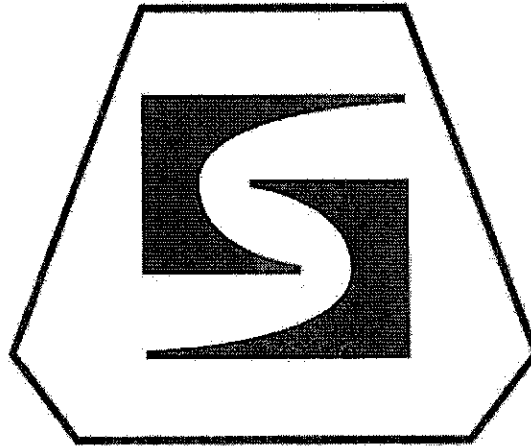




GARCÍA SABATÉ, CASTAÑEDA,
NAVARRETE, S.C.



**Dresen Química,
S.A.P.I. de C.V.
(Before CFS Antioxidantes
de México, S.A. de C.V.)
and Subsidiaries**

Financial Statements and Report

As of April 1 to March 31, 2019

Dresen Quimica, S.A.P.I de C.V. (Before CFS Antioxidantes de México, S.A. de C.V.)

Balance Sheet As At March 31, 2019

(Mexican pesos)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		10,105,609	8,712,755.00
Capital work-in-progress			
Investment Property			
Trade receivables ¹			
Other Intangible Assets	7	97,757,185	81,375,026
Intangible Assets under development			
		107,862,794	90,087,781.00
Financial Assets			
Investments			
Loans ²			
Other financial assets			
		-	-
Deferred tax assets (net)	9	438,573	446,116
Other non-current assets			
Total Non-current Assets		108,301,367	90,533,897.00
Current Assets			
Inventories	5	133,043,272	90,359,076
Financial assets			
Investments			
Trade receivables ¹	4	161,099,222	87,905,997
Cash and cash equivalents			
Bank balances other than above		29,122,582	68,673,066
Loans ²			
Other financial assets			
		190,221,804	156,579,063.00
Current Tax Assets (Net)		22,573,571	20,018,478
Other current assets		9,841,004	5,246,237
Total Current Assets		355,679,651	272,202,854.00
TOTAL ASSETS		463,981,018	362,736,751.00

EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	10	78,184,045	34,343,000
Other Equity	10	142,713,445	129,267,696
		220,897,490	163,610,696.00
LIABILITIES			
Non-current Liabilities			
Financial Liabilities			
Borrowings	8	75,573,810	89,070,638
Other financial liabilities			
		75,573,810	89,070,638.00
Provisions			
Deferred tax liabilities (net)			
Other non-current liabilities			
Total Non-Current Liabilities		75,573,810	89,070,638.00
Current Liabilities			
Financial Liabilities			
Borrowings	8	19,918,385	18,702,357
Trade Payables ³		77,097,740	36,916,945
(A) total outstanding dues of micro enterprises and small enterprises; and		10,563,991	
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		3,957,262	
Other financial liabilities			41,270,954
		111,537,378	96,890,256.00
Other current liabilities			
Provisions		41,119,052	1,234,558
Current tax liabilities (net)		14,853,288	11,930,603
Total Current Liabilities		167,509,718	110,055,417.00
Total Equity And Liabilities		463,981,018	362,736,751.00

Appendix 6(B)

Dresen Quimica, S.A. P.I. de C.V. (Before CFS Antioxidantes de México, S.A. de C.V.)

Statement of Profit and Loss for the year ended March 31, 2019

(Mexican pesos)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations	589,856,004	\$ 467,839,661
Other income		45,281,808
Total Income	589,856,004	\$ 513,121,469
Expenses		
Cost of material consumed		
Excise duty		
Purchases of stock-in-trade	342,764,992	258,315,388
Changes in inventories of finished goods, stock-in-trade and work in progress	(30,075,522)	(14,077,734)
Employee benefits expense	44,084,190	44,046,561
Finance costs	11,139,928	5,228,210
Depreciation and amortization expense	1,920,391	1,670,413
Research and development expenses		
Other expenses	133,383,211	140,426,545
Total Expenses	503,217,190	\$ 435,609,383.0
Profit Before Tax	86,638,814	77,512,086
Tax expense		
Current tax	30,950,816	24,394,454
Deferred tax	81,111	89,603
Net Tax Expenses	31,031,927	24,484,057
Profit / (Loss) for the year	55,606,887	53,028,029
Other Comprehensive Income		
Items that will not be recalssified to profit or loss		
Remeasurements of Defined Benefit Plans		
Income tax relating to Items that will not be recalssified to Profit or Loss		
Total Other Comprehensive Income	0	0
Total Other Comprehensive Income for the year	55,606,887	53,028,029

Dresen Quimica, S.A. de C.V. (Before CFS Antioxidantes de México, S.A. de C.V.)
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019
(Mexican pesos)

Appendix 6(C)

A Equity Share Capital

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Balance as at the beginning of the reporting year	34,343,000.00	34,343,000
Add: Issued during the year	43,841,045.00	
Balance as at the end of the reporting year	78,184,045.00	34,343,000

B Other Equity

Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	Deferred Employee Compensation Expense	General Reserve	Retained Earnings		
Balance as at April 1, 2017					25,207,492	51,761,958	76,969,450
(i) Profit for the year					32,930,037		32,930,037
(ii) Other Comprehensive Income for the year (net of deferred tax)						(4,513)	(4,513)
Effects of conversion					(474,360)	(250,910)	(725,270)
Minority interest						20,097,992	20,097,992
Balance as at March 31, 2018	-	-	-	-	57,663,169	71,604,527	129,267,696
e.g.							
(i) Profit for the year					55,606,887		55,606,887
(ii) Other Comprehensive Income for the year (net of deferred tax)							-
(iii) Share issue expenses							-
(iv) Fair valuation of Employee Stock Option Scheme							-
Minority interest							-
Decree of dividends					(49,833,123)		(49,833,123)
Effects of conversion						7,671,985	7,671,985
Balance as at March 31, 2019	-	-	-	-	63,436,933	79,276,512	142,713,445

CFS ANTIOXIDANTES DE MEXICO, S.A. DE C.V.
Cash Flow Statement As At March 31, 2019 to 2018
(Expressed in Mexican Pesos)

	<u>As of</u> <u>March 31, 2019</u>	<u>As of</u> <u>March 31, 2018</u>
<u>Operational activities</u>		
Integrated fiscal year earnings	\$ 32,930,037	\$ 32,930,037
Items related to investment activities:		
Depreciation and amortization	1,920,391	1,674,413
Interest receivable	(272,250)	(143,056)
Items related to financing activities		
Interest paid	7,511,544	5,228,210
Total	<u>\$ 42,089,722</u>	<u>\$ 39,689,604</u>
Increase in accounts receivable and others	(96,717,701)	(7,394,517)
Tax credit increase	81,111	89,603
Inventory	(42,684,196)	8,336,799
other accounts payable	24,066,116	(3,944,145)
Net cash flows from operational activities	<u>\$ (73,164,948)</u>	<u>\$ 36,777,344</u>
<u>Investment activities</u>		
Fixed asset acquisition	(2,988,287)	(2,143,912)
Interest receivable	272,250	143,056
Net cash flows from investment activities	<u>\$ (2,716,037)</u>	<u>\$ (2,000,856)</u>
Excess cash to be applied to financing activities	<u>\$ (75,880,985)</u>	<u>\$ 34,776,488</u>
<u>Financing activities</u>		
Equity Share Capital	\$ 43,842,045	
Interest owed	(7,511,544)	\$ (5,228,210)
Net cash flows for financing activities	<u>\$ 36,330,501</u>	<u>\$ (5,228,210)</u>
Net increase in cash and equivalents	\$ (39,550,484)	\$ 29,548,278
Cash and equivalents at start of period	68,673,066	39,124,788
Cash and equivalents at end of period	<u>\$ 29,122,582</u>	<u>\$ 68,673,066</u>



GARCÍA SABATÉ, CASTAÑEDA,
NAVARRETE, S.C.

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Independent Auditors Report

Mexico City, April 25, 2019

Shareholders' Assembly
Dresen Quimica, S.A.P.I. de C.V.
(Before CFS Antioxidantes México, S.A. de C.V.)
P r e s e n t.

Opinion

We have audited the consolidated financial statements of Dresen Quimica, S.A.P.I. (before **CFS Antioxidantes México, S.A. de C.V.**), and subsidiaries (the group) comprising the Consolidated financial statements as of March 31, 2019 and March 31, 2018 and the consolidated statements of profit and loss, changes in consolidated stockholders' equity and consolidated cash flows for the years then ended, as well as the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dresen Quimica, S.A.P.I. (before **CFS Antioxidantes México, S.A. de C.V.**), as of March 31, 2019 and March 31, 2018 as well as its consolidated results and consolidated cash flows for the years then ended, in accordance with the International Financial Reporting Standards (IFRS).

Basis of opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities, in accordance with these standards, are described below in the section Responsibilities of the auditor in relation to the audit of the consolidated financial statements of this report. We are independent of the Company in accordance with the Code of Professional Ethics of the Mexican Institute of Public Accountants, A.C. (Code of Professional Ethics), together with the ethical requirements that are applicable to our audits of the consolidated financial statements in Mexico, and we have fulfilled all other ethical responsibilities in accordance with those requirements and the Code of Professional Ethics. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.



A member of Kreston International



GARCÍA SABATÉ, CASTAÑEDA,
NAVARRETE, S.C.

DRESEN QUIMICA, S.A.P.I. DE C.V.

(BEFORE CFS ANTIOXIDANTES DE MEXICO, S.A. DE C.V.)

AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE TIME PERIOD
FROM APRIL 1, 2018 TO MARCH 31, 2019 AND APRIL 1, 2017 TO MARCH 31, 2018**

(Expressed in Mexican Pesos)

1) Company activity

Dresen Quimica, S.A.P.I.de C.V. (Before CFS Antioxidantes de Mexico, S.A. de C.V.), (Mexico) (hereinafter Dresen Quimica, S.A.P.I. de C.V., is the holding of the following entities:

- Industrias Petrotec de Mexico, S.A. de C.V., (Mexico) (hereinafter Petrotec)
- Britec, S.A., (Guatemala) (hereinafter Britec)
- Inovel, S.A.S., (Colombia) (hereinafter Inovel)
- Nuvel, S.A.C., (Peru) (hereinafter Nuvel)
- Grinel, S.R.L., (Rep. Dominicana) (hereinafter Grinel)

The main activity of this group of companies consists in manufacture, marketing and distribution of anti-oxidants, additives and preservatives for human and animal consumption.

Fusion

By agreement of the Extraordinary General Shareholders' Meeting on December 18, 2018, it was agreed the merger of CFS Antioxidantes de Mexico, S.A. de C.V., as merging society that prevails and Dresen Quimica S.A.P.I. de C.V. as merged society that extinguishes, taking into account for the merger the Financial Statements as of November 30, 2018, which are subject to the modifications that the respective figures may suffer. The merger had effects between the parties in January 31, 2019, and with third parties it will have effects from March 31, 2019, having been registered in the Public Registry of Commerce of the merger the agreements taken by these Assemblies, in such way that as of March 31, 2019, for all legal effects only subsists Dresen Quimica, S.A.P.I. de C.V.. Such a merger was published in the portal of the Secretary of Economy on January 30, 2019

2) **Basis of presentation**

a) **Compliance declaration**

The above condensed, consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS).

b) **Use of Estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the exercise. The important items subject to these estimates and assumptions include the carrying amount of property, plant and equipment and goodwill; the valuation of accounts receivable, other accounts receivable, inventories, and deferred income tax assets, and liabilities relating to employee benefits. Actual results may differ from these estimates and assumptions.

c) **Functional and reporting currency**

The aforementioned consolidated financial statements are presented using as reporting currency the Mexican Peso, which is their functional and reporting currency. The currency of registration is the Mexican Peso for Mexican companies, the Guatemalan Quetzal for Guatemala, the Colombian Peso for Colombia and the Peruvian Sol for Perú, in those cases those currencies are converted to Mexican Peso.

d) **Consolidated financial statements presentation**

The aforementioned consolidated financial statements were prepared in accordance with IFRS "Consolidated financial statements".

3) **Summary of significant Accounting Policies and Procedures**

Below is a summary of main accounting policies and procedures:

a) **Basis for the Consolidation**

The consolidated financial statements include those of Dresen México, and those of its subsidiaries for which it exercises control. Significant balances and transactions between group companies have been eliminated in the preparation of the consolidated financial statements. The consolidation was made based on the audited financial statements of the issuers as of March 31, 2019.

b) Translation of financial statements with foreign operations

The financial statements of foreign operations are translated to the reporting currency, initially identifying whether the functional currency and the foreign operation's registration currency are different and, subsequently, the functional currency is converted to the reporting currency using the historical exchange rate and / or the year-end exchange rate of the country of origin.

c) Transactions in foreign currency

Operations in foreign currencies different from the peso are registered at the exchange rate of the date they are done, the differences in exchange between that date and the dates of collection, liquidation or closure of the exercise are taken to results. The assets and liabilities in foreign currency at the closure of the exercise were valued at the exchange rate established by the Diario Oficial de la Federación (“Official Journal of the Federation”).

d) Cash and cash equivalents

These are recorded and show at original investment value including cash in banks and short-term investments that may be immediately liquidated.

e) Inventory

Raw material and finished product inventories are recorded and shown at average prices, which do not exceed market values.

f) Fixed Assets

Are recorded and show at original historic value though, for reporting purposes they are shown at the exchange rate in force at the closing of the period. Depreciation is calculated by applying the straight-line method, mainly taking as bases its estimated useful life.

g) Other assets and liabilities

Assets are recorded when originated from past events resulting in future economic benefits and liabilities are recorded at the time company is obliged to have them settled.

h) Permanent investment in shares

These are recorded at cost of acquisition or investments and are assessed in the individual financial statements of the holding by applying the interest method.

These investments are assessed by applying consolidation method consisting in adding up balances at the closing of the period, eliminating transactions between holding and subsidiaries.

i) Business Acquisition

Recorded at cost of acquisition and, when they are majority capital investments or holding significant control thereon are consolidated by calculating its book value on the date of acquisition and compared against the acquired value. The difference resulting from this comparison is shown as goodwill.

j) Provisions, Contingent Assets and Contingent Liabilities

Significant obligations or losses related to contingencies are recognized when their effects are likely to materialize and there are reasonable elements for their quantification. If these reasonable elements do not exist, their disclosure is included qualitatively in the notes to the consolidated financial statements. Contingent income, profits or assets are recognized until such time as they are certain that they will be realized.

k) Goodwill

Goodwill represents the excess of cost over the fair value of the net asset of the subsidiary, as of the date of acquisition. Goodwill is not amortized and is subject to impairment tests.

l) Impairment of long-lived assets in use

The Entity reviews the carrying amounts of long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the net sales price upon disposal. Impairment is recorded when the carrying amounts exceed the greater of the aforementioned amounts. Impairment indicators considered for these purposes are, among others, operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to results, which in percentage terms in relation to revenues are substantially higher than those of previous years, obsolescence, reduction in the demand for services rendered, competition and other legal and economic factors. The impairment loss on the value of long-lived assets in use, as well as its reversal, are classified in the same cost and expense line items where the related depreciation or amortization associated with those assets are recognized.

m) Earnings per Share

Basic earnings per share is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the year adjusted for the effects of all dilutive potential equity shares.

4) Non-current & Current Trade

	<u>March 31</u> <u>2019</u>	<u>March 31</u> <u>2019</u>
(a) Trade Receivables considered good - Secured; (1)	\$ 12,652,659	
(b) Trade Receivables considered good - Unsecured;	148,176,490	\$86,579,449
(c) Trade Receivables which have significant increase in Credit Risk; and	270,073	1,326,548
(d) Trade Receivables - credit impaired	<u>0</u>	<u>0</u>
	<u>\$161,099,222</u>	<u>\$87,905,997</u>

(1) Letter of credits

5) Inventory

Inventory are integrated as follows:

	<u>March 31</u> <u>2019</u>	<u>March 31</u> <u>2018</u>
Finished Products	\$ 27,346,254	\$ 34,144,927
Raw Material	77,607,021	27,993,696
Packaging Material	1,008,478	1,192,651
In-Transmit Goods	<u>27,081,519</u>	<u>27,027,802</u>
	<u>\$ 133,043,272</u>	<u>\$ 90,359,076</u>

6) Related Parties:

a) Balances with related parties held as of March 31, 2019, are as follows:

	<u>March 31</u> <u>2019</u>	<u>March 31</u> <u>2018</u>
Accounts receivable:		
CFS do Brasil Industria, Comercio, Importao e Exportao de Aditivos Alimenticios LTDA		\$ 851,789
CFS Nort America LLC	\$ 1,315,372	555,801
Camlin Fine Sciendes LTD	<u>1,839,660</u>	<u>67,602</u>
	<u>\$ 3,155,032</u>	<u>\$ 919,391</u>
Accounts payable:		
CFS Nort America LLC	\$ 1,322,590	
CFS Wanlong Flavors CO. LDT	2,550,616	
Camlin Fine Sciendes LTD	<u>20,350,864</u>	<u>\$ 30,983,500</u>
	<u>\$ 21,673,454</u>	<u>\$ 30,983,500</u>
	<u>\$ (18,518,422)</u>	<u>(30,064,109)</u>

b) Transactions with related parties and subsidiaries during the time period ended March 31, 2019 were as follows:

<u>Incomes:</u>	<u>2019</u>	<u>2018</u>
Finished product:		
Nuvel, S.A.C.	\$ 25,981,911	\$ 16,622,099
Inovel, S.A.S	\$ 11,460,194	\$ 9,395,563
Britec, S.A.	\$ 21,581,845	\$ 23,769,418
CFS North America LLC.	\$ 5,732,651	\$ 3,140,264
CFS Do Brasil Industria, Comercio, Importacao E Ex.		\$ 868,659
Camlin Fine Sciences LTD.	\$ 3,302,846	\$ 70,815
<u>Expenses</u>		
Personnel services and maquila:		
Industrias Petrotec de México, S.A. de C.V.	\$ 34,600,000	\$ 19,269,365
Administrative services:		
Industrias Petrotec de México, S.A. de C.V.	\$ 23,820,787	\$ 28,500,000
Finished product:		
CFS North America LLC.	\$ 5,069,569	\$ 3,616,758
Camlin Fine Sciences LTD.	\$ 71,956,640	\$ 42,907,175
CFS do brasil Industria, Comercio, Importacao		\$ 121,700
Commissions		
CFS do brasil Industria, Comercio, Importacao	\$ 11,162	
Sale advice		
CFS North America LLC.	\$ 149,916	
Administrative fees		
Camlin Fine Sciences LTD.	\$ 5,137,479	

7) Business Acquisition and Goodwill

On May 4, 2016, CFS México acquired 65% of voting shares of the Mexican entity Dresen. Also and on such same date, Dresen acquired 100% of voting shares in Petrotec, Britec, Inovel, Nuvel and Grinel.

The results of acquired entities are included in attached financial statements as of such date.

Below is a summary of the book value, of acquired assets and assumed liabilities on the date of acquisition:

	<u>Dresen</u>	<u>Petrotec</u>	<u>Britec</u>	<u>Nuvel</u>	<u>Inovel</u>	<u>Grinel</u>
Current Assets	\$ 126,435,370	\$ 2,135,459	\$ 11,361,099	\$ 33,862,009	\$ 10,537,734	\$ 37,394
Fixed Assets	4,414,635	942,434	318,800	346,901	138,593	
Other Assets	306,854	369,043	16,490	324,193		
Total Value of Acquired Assets	<u>\$ 131,156,859</u>	<u>\$ 3,446,936</u>	<u>\$ 11,696,389</u>	<u>\$ 34,533,103</u>	<u>\$ 10,676,327</u>	<u>\$ 37,394</u>
Current Liabilities	\$ 31,716,055	\$ 1,571,840	\$ 2,681,249	\$ 12,520,406	\$ 7,646,191	
Total Value of Assumed Liabilities	<u>\$ 31,716,055</u>	<u>\$ 1,571,840</u>	<u>\$ 2,681,249</u>	<u>\$ 12,520,406</u>	<u>\$ 7,646,191</u>	
Total	<u>\$ 99,440,804</u>	<u>\$ 1,875,096</u>	<u>\$ 9,015,140</u>	<u>\$ 22,012,697</u>	<u>\$ 3,030,136</u>	<u>\$ 37,394</u>

Below is a summary of the determination of Dresen's goodwill:

	<u>Petrotec</u>	<u>Britec</u>	<u>Nuvel</u>	<u>Inovel</u>	<u>Grinel</u>	<u>Total</u>
Value as of Date of Acquisition	\$ 1,875,096	\$ 9,015,139	\$ 22,012,697	\$ 3,030,135	\$ 37,394	\$ 35,970,461
Paid Consideration	<u>\$ 5,565,251</u>	<u>\$ 8,458,999</u>	<u>\$ 20,062,386</u>	<u>\$ 5,949,408</u>	<u>\$ 378,660</u>	<u>\$ 40,414,704</u>
Goodwill	<u>\$ (3,690,155)</u>	<u>\$ 556,140</u>	<u>\$ 1,950,311</u>	<u>\$ (2,919,273)</u>	<u>\$ (341,266)</u>	<u>\$ (4,444,243)</u>

Below is the determination of CFS México's goodwill

	<u>Dresen</u>
Value as of Date of Acquisition	\$ 5,561,114
Paid Consideration	<u>98,874,056</u>
Goodwill	<u>\$ (93,312,942)</u>

Total Goodwill \$ 97,757,185

8) Borrowings

	<u>Pesos</u> <u>2019</u>	<u>Dollars</u> <u>2019</u>	<u>Pesos</u> <u>2018</u>	<u>Dollars</u> <u>2018</u>
Short-term	\$ 18,893,453	975,000	\$ 17,814,128	975,000
Interest	<u>1,024,932</u>	<u>52,892</u>	<u>888,229</u>	<u>48,614</u>
	\$ <u>19,918,385</u>	<u>1,027,892</u>	\$ <u>18,702,357</u>	<u>1,023,614</u>
Long-term	\$ <u>75,573,810</u>	<u>3,900,000</u>	\$ <u>89,070,637</u>	<u>4,875,000</u>
	\$ <u><u>95,492,195</u></u>	<u><u>4,927,892</u></u>	\$ <u><u>107,772,994</u></u>	<u><u>5,898,614</u></u>

Borrow with Export Import Bank of India.

- Rate of interest: Libor (6m) +375 bps p.a. payable quarterly.
- Repayment Schedule: To be repaid in 24 quarterly instalments commencing after 24 months from the date of first disbursement.
- Guarantee: Camlin Fine Sciences Limited, as Corporate Guarantor.

9) Deferred tax asset

Deferred Tax / Integration

		<u>Dresen</u>	<u>Petrotec</u>	<u>Petrotec</u>	
					Deferred EPS*
Period effect as of March 31, 2018					
Fixed Assets	\$	751,375	\$ 175,004	\$ 175,004	
Allowance for labor benefits		<u> </u>	<u>560,675</u>	<u>560,675</u>	
	\$	751,375	\$ 735,679	\$ 735,679	
Rate		<u>30%</u>	<u>30%</u>	<u>10%</u>	
	\$	<u><u>225,413</u></u>	<u><u>220,704</u></u>	<u><u>73,568</u></u>	
Period effect as of March 31, 2019					
Fixed Assets	\$	453,213	\$ 121,263	\$ 121,263	
Allowance for labor benefits		<u> </u>	<u>635,259</u>	<u>635,259</u>	
	\$	453,213	\$ 756,522	\$ 756,522	
Rate		<u>30%</u>	<u>30%</u>	<u>10%</u>	
	\$	<u><u>135,964</u></u>	<u><u>226,957</u></u>	<u><u>75,652</u></u>	
					Total
Balance sheet effect	\$	<u><u>135,964</u></u>	<u><u>226,957</u></u>	<u><u>75,652</u></u>	<u><u>438,573</u></u>
P and L effect (income)	\$	<u><u>89,449</u></u>	<u><u>(6,253)</u></u>	<u><u>(2,084)</u></u>	<u><u>81,111</u></u>

* By Law Employee Profit Sharing

Deferred Tax / Integration

	Deferred Income Tax			
	CFS Antioxidantes			Deferred EPS*
	de México	Dresen	Petrotec	Petrotec
Period effect as of March 31, 2017				
Fixed Assets	\$	351,836	\$ 191,249	\$ 191,249
Allowance for labor benefits			421,987	421,987
Tax loss carryforwards	\$	<u>820,658.00</u>		
	\$	820,658	\$ 613,236	\$ 613,236
Rate		30%	30%	10%
	\$	<u>246,197</u>	\$ <u>105,551</u>	\$ <u>183,971</u>
			\$	<u>61,324</u>
Period effect as of Match 31, 2018				
Fixed Assets	\$	751,375	\$ 175,004	\$ 175,004
Allowance for labor benefits			560,675	560,675
	\$	0	\$ 751,375	\$ 735,679
Rate		30%	30%	10%
	\$	<u>0</u>	\$ <u>225,413</u>	\$ <u>220,704</u>
			\$	<u>73,568</u>
				Total
Balance sheet effect	\$	<u>0</u>	\$ <u>225,413</u>	\$ <u>220,704</u>
			\$	<u>73,568</u>
				<u>519,684</u>
P and L effect (income)	\$	<u>246,197</u>	\$ <u>(119,862)</u>	\$ <u>(36,733)</u>
			\$	<u>(12,244)</u>
				<u>77,359</u>

* By Law Employee Profit Sharing

10) Stockholders' equity (deficit)

Below are described the main characteristics of the accounts that make up the stockholders' equity (deficit):

a) Stockholders' equity is composed in its Fixed portion of 50 shares with a nominal value of one Peso each and the Variable portion by 34,293 shares, with the same nominal value.

b) Structure of Equity, share capital

c) Dividends

On June 18th, 2018, the Ordinary| General Shareholders meeting, agreed to declare dividends originating from the retained earnings for the amount of \$1,400,000.00, which were paid on June 18th, 2018, \$577,287.00 US dollars and on June 29th \$151,568.00 US dollars.

On January 25, 2019, the Ordinary General Shareholders Meeting agreed to decree dividends from retained earnings up to the amount of \$1,093,322 dollars a rate of \$.013398 dollars per share, same that were paid in the following way:

To CFS Antioxidantes de Mexico S.A. de C.V. by total compensation of the debt with Dresen Quimica S.A.P.I. de C.V. for the amount of \$710,666.10 US Dollars

To Controladors de Servicios Riso, S.A. de C.V. through payment on day XX, for the amount of \$382,665.90 US dollars.

By agreement of the Extraordinary General Shareholders' Meetings on December 18, 2018, it was agreed the merger of CFS Antioxidantes de México, S.A. de C.V., as merging society that prevails and Dresen Quimica S.A.P.I. de C.V. as merged society that extinguishes, taking into account for the merger the Financial Statements as of November 30, 2018, which are subject to the modifications that the respective figures may suffer. The merger had effects between the parties in January 31, 2019, and with third parties it will have effects from March 31, 2019, having been registered in the Public Registry of Commerce, of the merger the agreements taken by these Assemblies, in such way that as of March 31, 2019, for all legal effects only subsists Dresen Quimica, S.A.P.I. de C.V. Such a merger was published in the portal of the Secretary of Economy on January 30, 2019

This fusion generated the following effects:

	Dresen Quimica,		
	Dresen Quimica, CFS Antioxidantes, S.A.P.I. de C.V.		
	<u>S.A.P.I. de C.V.</u>	<u>S.A. de C.V.</u>	<u>Merged</u>
Asset			
Cash and cash equivalents	\$ 28,602,891	\$ 164,621	\$ 28,767,512
Receivable	109,682,797	5,220,000	114,902,797
Inventories	93,996,443		93,996,443
Property, Plant and Equipment	16,431,851		16,431,851
Investment Property	54,430,788	134,902,835	54,430,788
Merchant credit	4,444,243	76,930,783	97,757,185
Deferred tax assets (net)	127,544		127,544
Other assets	1,972,033	176,493	2,148,526
Total	<u>\$ 309,688,590</u>	<u>\$ 217,394,732</u>	<u>\$ 408,562,646</u>
Liabilities			
Borrowings		\$ 92,814,150	\$ 92,814,150
Suppliers	\$ 74,023,501	60,048	74,083,549.00
Tax for paying	7,554,818	720,000	8,274,818.00
Other accounts payable	20,567,448	5,307,076	25,874,524.16
Total Liabilities	<u>\$ 102,145,767</u>	<u>\$ 98,901,274</u>	<u>\$ 201,047,041</u>
Equity			
Equity	\$ 78,185,045	\$ 34,343,000	\$ 78,185,045
Equity Share Capital	3,564,673		3,564,673
Other Equity	125,793,105	84,150,458	125,765,887
Total Equity	<u>\$ 207,542,823</u>	<u>\$ 118,493,458</u>	<u>\$ 207,515,605</u>

11) Balances recognized in the acquisitions are shown below:

Entities of the Group -

Investments in Subsidiaries-

Main subsidiaries are integrated as follows:

	<u>Shareholding</u>	<u>Main Activity</u>	<u>Country</u>
	%		
Dresen Química, S.A.P.I. de C.V.	65	Antioxidant sales	México
Controlled by Dresen Química, S.A. P.I. de C.V.			
Grinel, S.R.L	100	N/D	Rep. Dominicana
Industrias Petrotec de México, S.A. de C.V.	100	Staffing services	México
Inovel, S.A.S.	100	Antioxidant sales	Colombia
Nuvel, S.A.C.	100	Antioxidant sales	Perú
Britec, S.A.	100	Antioxidant sales	Guatemala

12) Elements integrating consolidation

Below is presented the relative importance of each of the companies included in this consolidation

	<u>March 31, 2019</u>			
	<u>Assets minus liabilities</u>		<u>Consolidated Income</u>	
	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>
holding:				
Dresen	80%	388,589,870	88%	62,690,356
Subsidiaries:				
Petrotec	2%	104,426,600	4%	2,238,578
Britec	4%	19,478,307	0%	8,799,460
Inovel	7%	35,500,828	4%	2,327,776
Nuvel	8%	41,950,905	4%	2,295,407
Grinel	0%	40,918	0%	0

March 31, 2018

	<u>Assets minus liabilities</u>		<u>Consolidated Income</u>	
	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>
Sub-holding:				
Dresen	75%	\$ 264,696,669	80%	\$ 44,226,566
Subsidiaries:				
Petrotec	2%	\$ 8,118,346	1%	\$ 732,096
Britec	5%	\$ 17,144,835	3%	\$ 1,891,326
Inovel	6%	\$ 22,857,332	8%	\$ 4,455,249
Nuvel	12%	\$ 41,107,093	7%	\$ 3,746,938
Grinel	0%	\$ 40,918		

13) Subsequent events

Subsequent to March 31, 2019 and until the date of the issuance of the consolidated financial statements, there has not been an event that materially affects the consolidated financial statements or disclosures in notes for the time 31 March 2019, or which, although not affecting such consolidated financial statements or notes, have caused, or are likely to give rise to, any adverse or other material changes in the consolidated financial condition or results of operations of the consolidated financial statements of the Group.

Other information

Management's Responsibilities with Regard to Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS and the internal control that the company's management deemed necessary to enable the preparation of those financial statements free of material misstatements, due to fraud or error.

In the preparation of the financial statements, the Company's management is responsible for evaluating the group's ability to continue as a going concern, revealing, where appropriate, the business related issues and using the business accounting principle unless the management of the company intends to liquidate the group or cease its operations, or else there is no more realistic alternative.

Responsibilities of the auditor in relation to the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements, as a whole, are free from material misstatement, due to fraud or error, and to issue an audit report containing our opinion. Reasonable safety is a high level of safety, but does not guarantee that an audit performed in accordance with ISA will always detect a material deviation when it exists. Deviations may be due to fraud or error and are considered material if, individually or jointly, they can reasonably be expected to influence the economic decisions that users make, when they are based on the consolidated financial statements prepared by management of the company.

As part of an audit in accordance with ISAs, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. As well:

- a) We identify and assess the risks of material deviation in the financial statements, due to fraud or error; we design and apply audit procedures to respond to those risks and obtain audit evidence sufficient and adequate to provide a basis for our opinion. The risk of not detecting fraud due to fraud is higher than in the case of a material error due to fraud, since fraud may involve collusion, falsification, deliberate omissions, misleading statements or circumvention of internal control implemented by the management of the company and relevant to the audit.
- b) We obtain knowledge of the internal control, implemented by the company's management, relevant to the audit, in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- c) We evaluate the adequacy of the accounting policies applied, the reasonableness of accounting estimates and the corresponding information disclosed by the company's management.



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NAVARRETE, S.C.

- d) We conclude on the adequacy of the management of the group, the accounting principle of business in progress and, based on the audit evidence obtained, we conclude on whether or not there is a material deviation related to facts or conditions that may generate significant doubts about the ability of the group to continue as a going concern. If, we conclude that there is material uncertainty, it is necessary to draw attention in our audit report on the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, to express a modified opinion. Our findings are based on the audit evidence obtained so far from our audit report. Nevertheless; Facts or future conditions usually cause the group to cease to be a going concern.
- e) We evaluate the overall presentation, structure and content of the accompanying consolidated financial statements, including the information disclosed in its notes and, if the accompanying consolidated financial statements represent the underlying transactions and events in a manner that achieves their presentation in reasonable form.

We communicate to the company's officers, among other things, the scope and timing of the audit and the significant findings of the audit, as well as any significant deficiencies in the internal control relevant to the audit that we identified in the course of the audit.

Other matters

By agreement of the Ordinary and Extraordinary General Shareholders Meetings on December 18, 2018, it was determined that the merger of Dresen Quimica, S.A.P.I de C.V. as merging entity that prevails and CFS Antioxidantes, S.A. de C.V. as merged entity that extinguishes, taking into account for the merger the projected income statements as of November 30, 2018, which are subject to the modifications that the respective figures can suffer. The merger had effect between the parties on January 31, 2019 and to third parties it will be effective as of April 30, 2019, being registered in the Public Registry of Commerce the merger agreements taken by the Shareholders Meetings, in such a way that as of February 1, 2019, only survives for all legal matters Dresen Quimica S.A.P.I. de C.V. The merger was published in the Secretary of Economy Portal on January 30, 2019

Yours sincerely,

**GARCIA SABATE, CASTAÑEDA,
NAVARRETE, S.C.**



Javier G. Sabate, C.P.A. and M.B.A



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**GARCÍA SABATÉ, CASTAÑEDA,
NAVARRETE, S.C.**