



**GESTAX AUDITORES CONSULTORES**

INDEPENDENT MEMBER OF GENEVA GROUP INTERNATIONAL

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## **Decco Chile S.p.A.**

Financial Statements for the year ended March 31, 2017 and 2016  
and Report of Independent Auditors

# **Decco Chile SpA**

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# Independent Auditors' Report

To the Shareholders and  
Directors of Decco Chile S.p.A.:

## **Report on the financial statements**

We have audited the accompanying financial statements of Decco Chile S.p.A., which comprise the statements of financial position classified as of March 31, 2017 and 2016. The corresponding comprehensive statements of income, changes in equity and cash flows for the years ended March 31, 2017 and 2016, and related notes to the financial statements.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting norms generally accepted in Chile. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material miss statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements of the entity 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 internal control of the entity. Accordingly, we express no such opinion whatsoever. An audit also includes assessing what are the appropriate accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Our Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of Decco Chile SpA., as of March 31, 2017 and 2016, and the comprehensive results of its operations and its cash flows for the years that ended March 31, 2017 and March 31, 2016, according with accounting principles generally accepted in Chile.

A handwritten signature in black ink, consisting of a large, stylized letter 'E' with a vertical line through it, and a horizontal line at the bottom.

Eduardo del Campo Rojas  
Gestax Auditores Consultores Ltda.  
Santiago April 11, 2017

## Balance Sheet, at march 31, 2017 and march 31, 2016

Assets	Notes	31-03-2017 Ch \$	31-03-2016 Ch \$
<b>Others assets</b>			
Guarantee Rent		<b>1.330.763</b>	1.330.763
Total others assets		<b>1.330.763</b>	1.330.763
<b>Fixed assets</b>			
Plant and Machinery		<b>20.736.328</b>	7.918.000
Computers and Equipments		<b>5.076.922</b>	5.312.363
Vehicles		<b>71.159.709</b>	71.159.709
Accumulated Depreciation		<b>(48.086.083)</b>	(32.775.176)
Total fixed assets	<b>4</b>	<b>48.886.876</b>	51.614.896
<b>Current assets</b>			
Stock of Traded Goods	<b>5</b>	<b>486.006.503</b>	299.644.453
Work in process		<b>15.941.549</b>	25.404.516
Debtors – Others		<b>192.515.126</b>	42.256.742
Accounts Receivables		<b>515.241.230</b>	381.349.552
Cash and Banks		<b>332.493.887</b>	170.650.332
Total current assets		<b>1.542.198.295</b>	919.305.595
Total assets		<b>1.592.415.934</b>	972.251.254

**The enclosed notes number 1 to 12 form an integral part of these financial statements**

## Balance Sheet, at march 31, 2017 and march 31, 2016

	Notes	31-03-2017 Ch \$	31-03-2016 Ch \$
<b>Liabilities and shareholder's equity</b>			
<b>Shareholder's equity</b>			
Paid – in Capital		1.000.000	1.000.000
Retained Earnings		583.700.196	207.757.228
<b>Total shareholder's equity</b>	<b>8</b>	<b>584.700.196</b>	<b>208.757.228</b>
<b>Current liabilities</b>			
Accruals Liabilities		9.028.044	1.874.463
Sales Tax Payable		16.674.225	135.056
Provision for Income Tax	7	80.002.129	42.905.597
Sundry Creditors – General		78.756.233	6.502.746
Sundry Creditors - Decco Intergroup	6	557.504.419	507.259.456
Accounts Payable		265.750.688	204.816.708
<b>Total current liabilities</b>		<b>1.007.715.738</b>	<b>763.494.026</b>
<b>Total current liabilities and shareholder's equity</b>		<b>1.592.415.934</b>	<b>972.251.254</b>

## Profit &amp; Loss Statement, as of March 31, 2017 and march 31, 2016

	Notes	31-03-2017 Ch \$	31-03-2016 Ch \$
<b>Operating income</b>			
Operating revenue		<b>2.962.756.935</b>	1.455.417.658
Operating cost		<b>(2.068.618.666)</b>	(973.920.071)
Gross margin		<b>894.138.269</b>	481.497.587
Selling and administrative expenses		<b>(381.056.141)</b>	(300.260.279)
Operating Margin		<b>513.082.128</b>	181.237.308
<b>Other income (expenses)</b>			
Other expenses		<b>(56.053.980)</b>	(81.487.410)
Other incomes		<b>484.406</b>	1.495.291
Other Incomes (Expenses) – Net		<b>(55.569.574)</b>	(79.992.119)
Incomes before income taxes		<b>457.512.554</b>	101.245.189
Income taxes	7	<b>(81.569.586)</b>	(42.905.597)
Net income		<b>375.942.968</b>	58.339.592

## Cash Flow Statement, as of march 31, 2017 and march 31, 2016

	31-03-2017 Ch \$	31-03-2016 Ch \$
Total cash flows for the period		
Cash flows from operating activities:		
Net income (loss) for the period	<b>375.942.968</b>	58.339.592
Charges (credits) to income not representing cash flows :		
Depreciation	<b>16.847.295</b>	12.405.325
Others	<b>(1.300.947)</b>	
Decreases (increases) in assets affecting cash flows:		
Stock Of Traded Goods	<b>(186.362.050)</b>	(33.052.173)
Work in process	<b>9.462.967</b>	79.406.983
Debtors – Others	<b>(150.258.384)</b>	(24.235.114)
Accounts Receivable Trade - Bad Debt	<b>(133.891.678)</b>	40.754.138
(Decreases) increases in liabilities affecting cash flows:		
Accruals Liabilities	<b>7.153.581</b>	1.249.424
Sales Tax Payable	<b>16.539.169</b>	(11.813.919)
Provision for Income Tax	<b>37.096.532</b>	42.905.597
Sundry Creditors – General	<b>72.253.487</b>	(1.286.622)
Sundry Creditors - Decco Intergroup	<b>50.244.963</b>	52.027.381
Accounts Payable Accounts Payable Detail	<b>60.933.980</b>	(126.561.341)
<b>Total net positive (negative) cash flow from operating activities</b>	<b>174.661.883</b>	90.139.271
Cash flows from financing activities:		
Share placement	-	-
<b>Total net positive (negative) cash flow from financing activities</b>	<b>-</b>	<b>-</b>
Cash flows from investment activities:		
Acquisition of fixed assets	<b>(12.818.328)</b>	(28.946.075)
Guarantee Rent	-	-
<b>Total net positive (negative) cash flow from investment activities</b>	<b>(12.818.328)</b>	(28.946.075)
Net total positive (negative) cash flow for the year	<b>161.843.555</b>	61.193.196
Opening balance of cash and cash equivalents	<b>170.650.332</b>	109.457.136
<b>Closing balance of cash and cash equivalents</b>	<b>332.493.887</b>	170.650.332



## Notes to the Financial Statements as of march 31, 2017 and march 31, 2016

### **Note 1. Constitution and purpose of the Company**

Decco Chile S.p.A. was established as a closed corporation by public instrument of May 18, 2011, granted by Notary of Santiago Mr. Cosme Gomila Gatica and registered in the Register of Commerce of the Santiago under the Number 22,895 in 2011.

The purpose of the Company is provide solutions to help and maintain the quality of fresh fruits and vegetables, allowing them to make it to market in good condition through innovative and cost effective products.

### **Note 2. Accounting principles applied**

#### **a) General**

The following financial statements have been prepared in accordance with accounting principles generally accepted in Chile.

#### **b) Accounting period**

The following financial statements correspond to the period between April 1 2016 and March 31, 2017 and April 1, 2015 and March 31, 2016.

#### **c) Price-level restatements**

The financial statements have not been updated by the rules of restatement to reflect the effects of changes in the currency's purchasing power that occurred during the period because Chile is a country with low inflation.

The variation of the consumer price index (CPI) was of 2.7% for the year 2016 and 4.4% for the year 2015.

#### **d) Basis of translation**

The Company's functional currency is the Chilean peso. At closing date, assets and liabilities denominated in foreign currencies are exchanged to the functional currency at the Corporate Rates. The exchange rate as of March 31, 2017 is \$664,23 and \$671,37 for March 31, 2016 per dollar.

#### **e) Fixed assets**

The fixed assets are valued at acquisition cost less the accumulated amortizations of the period.

#### **f) Inventory**

This item includes those items of inventory within the company's normal business which the company estimates have a rotation of less than one year.

Inventory is valued at acquisition cost, determined in accordance with Chilean tax law. Locally-purchased inventory is valued at its highest cost during the year, and imported products at the latest import price. Inventory is presented net of a provision for obsolete inventory. These values do not exceed the estimated net realizable value.

**g) Income and deferred taxes**

The company records income taxes based on net taxable income determined in accordance with standards established by the on Income Tax Law.

Deferred taxes for accounting purposes, consider all temporary differences and other events that create differences between the accounting and tax base of assets and liabilities, according to the standards established in Technical Bulletin N° 60 and complementary to the Chilean Association of Accountants.

The Company made no provision because the temporary differences are not significant.

**h) Statement of cash flow**

For purposes of preparing the statement of cash flows, according to what is stated in Technical Bulletin N°. 50 of the Chilean Association of Accountants, the Company has considered the cash and cash equivalents and investments.

**Note 3. Accounting Changes**

During the years 2017 and 2016 there were no changes in the implementation of major accounting principles in relation to the previous year.

**Note 4. Fixed Assets**

Fixed assets correspond to Vehicles and Technology Equipment, which are shown at their acquisition cost. Depreciation is calculated using the straight-line method based on the remaining useful lives of the individual asset.

The net balance at March 31, 2017 it was of Ch\$48.886.876 and the net balance at March 31, 2016 it is of Ch\$51.614.896.

The charge for depreciation for the period april,1 2016 to March, 31 2017 amounted to Ch\$16.847.295 and is presented as Other Expenses in the Profit & Loss Statements.

**Note 5. Stock of traded goods**

The net balance at March 31, 2017 it was of Ch\$ 486.006.503 and the net balance at March 31, 2016 it is of Ch\$ 299.644.453.

**Note 6. Balances and Transactions with the group companies**

1. Names of related parties where control exists irrespective of whether transactions have occurred or not

Ultimate Holding Company	UPL Ltd.
Holding Company of Parent Company	Decco WW Post-Harvest holding B.V.
Parent Company	Decco WW Post-Harvest holding B.V.

2. Names of other related parties with whom transactions have taken place during the year

Fellow Subsidiaries	
Decco Italia	2800
Decco Iberia	2580
Decco Us Post-Harvest, Inc.	3300
Decco WW Post-Harvest Holding B.V.	2280

3. At march 31, 2017 and march 31, 2016, the Company had receivables from and payables due to various entities controlled by the Parents as follows:

**Payables to affiliates**

<b>Related parties</b>	<b>March, 31 2017</b>	<b>March, 31 2016</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Decco US Post-Harvest Inc.	<b>168.164</b>	185.214
Decco Iberica Postcosecha, S.A.U., Spain (formerly Cerexagri Iberica)	<b>15.942</b>	-
Decco Italia SRL, Italy	-	-
	<b>184.106</b>	185.214

**Loan from affiliates (Non-current):**

<b>Related parties</b>		
Decco WW Post Harvest Holding B.V. ( long term )	<b>373.399</b>	322.046
	<b>373.399</b>	322.046

4. The following are the details of the transactions entered by the Company for the year ended March 31, 2017 and 2016:

	<b>Nature of transactions</b>	<b>Name of related party</b>	<b>March, 31 2017</b>	<b>March, 31 2016</b>
			<b>ThCh\$</b>	<b>ThCh\$</b>
1	Purchases			
	Purchases (Credit Note)	Decco Italia	-	(3.575)
	Purchases	Decco Iberica	33.639	19.551
	Purchases	Decco US Post-Harvest, Inc.	298.973	300.556
2	Interest expenses	Decco WW Post Harvest Holding B.V	13.922	6.503
3	Loan taken	Decco WW Post Harvest Holding B.V	664.231	268.547
4	Management Fees	Decco WW Post Harvest Holding B.V	40.816	40.282

**Note 7. Income tax**

	March, 31 2017		March, 31 2016	
	Amount ThCh\$	%	Amount ThCh\$	%
Statutory / Fiscal / Federal Tax rate	81.568	24,00%	42.425	22,50%
Add / (Less)				
Expenses Not accepted for tax	2	35,00%	481	35,00%
<b>Effective Tax rate</b>	<b>81.570</b>	<b>24,00%</b>	<b>42.906</b>	<b>22,75%</b>

The charge to income for income taxes at March 31, 2017 is broken down as follows:

	Ch\$
The income tax provision on result from January to December 2016	
Ch\$\$ 332.795.827 * 24 % = \$ 79.870.998	79.870.998
The income tax provision on costs not accepted, year 2016	
Ch\$\$ 6.083 * 35% = \$ 2.129	2.129
Excess on tax provision	129.002
Difference by greater expenditure on income tax year 2014, by evil forms issued	1.567.457
<b>Total</b>	<b>81.569.586</b>

	Year 2017 24%	Year 2016 22,5%
<b>Result on Financial Balance</b>	<b>455.945</b>	<b>101.245</b>
<b>Temporary Differences</b>		
Less result Jan-Mar 2017 / 2016	-216.826	-93.734
Plus result Jan-Mar 2016 / 2015	93.734	176.941
Monetary correction on Inventory as of Dec 2016 / 2015	6.787	1.532
Monetary correction on Equity as of Dec 2016 / 2015	-5.056	-700
Monetary correction on Fixed Assets as of Dec 2016 / 2015	2.653	2.896
Monetary correction on Accum Depreciation of fixed assets as of Dec 2016/ 2015	-1.051	-3.772
Depreciation on fixed assets for tax purposes as of Dec 2016 / 2015	-143	-3.048
Monetary correction on advanced payment tax as of dec 2016 / 2015	418	339
Exchange rate correction for tax purposes as of December 2016	-5.843	0
Other minor differences	-595	627
<b>Result before tax on Statutory books as of 31-12-2016 / 31-12-2015</b>	<b>330.023</b>	<b>182.326</b>
Plus Interests and tax penalties	2.771	2.246
Plus not accepted expenses	2	3.985
<b>Taxable Income as of 31-12-2016 / 31-12-2015</b>	<b>332.796</b>	<b>188.557</b>
Income Tax	24%	
Income Tax		
Excess on Tax provision		
Difference on income tax 2014 by evil forms issued		
Fiscal Income Tax		
Provision tax on not accepted expenses	35%	
<b>Provision for tax</b>	<b>81.570</b>	<b>42.906</b>
Difference on income tax 2014 paid in year 2016	1.568	0
<b>Net result</b>	<b>375.943</b>	<b>58.340</b>

## Tax Reform in Chile

On September 29, 2014, was published in the Official Gazette Law No. 20,780 titled "Tax Reform amending the income tax system and presents various adjustments in the tax system."

Among the main changes, the Act adds a new semi integrated taxation system, which can be used as an alternative to attributed income system. Taxpayers are free to choose either to pay their taxes. In the case of Decco Chile S.p.A.. and by general rule, the semi integrated taxation system is applied. Such decision may probably change in a future Assembly of Members by choosing the attributed income system.

The semi integrated system establishes the progressive increase in the First Category Income Tax for business years 2014, 2015, 2016, 2017 and 2018 onwards, increasing it to 21%, 22.5%, 24%, 25.5% and 27%, respectively.

### Note 8. Shareholder's equity

a) The movement of the shareholder's during the financial period is presented as follows:

	<b>Paid-in Capital</b>	<b>Income (Loss) accumulated</b>	<b>Total</b>
	Ch\$	Ch\$	Ch\$
Initial contribution at of April 01, 2016	1.000.000	207.757.228	208.757.228
(Loss) income for the period		375.942.968	375.942.968
Balance at of March 31, 2017	1.000.000	583.700.196	584.700.196

b) Creation of the company and initial contribution:

By public deed dated May 18, 2011, granted by Notary of Santiago of Mr. Cosme Gomila Gatica is constituted the closed corporation "Decco Chile SpA".

The initial capital of the company is CH\$1.000.000 divided in one thousand nominative actions, of same serial, without nominal value, which up to date they are completely subscribed and paid.

c) Participation in the property of the society to March 31, 2017:

Shareholders	<b>Number of Shares Subscribed</b>	<b>Capital Subscribed Ch\$</b>	<b>Capital Paid Ch\$</b>
Decco Worldwide Post Harvest Holding B.V	1.000	1.000.000	1.000.000
	1.000	1.000.000	1.000.000

**Note 9. Staff**

At March 31, 2017 Decco Chile SpA features 8 persons:

<b>Post office</b>	<b>Quantity</b>
CEO	1
Deputy general manager	1
CFO	1
Foreign trade and human resources 's staff	1
Warehouse staff	1
Customer support	1
Commercial assistant	1
Technical staff	1

In addition, Decco Chile S.p.A. has one temporary employee.

**Note 10. Contingencies and commitments**

The Company has no contingencies and commitments that affect the financial statements as of March 31, 2017.

**Note 11. Subsequent Events**

Up to the date of preparation of the present financial statements, Decco Chile S.p.A. doesn't has financial facts that have been produced, or of other aspects that significantly affecting the balances or interpretation of these financial statements.

**Note 12. Environment**

By the nature of Decco Chile S.p.A. is not affected by expenses for improvement and / or investment of process and any other concept regarding verification and enforcement of ordinances and laws related to industrial processes and facilities which may affect directly or indirectly to environmental protection.