Kellogg Company of East Africa of \$200,000. The Company also made additional investment in Gollek Argentina S.R.L of \$3,000,000.

During 2018, the Company received dividends from Nhong Shim Kellogg Co. Ltd (South Korea) of \$7,731,000, Alimentos Kellogg de Panama SRL of \$4,950,000, Kellogg Company Mexico, S. de R.L. de C.V. \$51,820,000, Kellogg Ecuador C. Ltda. \$2,423,000 and Kellogg Netherlands Holding B.V. \$8,200,000.

During 2018, the Company paid dividends to Gollek UK Ltd of \$56,781,000.

During the year, the Company paid interest on intercompany loans of \$5,478,000.

PRINCIPAL RISKS AND UNCERTAINTIES

As the Company is an investment holding company, the Directors believe its principal risk and uncertainty is a significant change in the underlying businesses of its subsidiaries that would impact the carrying value of its investments.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Signed on behalf of the board of Directors



P Knowles

Director

Approved by the Directors on 3 September 2019

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 29 DECEMBER 2018

The Directors have pleasure in presenting their report and the audited financial statements of the Company for the year from 31 December 2017 to 29 December 2018 (the “year ended 29 December 2018”).

RESULTS AND DIVIDENDS

The loss for the financial year ended 29 December 2018 is set out on page 9.

A dividend of \$56,781,000 was paid during the year to Gollek UK Ltd (2017: \$nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's operations expose it to the financial risk of interest rate risk associated with the intercompany debt held. The Company has in place risk management programmes that seek to manage the financial exposures of the Company by monitoring levels of debt finance and the related finance costs.

Interest rate risk

In order to ensure the stability of cash outflows and hence manage interest rate risk, the Company keeps under constant review its levels of debt, the maturity and currency of the debt, and the interest expense being incurred, including the split between fixed and variable interest rates. Hedging would be considered should circumstances warrant it.

Price risk

The Company has no exposure to equity securities price risk as it holds no listed equity investments.

Liquidity risk

The Company maintains suitable intercompany debt finance that is designed to ensure the Company always has sufficient available liquid funds for its operations. The Company is party to a cash pooling agreement with Bank Mendes Gans (BMG) in conjunction with other group companies. Under the terms of this arrangement cross company Guarantees exist. Positive and negative cash balances can be offset by the arranger. Guarantees for the cash pooling arrangement are held by the ultimate parent company Kellogg Company.

Credit risk

The Company is exposed to credit risk on amounts receivable from group undertakings and cash deposits with financial institutions. The balances due from group undertakings are reviewed regularly to ensure they are supported by the assets of the group company in question. Cash deposits are limited to financial institutions with an appropriate credit rating. Diversified liquidity funds are the preferred investment vehicle used.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Directors believe that it is appropriate for the financial statements to be prepared on the going concern basis having received a letter of support from the ultimate parent undertaking, Kellogg Company, which indicates that it will continue to provide sufficient funds to enable the company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 29 DECEMBER 2018

DIRECTORS

The Directors who served the Company during the year and up to the date of signing the financial statements were as follows, except where noted:

J Vanderkooi
R Schell
P Knowles
N Jaynes
A Critchley (resigned on 1 September 2019)
R Kollepara

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Each of the directors, whose names and functions are listed in The Directors' Report confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 29 DECEMBER 2018

DIRECTORS' INDEMNITIES

The ultimate holding company maintains liability insurance for the Directors and officers of the group. This was in place during the year and also at the date of approval of the financial statements and is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487 of the Companies Act 2006.

Signed on behalf of the board of Directors



P Knowles

Director

Approved by the Directors on 3 September 2019

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

YEAR ENDED 29 DECEMBER 2018

Report on the audit of the financial statements

Opinion

In our opinion, Kellogg Latin America Holding Company (One) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 29 December 2018; the profit and loss account, the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

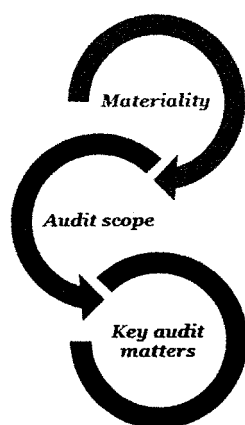
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: \$30,371,350 (2017: \$30,321,980), based on 1% of Total Assets.
- We performed an audit of the complete financial information.
- The company is an investment holding company which mainly holds investments and intercompany loans which it pays interest on.
- Carrying value of investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

YEAR ENDED 29 DECEMBER 2018

misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Carrying value of investments</i> This area is a key focus area given the value of the investments held on the balance sheet, \$3,013,609,000, and because the determination of whether or not investments were impaired involves inherent judgment by the Directors about the future results of the investment companies.	We reviewed management's assessment of whether there were any impairment indicators for any of the material investments that would trigger an assessment of the asset's recoverable amount. We corroborated management's assessment by agreeing relevant responses to a variety of internal and external evidence. No material differences were identified from our testing performed.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$30,371,350 (2017: \$30,321,980).
How we determined it	1% of Total Assets.
Rationale for benchmark applied	We believe that total assets is the most relevant benchmark as this is a not for profit investment company. .

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$1,518,568 (2017: \$1,516,099) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

YEAR ENDED 29 DECEMBER 2018

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 29 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

YEAR ENDED 29 DECEMBER 2018

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 (UK) will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
4 September 2019

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 29 DECEMBER 2018

		Year ended 29 December 2018 \$000	Year ended 30 December 2017 \$000
	Note		
TURNOVER		-	-
Administrative income / (expenses)		(33)	(6)
OPERATING LOSS	2	(33)	(6)
Income from shares in group undertakings	3	75,124	2,717
Other Interest receivable and similar income	4	1,162	290
Interest payable and similar expenses	5	(6,681)	(5,943)
PROFIT/(LOSS) BEFORE TAXATION		69,572	(2,942)
Tax on profit/(loss)	6	(881)	(136)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		68,691	(3,078)

All of the activities of the Company are classed as continuing.

The Company has no other comprehensive income or expense other than the loss for the financial years as set out above, and therefore no separate statement of total comprehensive income has been presented.

The statement of accounting policies and notes on pages 12 to 22 form part of these financial statements.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

BALANCE SHEET

AS AT 29 DECEMBER 2018

	Note	29 December 2018 \$000	30 December 2017 \$000
FIXED ASSETS			
Investments	7	<u>3,013,609</u>	<u>3,010,409</u>
CURRENT ASSETS			
Debtors	8	13,597	14,265
Cash and cash equivalents		<u>8,966</u>	<u>7,524</u>
		22,563	21,789
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(5,418)</u>	<u>(13,354)</u>
NET CURRENT ASSETS		<u>17,145</u>	<u>8,435</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,030,754</u>	<u>3,018,844</u>
CREDITORS: Amounts falling due after more than one year	10	<u>(156,957)</u>	<u>(156,957)</u>
NET ASSETS		<u>2,873,797</u>	<u>2,861,887</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,476,104	1,476,104
Share premium account		1,069,149	1,289,149
Profit and loss account		<u>328,544</u>	<u>96,634</u>
TOTAL EQUITY		<u>2,873,797</u>	<u>2,861,887</u>

These financial statements on pages 9 to 22 were approved by the Directors and authorised for issue on 3 September 2019 and are signed on their behalf by:



P Knowles
Director

Company Registration Number: 7467768

The statement of accounting policies and notes on pages 12 to 22 form part of these financial statements.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 DECEMBER 2018

	Called up equity share capital \$'000	Share premium account \$'000	Profit and loss account \$'000	Total equity \$'000
Balance at 1 January 2017	1,476,104	1,289,149	99,712	2,864,965
Loss for the financial year	-	-	(3,078)	(3,078)
Total comprehensive expense for the financial year	-	-	(3,078)	(3,078)
Total transactions recognised directly in equity	-	-	(3,078)	(3,078)
Balance at 30 December 2017	1,476,104	1,289,149	96,634	2,861,887
Balance at 31 December 2017	1,476,104	1,289,149	96,634	2,861,887
Profit for the financial year	-	-	68,691	68,691
Total comprehensive expense for the financial year	-	-	68,691	68,691
Dividends paid	-	-	(56,781)	(56,781)
Capital reduction	-	(220,000)	220,000	-
Foreign gain on translation	-	-	964	964
Balance at 29 December 2018	1,476,104	1,069,149	329,508	2,874,761

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

STATEMENT OF ACCOUNTING POLICIES

YEAR ENDED 29 DECEMBER 2018

General Information

Kellogg Latin America Holding Company (One) Limited is a company incorporated in the United Kingdom and registered and domiciled in England and Wales, with the registration number 7467768.

The Company is a private company limited by shares and the registered office is: Orange Tower, Media City UK, Salford, Manchester, M50 2HF.

Statements of compliance

The individual financial statements of Kellogg Latin America Holding Company (One) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting 102, "The Financial Reporting Standards application in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the company's accounting policies.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Directors believe that it is appropriate for the financial statements to be prepared on the going concern basis having received a letter of support from the ultimate parent undertaking, Kellogg Company, which indicates that it will continue to provide sufficient funds to enable the company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

STATEMENT OF ACCOUNTING POLICIES

YEAR ENDED 29 DECEMBER 2018

Exemptions for qualifying entities under FRS 102

FRS 102 allows Kellogg Latin America Holding Company (One) Limited certain disclosure exemptions as a wholly owned subsidiary undertaking of Kellogg Company which prepares consolidated financial statements that are publicly available and can be obtained from the address detailed in note 12. As a result the Company has taken advantage of the following exemptions:

- Certain disclosures surrounding financial instruments;
- The requirement to prepare a statement of cash flows; and
- Disclosure of key management personnel compensation in total.

Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent Company, Kellogg Company, includes the Company's cash flows in its own consolidated financial statements.

Related parties transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned. Consolidated financial statements of Kellogg Company, which incorporate the financial statements of the Company, are publicly available (note 12). The Company was not involved in any other related party transactions during the financial year.

Fixed asset investments

Investments in shares in group undertakings are recorded at cost less any provision for subsequent diminution in value, by reference to the higher of net realisable value and value in use. Impairment reviews are performed by the Directors when there has been an indication of potential permanent impairment in the carrying value of the investment. Any impairment is written off in the year in which it arises.

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

STATEMENT OF ACCOUNTING POLICIES

YEAR ENDED 29 DECEMBER 2018

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within creditors (amounts falling due within one year).

Exceptional items

Items that are material in size and non-recurring in nature are presented as exceptional items in the profit and loss account, within the relevant account heading. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance. Events which may give rise to the classification of items as exceptional include, but are not restricted to restructuring of businesses, one off gains or losses relating to pension liabilities, expenses incurred in relation to business acquisitions and impairment of investments.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED
STATEMENT OF ACCOUNTING POLICIES
YEAR ENDED 29 DECEMBER 2018

Unrelieved tax losses and deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of timing differences.

Foreign currencies

The company's functional and presentation currency is the US Dollar.

The year end exchange rate to sterling at 29 December 2018 was \$1.271 (30 December 2017: \$1.35).

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Dividends

Dividends payable are recognised in the accounting period in which they are paid or approved by the Company shareholders. These amounts are recognised in the statement of changes in equity.

Dividend income is recognised in the accounting period in which the right to receive payment is established.

Interest receivable and payable

Interest is recognised in the accounting period to which it relates.

Consolidated financial statements

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary undertaking of Kellogg Company, (which is incorporated in the United States of America), and which itself prepares consolidated financial statements, that are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

These financial statements are the company's separate financial statements.

Critical accounting judgements and estimation

Fixed asset investments

The Company considers whether fixed asset investments are impaired by reviewing objective evidence and data. Where an indication of impairment is identified it is necessary to use estimation techniques to determine the amount that the entity would receive for the asset if it were to be sold at the reporting date.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 DECEMBER 2018

1. PERIOD COVERED

The financial statements cover the financial year 2018 from 31 December 2017 to 29 December 2018 (financial year 2017: 1 January 2017 to 30 December 2017).

2. OPERATING PROFIT/ (LOSS)

The Company has no employees of its own (2017: none) and relies on fellow group undertakings to provide administrative support. The emoluments of the six Directors are paid by fellow subsidiary undertakings that make no recharge to the Company. They are Directors of a number of fellow subsidiary undertakings and it is not possible to make an apportionment of their emoluments in respect of this Company. Accordingly, these financial statements include no emoluments in respect of Directors.

Audit fees of £26,500 (2017: £27,500) are borne by fellow group subsidiaries.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	29 December 2018 \$000	30 December 2017 \$000
Income from group undertakings	<u>75,124</u>	<u>2,717</u>

During 2018, the Company received dividends from Nhong Shim Kellogg Co. Ltd (South Korea) of \$7,731,000, Alimentos Kellogg de Panama SRL of \$4,950,000, Kellogg Company Mexico, S. de R.L. de C.V. \$51,820,000, Kellogg Ecuador C. Ltda. \$2,423,000 and Kellogg Netherlands Holding B.V. \$8,200,000.

The income from group undertakings for 2017 consists of dividends received from Nhong Shim Kellogg Co. Ltd (South Korea) of \$2,717,000.

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	29 December 2018 \$000	30 December 2017 \$000
Bank interest receivable	<u>1,162</u>	<u>290</u>
	<u>1,162</u>	<u>290</u>

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 DECEMBER 2018

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	29 December 2018 \$000	30 December 2017 \$000
Bank interest payable	1,094	405
Foreign currency losses / (gains)	109	(159)
Interest on loans from group undertakings	5,478	5,697
	<u>6,681</u>	<u>5,943</u>

6. TAX ON LOSS

(a) Tax expense recognised in profit and loss account

	Year ended 29 December 2018 \$000	Year ended 30 December 2017 \$000
Current tax:		
UK Corporation tax based on the results for the year at 19.00% (2017: 19.25%)	881	136
Total current tax charge	<u>881</u>	<u>136</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Tax charge on (profit)/ loss	<u>881</u>	<u>136</u>

(b) Reconciliation of tax charge

The tax assessed on the loss for the year is higher (2017: higher) than the standard effective rate of corporation tax in the UK of 19.00% (2017: 19.25%) for the following reasons:

	Year ended 29 December 2018 \$000	Year ended 30 December 2017 \$000
(Profit) / Loss before taxation	<u>69,572</u>	<u>(2,942)</u>
Loss multiplied by the standard rate of tax	13,219	(566)
<i>Effects of:</i>		
Income not taxable for tax purposes	(14,274)	(522)
Expenses not deductible for tax purposes	1,049	820
Group relief surrendered	7	268
Withholding tax	881	136
Loss brought forward	(1)	-
Total tax charge (note 7(a))	<u>881</u>	<u>136</u>

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 DECEMBER 2018

6. TAX ON LOSS (continued)

(c) Factors that may affect future tax charges

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

At Budget 2016, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%. This change was substantively enacted on 6 September 2016.

Accordingly, the effect of this change was reflected in these financial statements.

7. INVESTMENTS

	\$000
COST	
At 31 December 2017	3,397,335
Additions	3,200
At 29 December 2018	<u><u>3,400,535</u></u>
ACCUMULATED PROVISION FOR IMPAIRMENT	
At 31 December 2017	386,926
At 29 December 2018	<u><u>386,926</u></u>
NET BOOK VALUE	
At 29 December 2018	<u><u>3,013,609</u></u>
At 30 December 2017	<u><u>3,010,409</u></u>

All investments are in group undertakings involved in the food industry and are stated at cost less provision for impairment. Cost represents the fair value of the shares acquired, with the excess of the fair value over and above the nominal value of the shares transferred to the share premium account in accordance with the provisions of section 610 of the Companies Act 2006. In each case, the voting rights equate to the proportion of equity shares held. The Directors believe that the carrying value of the investments is supported by their underlying value in use.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 December 2018

7. INVESTMENTS (continued)

The Company's subsidiaries at 29 December 2018 were as follows:

Company name	Country of incorporation	Nature of Business	% of shares held
Kellogg Ecuador Compania Ltda	Ecuador	Sales	99
<i>Santa Adriana, 18 F N-O, Solar 3-C, AV. 38 E N-O Manzana, 2 Carretero, Juan Tanca, Marengo, Guayaquil, Guayas, Ecuador</i>			
Kellogg Costa Rica S de RL	Costa Rica	Sales	100
<i>Oficina Kellogg Costa Rica, Rio Segundo De Alajuela, 75 Metros Al Este Del Restaurante, La Candela, Al Costado Sureste Del Aeropuerto Juan Santamaria Bodega DHL, Alajuela, Costa Rica</i>			
Kellogg de Peru SRL	Peru	Sales	99.01
<i>Manuel Olguín N° 335, Interior 1303, Santiago de S, Peru</i>			
Alimentos Kellogg Panama	Panama	Sales	99
<i>Edificio Argos, Sexto Piso, Santa Maria Business District Llano Bonito, Juan Diaz, Panama, Panama</i>			
Alimentos Kellogg SA (Venezuela)	Venezuela	Sales	100
<i>Av. Tamanaco El Rosal, Edif., Extebandes, Piso 6, Caracas, Venezuela 1060-A, Venezuela</i>			
Kellogg Latin America Holding Company (Two) Limited	UK	Dormant	100
<i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>			
Kellogg Netherlands Holdings BV	Netherlands	Holding Co	100
<i>Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands</i>			
Nhong Shim Kellogg Co. Ltd. (South Korea)	South Korea	Sales	90
<i>29, Gongdan 2-ro, Anseong, Gyeonggi-Do Korea</i>			
*Kellogg HK (Private) Limited	Hong Kong	Holding co	100
<i>Flat/ RM 1401, Hutchison House, 10 Harcourt Road, Hong Kong</i>			
Kellogg Company of Great Britain Limited	UK	Manufacturing	100
<i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>			
Gollek Argentina S.R.L.	Argentina	Sales	99.99
<i>Carlos Pellegrini 961, Piso 3 (1009), Buenos Aires (1001), Argentina</i>			
Kellogg Company Mexico	Mexico	Sales	99.99
<i>Km 1, Carr. al Campo Militar s/n, San Antonio de la Punta, 76135 Santiago de Querétaro, Querétaro, Mexico.</i>			
Pringles Overseas Holdings Sarl	Switzerland	Holding Co	100
<i>10 Chemin De Blandonnet, 1214 Vernier, Switzerland</i>			
Pringles Taiwan Ltd.	Taiwan	Dormant	100
<i>4F-1, No 314, Sec 1, Neihu Road, Neihu District, Taipei, Taiwan 114, Taiwan</i>			
* Parati Industria E Comercio De Alimentos Ltda	Brazil	Sales	0.1
<i>Av. Bernardino de Campos, 98, 4th Floor, Suite 49, Paraiso, Sao Paulo, SP Brazil, Brazil</i>			
Kellogg Hong Kong Holding Company Limited	UK	Holding Co	100
<i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>			
*Kelcorn Limited	UK	Dormant	100
<i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>			
*Kelmill Limited	UK	Dormant	100
<i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>			
*Afical Holding LLC	US	Holding Co	1.1
<i>1209 N Orange St, Wilmington, DE 19801, USA</i>			
*Afical Ltda	Brazil	Manufacturing	1.1
<i>BR-304, Macaíba - RN, 59280-000, Brazil</i>			
*Padua Ltda	Brazil	Dormant	1.1
<i>Av Carlos Gomes, 222, Andar 8 - Sala Padua, Auxiliadora, Porto Alegre, RS, CEP 90480000, Brasil</i>			

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 December 2018

7. INVESTMENTS (continued)

Company name	Country of incorporation	Nature of Business	% of shares held
*Kelpac Limited	UK	Dormant	100
<i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>			
*Favorite Food Products Limited	UK	Dormant	100
<i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>			
*Kelcone Limited	UK	Dormant	100
<i>Park Road, Stretford, Manchester, M32 8RA, UK</i>			
*Saragusa Frozen Foods Limited	UK	Dormant	100
<i>Orange Tower, Media City UK, Salford, Manchester, M50 2HF</i>			
*Keebler Canada Inc	Canada	Holding Co	100
<i>5350 Creekbank Road, Mississauga, Ontario L4W 5S1, Canada</i>			
*Kellogg Canada Inc	Canada	Manufacturing	100
<i>5350 Creekbank Road, Mississauga, Ontario L4W 5S1, Canada</i>			
*Kellogg Australia Holdings Pty Limited	Australia	Holding Co	100
<i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>			
*Kellogg (Aust) Pty Limited	Australia	Sales	100
<i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>			
*Kellogg (Superannuation) Pty Limited	Australia	Pension fund	100
<i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>			
*Pringles Australia Pty Limited	Australia	Dormant	100
<i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>			
*The Healthy Snack People Pty Limited	Australia	Dormant	100
<i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>			
*Specialty Cereals Pty Limited	Australia	Dormant	100
<i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>			
*Kashi Company Pty Limited	Australia	Dormant	100
<i>41-51 Wentworth Avenue, Pagewood, NSW 2035, Australia</i>			
*Kellogg Lux VI S.ar.l.	Luxembourg	Holding Co	100
<i>560 A rue de Neudorf, L-2220, Luxembourg</i>			
*Kellogg Europe Services Limited	Ireland	Financing	100
<i>Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2</i>			
*Kellogg Rus LLC	Russia	Sales	100
<i>Vitruka street 4, Voronezh, Russia, 394033</i>			
*Pringles Japan GK	Japan	Holding co	100
<i>Shinagawa Grand Central Tower, 16-4, Konan 2-chome, Minato-ku, Tokyo</i>			
*Kellogg Japan GK	Japan	Sales	100
<i>Shinagawa Grand Central Tower, 16-4, Konan 2-chome, Minato-ku, Tokyo</i>			
*Mass Foods	Egypt	Sales	100
<i>Plot No.43/43, 3rd Industrial Zone 6th of October City, 12451, Giza, Egypt</i>			
*Mass Foods International SAE	Egypt	Sales	100
<i>Plot No.43/43, 3rd Industrial Zone 6th of October City, 12451, Giza, Egypt</i>			
*Mass Trade and Trade Distribution SAE	Egypt	Sales	100
<i>Plot No.43/43, 3rd Industrial Zone 6th of October City, 12451, Giza, Egypt</i>			

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 December 2018

7. INVESTMENTS (continued)

Company name	Country of incorporation	Nature of Business	% of shares held
*Pringles (Shanghai) Food Co Limited <i>Room 333, Part 4, Building 1, No. 2001, Yanggao Road North, China (Shanghai) Pilot Free Trade Zone</i>	China	Dormant	100
*Wimble Manufacturing BVBA <i>Eggestraat, 1 2800, Mechelen, Belgium</i>	Belgium	Manufacturing	100
*Wimble Services BVBA <i>Eggestraat, 1 2800, Mechelen, Belgium</i>	Belgium	Engineering	100
*Pringles Hong Kong Limited <i>6/F, Shui on Ctr, 6-8 Harbour Road, Wanchai, Hong Kong</i>	Hong Kong	Dormant	100
*Kellogg Qingdao Food Limited <i>Room 701, building B, No1.Digital science center, No 63, Haier Road, Qingdao, China</i>	China	Dormant	100
Prime Bond Holdings Limited <i>195 Archiepiskopos Makariou III Avenue, Neocleous House, 3030, Limassol, Cyprus</i>	Cyprus	Holding Co	100
*Yihai Kerry Kellogg Foods (Shanghai) Co Limited <i>Room 31, floor 4, No 39 Jia tai Road, Waigaoqiao Free trade zone, Shanghai, China</i>	China	Sales	50
Wilmar Kellogg (Singapore) Pte. Limited <i>Room 31, floor 4, No 39 Jia tai Road, Waigaoqiao Free trade zone, Shanghai, China</i>	Singapore	Sales	50
Kellogg Company East Africa Limited <i>Williamson House, 4th Ngong Avenue, P.O. Box 40111 - 00100 Nairobi, Kenya</i>	Kenya	Dormant	100

*Indirectly held investments

During 2018, the Company has made additional investments in Kellogg Company of East Africa of \$200,000. The Company also made additional investment in Gollek Argentina S.R.L of \$3,000,000.

In 2017, the Company has made additional investments in Kellogg Hong Kong Holding Company Ltd of \$3,385,000 in return for shares. The Company also made additional investments in Kellogg Netherlands Holding B.V. of \$9,000.

The provision for impairment relates to the investments in Nhong Shim Kellogg Co. Ltd. (South Korea), Kellogg Company Mexico, Kellogg Ecuador Compania Ltda Alimentos Kellogg SA (Venezuela), and Kellogg Australia Holdings Pty Ltd.

KELLOGG LATIN AMERICA HOLDING COMPANY (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 December 2018

8. DEBTORS

	29 December 2018 \$000	30 December 2017 \$000
Amounts owed by group undertakings	13,597	14,265
	<u>13,597</u>	<u>14,265</u>

Amounts owed by group undertakings is made up of balances which are unsecured and repayable on demand.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 December 2018 \$000	30 December 2017 \$000
Amounts owed to group undertakings	5,418	13,354
	<u>5,418</u>	<u>13,354</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	29 December 2018 \$000	30 December 2017 \$000
Amounts owed to group undertakings	156,957	156,957
	<u>156,957</u>	<u>156,957</u>

Included in amounts owed to group undertakings is a loan repayable of \$156,957,000 which bears interest at 3.5% and is repayable on 24 May 2022.

11. CALLED UP SHARE CAPITAL

Allotted and fully paid;

	29 December 2018		30 December 2017	
	Number	\$	Number	\$
Ordinary shares of \$1 each	1,476,103,968	1,476,103,968	1,476,103,968	1,476,103,968
	<u>1,476,103,968</u>	<u>1,476,103,968</u>	<u>1,476,103,968</u>	<u>1,476,103,968</u>

On incorporation 1 ordinary share of \$1 nominal value was issued at par value.

12. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is Gollek UK Limited (registered in England and Wales).

The ultimate parent Company and controlling party is Kellogg Company, which is incorporated in the United States of America and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of Kellogg Company can be obtained from One Kellogg Square, P.O. Box 3599, Battle Creek, Michigan, USA.