


PKC Group AEES Commercial S. de R.L de C.V
Financial Statements
December 31, 2018


PKC Group AEES Commercial, S. de R.L. de C.V.
Consolidated Balance Sheets
(Mexican pesos in Thousands, Unaudited)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Change</u>	<u>December 31, 2016</u>
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 9,047	\$ 3,452	\$ 5,595	\$ 1,734
Accounts Receivable - Trade	15,860	8,553	7,308	56,718
Prepaid and Other Current Assets	7,889	5,309	2,581	8,920
Total Current Assets	<u>\$ 32,797</u>	<u>\$ 17,314</u>	<u>\$ 15,483</u>	<u>\$ 67,372</u>
OTHER ASSETS:				
Deferred Income Taxes - Asset	46	32	15	13
Other Noncurrent Assets	15,115	1,751	13,363	-
Total other assets	<u>\$ 15,161</u>	<u>\$ 1,783</u>	<u>\$ 13,378</u>	<u>\$ 13</u>
TOTAL ASSETS	<u><u>\$ 47,958</u></u>	<u><u>\$ 19,097</u></u>	<u><u>\$ 28,861</u></u>	<u><u>\$ 67,385</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts Payable - Trade	\$ 263	\$ 144	\$ 118	\$ 62
Accounts Payable - Affiliates	35,484	11,357	24,127	50,214
Taxes Payable	4,911	2,270	2,640	14,214
Total Current Liabilities	<u>\$ 40,657</u>	<u>\$ 13,771</u>	<u>\$ 26,886</u>	<u>\$ 64,490</u>
SHAREHOLDERS' EQUITY:				
Common Stock	\$ 3	\$ 3	\$ -	\$ 3
Retained Earnings	7,298	5,323	1,975	2,892
Total Shareholders Equity	<u>\$ 7,301</u>	<u>\$ 5,326</u>	<u>\$ 1,975</u>	<u>\$ 2,895</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$ 47,958</u></u>	<u><u>\$ 19,097</u></u>	<u><u>\$ 28,861</u></u>	<u><u>\$ 67,385</u></u>


 Fernando Parada C.
 Jul 18 / 2019 Y3


PKC Group AEES Commercial, S. de R.L. de C.V.
Consolidated Statements of Income
(Mexican pesos in Thousands, Unaudited)

	Twelve Months Ended December 31,	
	2018	2017
Net Sales and Operating Revenue	\$ 51,005	\$ 44,407
Cost of Sales	47,035	41,982
Gross Profit	<u>\$ 3,970</u>	<u>\$ 2,425</u>
General Admin and Selling Expense	-	-
NET MARGIN	<u>\$ 3,970</u>	<u>\$ 2,425</u>
Foreign exchange (gain) loss	\$ 1,255	\$ (1,203)
Taxes	739	1,197
Interest Expense	-	-
Non-Operating Expense / (Income), Net	-	-
INCOME AFTER TAXES	<u>\$ 1,975</u>	<u>\$ 2,431</u>


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 Fernando Rondero C.

PKC Group AEES Commercial, S. de R.L. de C.V.
Consolidated Statements of Cash Flow
(Mexican pesos in Thousands, Unaudited)

	Twelve Months Ended	
	December 31.	
	2018	2017
Operating Activities		
Net income	\$ 1,975	\$ 2,431
Adjustments to reconcile net income to net cash provided by operating activities		
Deferred taxes	(15)	(19)
Changes in assets and liabilities:		
Accounts receivable - trade	(7,308)	48,165
Prepaid expenses and other	(2,581)	3,611
Other Noncurrent Assets	(13,363)	(1,751)
Accounts payable - trade	118	82
Accounts payable - affiliates	24,127	(38,857)
Taxes payable	2,640	(11,944)
Net cash provided by operating activities	\$ 5,595	\$ 1,718
Net (decrease) increase in cash and cash equivalents	\$ 5,595	\$ 1,718
Cash and cash equivalents at beginning of period	3,452	1,734
Cash and cash equivalents at end of period	\$ 9,047	\$ 3,452


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 Fernando Rosada C.

Notes to the financial statements

Basis of Preparation and Accounting Policies

Basis of preparation

The financial statements of PKC Group AEES Commercial S. de R.L de C.V are prepared in accordance with the International Financial Reporting Standards (IFRS) in force at December 31, 2018.

The financial statements have been prepared on a historical cost basis unless otherwise indicated.

The financial statements are presented in Mexican Pesos and all values are rounded to the nearest thousand (MXP000), except when otherwise indicated.

Accounting policies for the financial statements

(i) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

(ii) Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent assets and liabilities and the recognition of income and expenses in profit or loss. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

The most important items, which require management estimates and assumptions and which may include uncertainty, are impairment testing of goodwill, deferred tax assets of unused tax losses and net realisable value of inventories. Detailed descriptions of decisions based on management's judgement and management's use of estimates are presented later at each item of the financial statements.

The Company's management makes judgements concerning the adoption and application of the accounting policies for the financial statements. The management has used its judgement in selecting and applying the accounting policies.

(iii) Foreign currencies

The Company's functional currency is Mexican Pesos(MXP) and the financial statements are presented in MXP.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(iv) Cash and cash equivalents

Cash and cash equivalent includes cash on hand, cash at banks and short term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(v) Events after the Financial Year

The Company's management is not aware of any significant events occurring after 31 December 2018.

