


PKC Group Mexico S.A. de C.V.
Financial Statements
December 31, 2018


PKC Group Mexico, S.A. 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	\$ 142	\$ 146	\$ (4)	\$ 150
Accounts Receivable - Affiliates	39,864	39,864	-	39,864
Prepaid and Other Current Assets	7	7	0	1,485
Total Current Assets	<u>\$ 40,013</u>	<u>\$ 40,016</u>	<u>\$ (3)</u>	<u>\$ 41,499</u>
TOTAL ASSETS	<u>\$ 40,013</u>	<u>\$ 40,016</u>	<u>\$ (3)</u>	<u>\$ 41,499</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts Payable - Trade	\$ -	\$ -	\$ -	\$ 24
Taxes Payable	-	-	-	3
Accrued Compensation and Retirement Cost	-	-	-	59
Other Current Liabilities	(3)	-	(3)	77
Total Current Liabilities	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ (3)</u>	<u>\$ 162</u>
LONG TERM LIABILITIES:				
Deferred Income Taxes	\$ -	\$ -	\$ -	\$ 101
Total Long-term Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101</u>
SHAREHOLDERS' EQUITY:				
Common Stock	\$ 50	\$ 50	\$ -	\$ 50
Retained Earnings	39,966	39,966	(0)	41,186
Total Shareholders Equity	<u>\$ 40,016</u>	<u>\$ 40,016</u>	<u>\$ (0)</u>	<u>\$ 41,236</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 40,013</u>	<u>\$ 40,016</u>	<u>\$ (3)</u>	<u>\$ 41,499</u>


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 Fernando Barada


PKC Group Mexico, S.A. de C.V.
Consolidated Statements of Income
 For the Twelve Months Ended December 31, 2018 and 2017
(Mexican pesos in Thousands, Unaudited)

	Twelve Months Ended December 31,	
	2018	2017
Net Sales and Operating Revenue	\$ -	\$ -
Cost of Sales	-	492
Gross Profit	\$ -	\$ (492)
General Admin and Selling Expense	-	-
NET MARGIN	\$ -	\$ (492)
Taxes	\$ -	\$ 728
LOSS AFTER TAXES	\$ -	\$ (1,220)


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PKC Group Mexico, S.A. de C.V.
Consolidated Statements of Cash Flow
(Mexican pesos in Thousands, Unaudited)

	Twelve Months Ended	
	December 31,	
	2018	2017
Operating Activities		
Net income	\$ -	\$ (1,220)
Changes in assets and liabilities:		
Accounts receivable - affiliates	-	-
Prepaid expenses and other	(0)	1,378
Accounts payable - trade	-	(24)
Taxes payable	-	(3)
Accrued Compensation and Retirement Cost	-	(59)
Other Current Liabilities	(3)	(77)
Net cash provided by operating activities	\$ (4)	\$ (4)
Net (decrease) increase in cash and cash equivalents	\$ (4)	\$ (4)
Cash and cash equivalents at beginning of period	146	150
Cash and cash equivalents at end of period	\$ 142	\$ 146

 Jul 18 / 2019 3/3
 Fernando Parada C.

Notes to the financial statements

Basis of Preparation and Accounting Policies

Basis of preparation

The financial statements of PKC Group Mexico S.A. 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.

