

**DECCO JIFKINS MEXICO, S.A.P.I. DE C.V.**

**Financial Statements**

Years Ended March 31, 2015 and 2014, With Independent Auditor's Report

**DECCO JIFKINS MEXICO, S.A.P.I. DE C.V.**

**Financial Statements**

Years Ended March 31, 2015 and 2014

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## **INDEPENDENT AUDITOR'S REPORT**

To the Stockholders of  
Decco Jifkins México, S.A.P.I. de C.V.

### **Report on the financial statements**

We have audited the accompanying financial statements of Decco Jifkins México, S.A.P.I. de C.V., that comprise the statements of financial position as of March 31, 2015, and the related statements of operations and comprehensive income, changes in stockholders' equity (deficit) and cash flows for the year ended March 31 2015; and a summary of the significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Mexican Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 unqualified opinion.

## Opinion

In our opinion, the aforementioned financial statements, present fairly the financial position of Decco Jifkins México, S.A.P.I. de C.V., at March 31, 2015, and its financial performance, and its cash flows for the year ended March 31, 2015, in conformity with Mexican Financial Reporting Standards.

## Other matters

The financial statements for the year ended March 31, 2014 were audited by other independent accountants, who on April 11, 2014, expressed an unqualified opinion.

This audit report and the accompanying financial statements and their notes have been translated into English solely for the convenience of readers outside of Mexico.

Baker Tilly México, S.C.  
Independent Member Firm of  
Baker Tilly International



Mauricio Gonzalez  
Partner

Guadalajara, Jalisco, México  
April 6, 2015

DECCO JIFKINS MEXICO, S.A.P.I. DE C.V.

Statements of financial position

(Amounts in Mexican pesos)

	Notes	At March 31,	
		2015	2014
<b>Assets</b>			
Current assets:			
Cash		Ps. 1,902,182	Ps. 2,085,735
Accounts receivable, net (net of allowance for doubtful accounts of \$890,699 in 2015 and 2014)		9,280,187	8,153,027
Recoverable taxes and trade receivables		624,626	396,596
Inventories of finished products		6,270,696	5,812,873
Total current assets		18,077,691	16,448,231
Machinery, furniture and equipment, net	Note 3	597,789	541,935
Total assets		Ps. 18,675,480	Ps. 16,990,166
<b>Liabilities and shareholders' equity (deficit)</b>			
Current liabilities:			
Related parties	Note 2	Ps. 21,295,437	Ps. 10,916,026
Taxes payable		60,476	922,274
Other accounts payable and accrued liabilities		124,492	1,605,882
Total current liabilities		21,480,405	13,444,182
Long liabilities:			
Related parties	Note 2	4,466,920	3,830,098
Total liabilities		25,947,325	17,274,280
Stockholders' equity (deficit)			
Capital stock	Note 6	50,000	50,000
Accumulated deficit		( 7,321,845)	( 334,114)
Total stockholders' equity (deficit)		( 7,271,845)	( 284,114)
Total liabilities and stockholders' equity (deficit)		Ps. 18,675,480	Ps. 16,990,166

The accompanying notes are an integral part of these financial statements.

**DECCO JIFKINS MEXICO, S.A.P.I. DE C.V.**

**Statements of operations and comprehensive income**

(Amounts in Mexican pesos)

	<b>Notes</b>	<b>Years ended March 31,</b>	
		<b>2015</b>	<b>2014</b>
Net Sales	<b>Ps.</b>	<b>18,847,819</b>	Ps. 21,905,919
Cost of sales		<b>17,532,789</b>	16,529,373
Gross profit		<b>1,315,030</b>	5,376,546
Operating expenses		<b>7,116,252</b>	6,435,621
Other (expenses) income, net		<b>( 3,058)</b>	2,500,153
Operating (loss) profit		<b>( 5,804,280)</b>	1,441,078
Financing cost:			
Interest expense, net		<b>( 140,483)</b>	( 138,939)
Exchange (loss) gain, net		<b>( 1,042,968)</b>	28,867
		<b>( 1,183,451)</b>	( 110,072)
(Loss) Income before income taxes		<b>( 6,987,731)</b>	1,331,006
Income tax	<i>Note 7</i>	<b>-</b>	429,037
Net (loss) profit and Comprehensive (loss) profit		<b>Ps.( 6,987,731)</b>	Ps. 901,969

The accompanying notes are an integral part of these financial statements.

DECCO JIFKINS MEXICO, S.A.P.I. DE C.V.

Statements of Changes in Stockholders' Equity (deficit)

Years ended March 31, 2015 and 2014

(Amounts in Mexican pesos)

	Capital stock	Accumulated deficit	Total stockholders' equity (deficit)
Balance at March 31, 2013	Ps. 50,000	Ps. ( 1,236,083)	Ps.( 1,186,083)
Comprehensive profit		901,969	901,969
Balance at March 31, 2014	50,000	( 334,114)	( 284,114)
Comprehensive loss		( 6,987,731)	( 6,987,731)
<b>Balance at March 31, 2015</b>	<b>Ps. 50,000</b>	<b>Ps.( 7,321,845)</b>	<b>Ps.( 7,271,845)</b>

The accompanying notes are an integral part of these financial statements.

**DECCO JIFKINS MEXICO, S.A.P.I. DE C.V.**

**Statements of Cash Flows**

(Amounts in Mexican pesos)

	<b>Years ended March 31</b>	
	<b>2014</b>	<b>2013</b>
<b>Operating activities</b>		
(Loss) Income before income taxes	Ps.( 6,987,731)	Ps. 1,331,006
<b>Item related to investing activities:</b>		
Depreciation	387,118	388,238
Interest income	-	( 433)
<b>Item related to financing activities:</b>		
Interest payable	140,483	139,372
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	( 1,127,160)	( 48,697)
Recoverable taxes and trade receivables	( 228,030)	-
Inventories of finished products	( 457,823)	( 2,722,868)
Related parties	10,379,411	1,069,004
Taxes payable	( 861,798)	429,037
Other accounts payable and accrued liabilities	( 1,481,390)	( 699,732)
Net cash flow from operating activities	<u>( 236,920)</u>	<u>( 115,073)</u>
<b>Investing activities</b>		
Acquisition of machinery, furniture and equipment	( 442,971)	( 112,848)
Interest income	-	433
Net cash flow by investing activities	<u>( 442,971)</u>	<u>( 112,415)</u>
Cash to be obtained to financing activities	<u>( 679,891)</u>	<u>( 227,488)</u>
<b>Financing activities</b>		
Related parties	636,821	1,567,805
Interest paid	( 140,483)	( 139,372)
Net cash flow by financing activities	<u>496,338</u>	<u>1,428,433</u>
Net (decrease) increase in cash and cash equivalents	( 183,553)	1,200,945
Cash at beginning of year	2,085,735	884,790
Cash at end of year	<u>Ps. 1,902,182</u>	<u>Ps. 2,085,735</u>

The accompanying notes are an integral part of these financial statements.



## **DECCO JIFKINS MEXICO, S.A.P.I. DE C.V.**

### **Notes to Financial Statements**

Years Ended March 31, 2015 and 2014

(Amounts in Mexican pesos)

#### **1. Operations and summary of significant accounting policies**

Decco Jifkins Mexico, S.A.P.I. de C.V., was incorporated on January 21, 2011, the principal activity is purchase, sale, distribution and import of goods and services post-harvest, including without limitation, wax, additives, soaps, fungicides products for coating, cleaning, sanitation, regulation of growth as well as distribution and commercialization of agrochemicals products and raw materials. The company is a subsidiary of DECCO Worldwide Post-Harvest Holdings BV.

On April 6, 2015, the accompanying financial statements and these notes were authorized by Willian Santo Ruggero, Administration and Operation Manager, for their issuance and subsequent approval by the Board of Directors and stockholders. These financial statements will be submitted to the ordinary shareholders for approval who have the authority to modify the Company's financial statements.

#### **Significant accounting policies applied**

##### **a) Compliance with Mexican Financial Reporting Standards**

The accompanying financial statements were prepared in conformity with Mexican Financial Reporting Standards (Mexican FRS).

##### **b) Basis of preparation**

##### **Recognition of annual rate of inflation on financial information**

The accompanying financial statements were prepared on historical cost basis.

The annual rate of inflation for 2014 and 2013, as determined based on the National Consumer Price Index (NCPI). In conformity with Mexican FRS, this cumulative inflation rate represents the condition for considering Mexico as having a non-inflationary economic environment.

##### **c) Recognition of revenues**

The Company recognizes revenues at the time ownership of products sold is transferred to the customers, which occurs once products have been delivered to the customer.

##### **d) Use of estimates**

The preparation of financial statements in conformity with Mexican Financial Reporting Standards (MFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses included in the reporting period. Actual results could differ from those estimates.

#### **e) Cash**

Cash principally consist of bank deposits.

#### **f) Inventories**

Inventories are recognized at historical acquisition cost and are valued using the average cost method. The carrying value of inventories is not in excess of their net realizable value.

#### **g) Machinery, furniture and equipment**

Machinery, furniture and equipment are recorded at acquisition cost.

Depreciation of machinery, furniture and equipment is computed on historical cost using the straight-line method, based on the estimated useful lives of the related assets.

The value of machinery, furniture and equipment is checked when there are signs of impairment in the value of these assets. When the value of recovery, which is the largest between the selling price and its value in use (which is the present value of future cash flows), is lower than the net book value, the difference is recognized as an impairment loss.

At March 31, 2015 and 2014, there were no signs of impairment.

#### **h) Accrued liabilities, reserves, contingent assets and liabilities and commitments**

Accrued liabilities are recognized whenever: (i) the Company has current obligations (legal or assumed) resulting from a past event, (ii) when it is probable the obligation will most likely give rise to a future cash disbursement for its settlement and (iii) the amount of the obligation can be reasonably estimated.

When the effect of the time value of money is significant, the amount of the liability is determined as the present value of the expected disbursements to settle the obligation. The discount rate applied is determined on a pre-tax basis and reflects current market conditions at the balance sheet date and, where appropriate, the risks specific to the liability.

Contingent liabilities are recognized only when it is probable they will give rise to a future cash disbursement for their settlement. Also, commitments are only recognized when they will generate a loss.

#### **i) Employee profit sharing**

Employee profit sharing is a statutory obligation payable to employees and is determined in accordance with the provisions of both Mexican labor law and income tax law. Current year employee profit sharing is charged to results of operations and represents a current liability due and payable in a period of less than one year.

Deferred profit sharing is determined by the temporary differences that result from the comparison of the accounting and tax values of assets and liabilities, and is recognized only when it is probable the liquidation of a liability generated of a benefit and not there is any indication of where you are going to change the situation, in such a way that this passive or profit is not perform. At March 31, 2015 and 2014 the company has not recorded the deferred profit sharing, because this effect is not relevant.

#### **j) Exchange differences**

Transactions in foreign currency are recorded at the prevailing exchange rate on the day of the related transactions. Foreign currency denominated assets and liabilities are valued at the prevailing exchange rate at the latest balance sheet date. Exchange differences determined from the transaction date to the time foreign currency denominated assets and liabilities are settled or translated at the balance sheet date.

#### **k) Comprehensive (loss) profit**

Comprehensive (loss) profit consists of the net profit for the period plus, if applicable, those items that are reflected directly in stockholders' equity and that do not constitute capital contributions, reductions or distributions.

#### **l) Taxes on profits**

Current year taxes on profits are presented as a short-term liability, net of prepayments made during the year.

Deferred taxes on profits are recognized using the asset and liability method. Under this method, deferred taxes on profits are recognized on all differences between the financial reporting and tax values of assets and liabilities, applying the enacted income tax rate or flat-rate business tax rate effective as of the balance sheet date, or the enacted rate at the balance sheet date that will be in effect when deferred tax assets and liabilities are expected to be recovered or settled.

The Company periodically evaluates the possibility of recovering deferred tax assets and, if necessary, creates a valuation allowance for those assets that do not have a high probability of being realized.

#### **m) Income statement presentation**

Cost and expenses in the income statements are presented in accordance with its function, since this classification allow us to evaluate properly gross profit margins and operational.

The presentation of operating income is not required; however it is presented as an important indicator of our results.

#### **n) Accounting pronouncements in force during 2014**

From 1 January 2014, the company adopted the following new NIF and interpretations to Financial Reporting Standards (INIF), however, it is considered that their adoption does not have a significant impact on the financial information that is presented in the financial statements and their notes and whose most important changes are the following:

- a) NIF C-11 Capital.
- b) NIF C-12 financial instruments with characteristics of liabilities and capital.
- c) INIF 20 accounting purposes of the tax reform 2014.

Some of the major changes that set these standards, are:

#### **NIF C-11, Capital accounting.**

The main changes that generates this standard are the following:

- The C-11 Bulletin established in paragraph 25 that, for which the advances for future capital increases are presented in the book capital, there should be " ...resolution in the assembly of partners or owners that will be applied to the social capital increases in the future... ". The NIF C-11 also requires that the price is fixed by action to cast by these advances and it is established that cannot be repaid before capitalized, to qualify as capital accounting.
- The NIF C-11 points out in generic form when a financial instrument meets the characteristics of capital to be considered as such, since it would otherwise be a liability. However, the specific rules to distinguish a financial instrument of capital and one of passive, or the components of capital and liabilities within the same compound financial instrument, it is in the NIF C-12, financial instruments with characteristics of liabilities and capital. The NIF C-11 includes only the rules relating to financial instruments that in its initial recognition are identified as capital.

### **NIF C-12, financial instruments with characteristics of liabilities and capital.**

The main changes that generates this rule, which came into force on 1 January 2014, are the following:

- It is established that the main feature for a financial instrument qualifies as an instrument of capital is that the holder is exposed to the risks and benefits of the institution, rather than have the right to charge a fixed amount of the entity.
- The main change in the classification of an equity instrument redeemable, such as a preferred share, is to establish that, by way of exception, when you meet the conditions set out in section 41 of this standard, among which are that the exercise of the Redemption, you can exercise only until the liquidation of the society, in both there is no other inescapable obligation of payment in favor of the holder, the instrument misdemeanor is classified as capital.
- It incorporates the concept of subordination, a crucial element in this standard, since if a financial instrument, has a precedence of payment or reimbursement before other instruments would qualify as passive, by the existing obligation to liquidate it.
- It allows you to classify as a capital instrument with an option to issue a fixed number of shares at a fixed price set out in a different currency to the functional currency of the radio station, always and when the option have all the owners of the same class of capital instruments, in proportion to their tenure.

### **INIF 20, accounting purposes of the tax reform 2014.**

The main themes in this interpretation with the standard are:

This interpretation to the standards of financial information 20 (INIF 20) deals specifically with the accounting recognition of the topics included in the Fiscal Reform 2014 that are related to the taxes to the utility and with the participation of workers in the usefulness of the Companies (OCT), taking as reference the NIF D-4, taxes to the utility.

The entity must make an assessment of its contingent liabilities and contingent assets related to the ISR and the PTU identified to December 2013 to determine, in its case, changes in its probability of occurrence. Any passive or active whose realization becomes likely must be recognized in the financial statements of 2013 affecting the integral result status in the heading of taxes to the utility, or, in his case, in the ORI to whom they are related.

The entity must disclose in notes to the financial statements for the financial year 2013, the change of the DECISIONS as from 1 January 2014, doing an overview of its significant impacts in the entity. This INIF 20 should apply from 11 December 2013.

**o) New accounting pronouncements that entered into force for 2015**

With the objective to converge the Mexican regulations with international regulations, during 2014 the Mexican Council of standards of financial information, A. C. enacted the following tax number, which will take effect from 2015 and subsequent years, as follows:

**NIF C-9 "Provisions, contingencies and commitments"** shall enter into force for the exercises that starting from 1 January 2018, enabling its early application provided it is in conjunction with the initial implementation of the NIF C-19 "financial instruments payable". Left without effect to the Bulletin C-9 "passive, provisions, contingent liabilities and contingent assets and Commitments". The first application of this tax does not generate accounting changes in the financial statements. Among the major aspects that covers this NIF are the following:

- It is possible to reduce its scope to the relocate the topic concerning the accounting treatment of financial liabilities in the NIF C-19 "financial instruments payable".
- Modifies the definition of "passive" by eliminating the word "virtually inescapable" and including the term "probable".
- Updates the terminology used in the whole standard to standardize its submission in accordance with the rest of the NIF.

**NIF C-19 "financial instruments payable"** shall enter into force for the exercises that starting from 1 January 2018 with retrospective effect, allowing early application, provided it is in conjunction with the implementation of the NIF C 9 "Provisions, quotas and commitments", the NIF C-3 "Accounts receivable" and the NIF C 20 "Instruments of financing receivable"- between the main features that has this tax number will include the following:

- Establishes the possibility of valuing, subsequently to its initial recognition, certain financial liabilities at fair value, when certain conditions are met.
- Evaluate the long-term liabilities to its present value in its initial recognition.
- When you restructure a passive, without substantially altered the future cash flows to liquidate the same, the costs and commissions dipping in this process will affect the amount of liability and will be amortized on a effective interest rate changed, instead of directly affect the net profit or loss.
- Incorporates the provisions of the IFRIC 19 "extinguishment of liabilities with financial instruments of Capital", a topic that was not included in the existing rules.
- The effect of extinguishing a financial liability should be introduced as a result financial status in the integral result.
- Introduces the concepts of amortized cost for valuing financial liabilities and the effective interest method, based on the effective interest rate.

**NIF D-3 "employee benefits"** shall enter into force for the exercises that starting from 1 January 2016, with retrospective effect, allowing your application early on 1 January 2015, and left without effect to the provisions that existed in the NIF D-3. Among the major changes that includes the following:

- Direct Benefits: changed the classification of the direct benefits in the short term and was ratified the recognition of the participation of the workers in the Utility (OCT) deferred.
- Termination Benefits: rules have been modified to identify when the payments by untying labor actually comply with the conditions of post-employment benefits and when are termination benefits.
- Benefits post-employment: were modified, among others, the recognition of the accounting multi bosses plans, plans and governmental entities under common control; the recognition of the passive (active) by defined benefit net; the basis for the determination of the actuarial assumptions in the discount rate; the recognition of the cost of labor to past service (CLSP) and of the early settlements of Obligations (LAO).
- Remediation: is removed, the recognition of the benefits post-employment, the corridor approach or fluctuation band for the treatment of gains and losses of the plan (GPP); therefore are recognized as it accrues, and its recognition as remediation's will directly result in another Integral "ORI", demanding their recycling to the net profit or loss of the period under certain conditions.
- Roof of the assets of the plan (AP): Identifies a roof plan assets specifying that resources provided by the entity do not qualify as such.
- Discount Rate: it establishes that the discount rate in the OBD system on the defined benefits are based on rates of higher-quality corporate bonds with a deep market and, in default thereof, in rates of government bonds.
- Termination benefits: it requires that you analyze whether the payments by decoupling or separation qualify as termination benefits are benefits or post-employment, pointing out that, if it is not a cumulative benefit without pre-existing conditions of grant, is a benefit for completion, and, therefore, establishes that it must be recognized until this event. However, if you have preexisting conditions, whether in contract, statute or by payment practices, it is considered a cumulative benefit and should be recognized as a benefit post-employment.

### **Improvements to Financial Reporting Standards (IFRS) 2015**

#### **NIF B-8, consolidated financial statements or combined**

Added the concept, elements and characteristics of an entity of investment, it provides a guide to identify a entity of investment and how to understand their primary activity.

#### **NIF B-16, financial statements of entities with non-profit purposes**

Included within the NIF B-16 treatment of the ORI, without requiring the presentation separately in the state of activities.

## Bulletin C-9, liabilities, provisions, contingent liabilities and contingent assets and commitments

Set out the accounting treatment of liabilities by advances from customers in foreign currency, where the exchange rate fluctuation between its functional currency and the currency of payment does not affect the amount of the advance payment, so that those amounts should not be modified by subsequent exchange rate fluctuations.

## Improvements to IFRS that do not generate Accounting Changes

### NIF B-13, events subsequent to the date of the financial statements Bulletin and C-9, liabilities, provisions, contingent liabilities and contingent assets and commitments.

It is necessary to reveal when it finds that the entity is not a business up and running and reveal the contingencies that are generated on not be operating an entity on the basis of the business up and running. In addition expands the concept of future period, not to limit it to twelve months from the date of issuance of financial statements.

### NIF B-15, conversion of foreign currencies

Fits the definition of foreign operation, establishing a definition for the type of change and the text was amended on the treatment of non-monetary items in transactions in foreign currency in the later recognition.

### NIF C-20, financial instruments receivable, and NIF B-6, statement of financial position

It unifies the use of the concept of "class" in the presentation of the instruments of financing receivable, as well as in the NIF B-6 of the State of financial situation.

The date of issue of these financial statements, the company is in the process of determining the effects of these new standards in its financial information.

## 2. Related parties

a) During the years ended March 31, 2015 and 2014, we have and we performed the following operations with related parties:

	2015		2014
<b>Due from:</b>			
<b>Short term(1)</b>			
Decco US Post-Harvest, Inc.	Ps. 20,952,021	Ps.	10,916,026
Decco Iberica Post Cosecha, SAU	343,416		-
	<b>Ps. 21,295,437</b>	Ps.	<b>10,916,026</b>
	2015		2014
<b>Due to:</b>			
<b>Long term(2)</b>			
DECCO Worlwide Post-harvest Holdings BV	Ps. 4,466,920	Ps.	3,830,098

(1) As of March 31, 2015 and 2014, the balances due to related parties are the balances of current accounts without interest.

(2) As of March 31, 2015 and 2014, the loan agreement, with simple interest at 3.06% annual rate.

b) During the years ended March 31, 2015 and 2014, the Company had the following transactions with related parties:

	<u>2015</u>		<u>2014</u>
<b>Cost and expenses</b>			
Inventory Purchases	Ps. 15,825,060	Ps.	15,787,941
Reimbursement of administrative expenses	224,934		568,605
Interest expenses	140,483		138,939

### 3. Machinery, furniture and equipment

An analysis of this caption at March 31, 2015 and 2014, is as follows:

	<u>2015</u>		<u>2014</u>	Estimated useful life
Office furniture and equipment	Ps. 54,194	Ps.	48,756	10 years
Automotive equipment	881,276		696,879	4 years
Computer equipment	112,134		85,302	3.3 years
Wax sprinkler equipment	541,936		544,808	10 years
Machinery and equipment	122,706		17,715	10 years
	<u>1,712,246</u>		<u>1,393,460</u>	
Accumulated depreciation	(1,114,457)		(851,525)	
	<u>Ps. 597,789</u>	Ps.	<u>541,935</u>	

Depreciation expense for the years ended March 31, 2015 and 2014, aggregated Ps.387,118 and Ps.388,238 , respectively.

### 4. Foreign Currency Balances and Transactions

a) The financial statements at March 31, 2015 and 2014 include the following U.S. dollar denominated assets and liabilities:

	<b>(Amounts in dollars)</b>	
	<u>2015</u>	<u>2014</u>
Current Assets	<b>USD \$ 1,131,983</b>	USD \$ 1,157,632
Long Liabilities	<b>(1,680,398)</b>	(1,165,652)
Monetary liability position, net	<b>USD \$ (548,415)</b>	USD \$ (8,020)

At March 31, 2015 and 2014, the exchange rates used to translate the above amounts to Mexican pesos were Ps.15.3311 and Ps.13.0668, respectively, per U.S. dollar. At April 6, 2015, the date of the audit report on these financial statements, the exchange rate is Ps. 15.1206 per U.S. dollar.

b) The main foreign currency transactions made by the Company during 2015 and 2014 were for purchases of inventories, which amounted to USD \$1,038,205 and \$1,206,650, respectively.



## 5. Shareholders' Equity

### a) Capital stock

At December 31, 2014 and 2013, the Company's capital stock is represented by 2 common, registered shares, issued and outstanding, with a par value of Ps.49,900 and Ps.100 Mexican peso each.

According to the stock purchasing agreement held on April 1st 2014 at the Ordinary General Meeting of Shareholders, Ramiro Gonzalez Duran sold all of his Shares, leaving Decco Worlwide Post-Harvest Holdings, B.V. and Decco, U.S. Post-Harvest, INC. as the only Stockholders with 499 stocks and 1 stock respectively.

### b) Legal reserve

In conformity with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued until the legal reserve reaches 20% of the value of capital stock.

### c) Tax accounts

Any distribution of dividends in excess of the Net taxed profits account (CUFIN) balance will be subject to payment of corporate income tax at the statutory rate at the time of payment.

The Restated contributed capital account (CUCA) represents the amount of capital that, under certain circumstances, may be withdrawn without paying income tax.

At March 31, 2015 y 2014, is a follows:

	2015		2014
CUCA	<u>Ps. 57,897</u>	Ps.	<u>55,627</u>

### d) Accumulated deficit

As mentioned in the notes to the financial statements at March 31, 2014 and 2013, the Company has a deficit in its partnership capital. In conformity with the Mexican Corporations Act, this situation could, in the worst of scenarios, constitute cause for the dissolution of the Company at the request of an interested third party. The financial statements do not include those adjustments related to the valuation and classification of assets and liabilities that might be necessary if the Company is unable to continue in operation settings, these adjustments are not included as the group is providing a comfort letter to support the entity in such a situation.

## 6. Income tax and flat-rate business tax

### a) Income tax

The Company is subject to payment of corporate income tax. Book results and tax results differ principally due to temporary differences in items that affect income for financial and tax reporting purposes in different periods, and due to certain permanent differences as well.

For the years ended March 31, 2015 and 2014 the tax rate was 30%.

For the year ended March 31, 2015, the Company reported taxable loss of Ps. 737,321 (Ps. 1,430,123 of taxable income in 2014)

At March 31, 2014, the taxes on profits charged to results of operations for income tax aggregated Ps. 429,037.

At March 31, 2015, the Company has tax losses from prior years that may be carried forward against the taxable income of future years. An analysis is as follows:

<b>Restated amount at March 31, 2014</b>		
<b>Year of tax payment</b>	<b>Available tax loss carried forward</b>	<b>Year of expiration</b>
2014	Ps. 751,040	2024

#### **Deferred income tax**

An analysis of deferred income tax shown in the balance sheet at March 31, 2015 and 2014, is as follows:

	<b>2015</b>	<b>2014</b>
<u>Deferred income tax assets:</u>		
Tax loss carry forward	Ps. 225,312	Ps. -
Others	<b>267,210</b>	<b>91,990</b>
	<b>492,522</b>	<b>91,990</b>
Valuation allowance reserve	( 492,522)	( 91,990)
	<b>Ps. -</b>	<b>Ps. -</b>

#### **b) Flat-rate business tax**

Until December 31, 2013 was current the flat tax law (IETU), until this year the tax was calculated with the 17.5% rate to income determination based on cash flows which will decrease the authorized credits.

FRBT credits result mainly from the unamortized negative FRBT base, salary and social security contribution credits, and credits arising from the deduction of certain assets, such as inventories and fixed assets, during the transition period as of the date on which the FRBT became effective.

FRBT is payable only to the extent it exceeds income tax for the same period. To determine FRBT payable, income tax paid in a given period is first subtracted from the FRBT of the same period.

When the FRBT base is negative because deductions exceed taxable income, there is no FRBT payable. The amount of the negative base multiplied by the FRBT rate results in a FRBT credit, (which until 2009 may applied against income tax for the same year) against FRBT payable in the next ten years.

For the years ended December 31, 2013 the Company had no flat-rate business tax base.