

PRIMA UNIÓN PLÁSTICOS, S.A.

FINANCIAL STATEMENTS
AT DECEMBER 31, 2019 AND 2018

Guatemala, January 17, 2020

PRIMA UNIÓN PLÁSTICOS, S.A.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and
Stockholders of
PRIMA UNIÓN PLÁSTICOS, S.A.

Report on the audit of the financial statements:

Opinion:

We have audited the accompanying financial statements of PRIMA UNIÓN PLÁSTICOS, S.A., which comprise the balance sheet at December 31, 2019 and 2018, and the statements of: income, changes in net equity and cash flows corresponding to the years then ended, and the notes to the financial statements, as well as a summary of the significant accounting policies and other explanatory information. The financial statements have been prepared by the administration, with certain fiscal criteria of accounting of the Income Tax Law of the Republic of Guatemala.

In our opinion, the accompanying financial statements of PRIMA UNIÓN PLÁSTICOS, S.A., for the years ended December 31, 2019 and 2018, have been prepared, in all material respects, according to the accounting requirements established by the Income Tax Law of the Republic of Guatemala (described in Note 2).

Basis for opinion

- a) We have executed our audit according to the International Standards on Auditing Standards (ISAs). Our responsibilities under such standards are described in detail in the section Auditor's responsibilities on the audit of the financial statements of our report. We are independent from the Company in accordance to ethical requirements that are relevant for our audit of the financial statements in Guatemala – Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA) of the International Federation Accountants (IFAC) – and we have complied with our other ethical responsibilities according to this code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

- b) Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the accounting basis used for the preparation of said statements, which differs in some aspects from the international financial reporting standards as indicated in the Note 17. The financial statements have been prepared with the purpose of serving as a basis for the preparation of the Income tax return for the year and to comply with the legal requirement to present them attached to the same. As a result of this, the financial statements may not be appropriate for other purpose. Our report is intended for the use of the Company, partners and tax authorities. Our opinion is not modified regarding this matter.

Responsibilities of management and those charged with governance of the Company for the financial statements

Management is responsible for the preparation of the accompanying financial statements in accordance with the fiscal criteria of accounting included in the law of the income tax of Guatemala, Note 2, and the internal control that management deems necessary to allow the preparation of the financial statements being free of material misstatements due fraud or error.

In the preparation of the financial statements, management is responsible of assessing the ability of the Company to continue operating as a going concern, revealing the matters related to the going concern business and using the going concern basis of accounting, unless management intends to cease operations or has no other realistic alternative but to do so.

Those charged with governance of the Company are responsible to supervise the process of financial information of the Company.

Auditor's responsibilities for the financial statements audit

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether they are derived from fraud or error, and issue the auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out according to the International Standards on Auditing-ISAs will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or as a whole, said misstatements are reasonable expected to affect the economic decisions taken by the users based on the financial statements.

As part of an audit, and according to the International Standard son Auditing - ISAs– we exercise professional judgment, and we maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the financial statements, due to fraud or error, design and execute audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to provide the bases for our

opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error as fraud involves collusion, forgery, intentional omissions, misrepresentations or override of the internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate under the circumstances and not for the purpose to express an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of the accounting policies used, and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the accounting bases of the going concern company, and based on the gathered evidence, whether there is a material uncertainty related to events or conditions that may give rise to a significant doubt on the capacity of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the information disclosure related to the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- The auditor's responsibilities are to obtain enough and appropriate audit evidence regarding the financial information of the entities or commercial activities within the Company to express an opinion on the financial statements. We are responsible of the management, supervision and making of the audit engagement of the Company. We are the only responsible for our audit opinión

We communicated with those charged with governance regarding the expected scope and the moment of conducting the audit and the important audit results, among other matters, including potential significant deficiencies in the internal control that we identified during our audit.

Guatemala, January 17, 2020

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PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2019 y 2018

(Expressed in quetzals - Note 3)

	2019	2018
<u>ASSETS</u>		
Current assets:		
Cash and banks (Note 4)	Q 5,463,669	Q 3,263,359
Accounts receivable:		
Customers	1,059,848	1,130,510
Affiliated companies [Note 5 a)]	3,591,918	2,288,346
(-) Reserve for uncollectible accounts	(139,553)	(102,565)
Taxes receivable [Note 9 a)]	4,692,929	3,362,473
Other accounts receivable	56,754	78,838
	9,261,896	6,757,602
Inventories (Note 6)	4,492,662	4,201,767
Prepaid expenses	88,638	-
Total current assets	19,306,865	14,222,728
Non current assets:		
Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties - net- (Note 7)	4,031,521	5,925,792
Other assets (Note 8)	366,619	378,096
Total non current assets	4,398,140	6,303,888
Total assets	Q 23,705,005	Q 20,526,616
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Suppliers and creditors (Note 10)	Q 3,571,383	Q 1,524,380
Affiliated companies [Note 5 b)]	494,537	-
Taxes payable [Note 9b)]	377,881	27,694
Labor benefits payable	28,484	-
Accumulated charges to pay	36,996	288,932
Total current liabilities	4,509,281	1,841,006
Non current liabilities:		
Loans payable (Note 11)	15,071,340	17,706,618
Reserve for compensation (Note 2)	26,176	-
Total liabilities	19,606,797	19,547,624
Stockholders' equity and accumulated earnings:		
Authorized, subscribed and paid in social capital (Note 12)	3,992,000	3,992,000
Accumulated losses (Note 12)	106,208	(3,013,008)
Total stockholders' equity and accumulated losses	4,098,208	978,992
Total liabilities, stockholders' equity and accumulated losses	Q 23,705,005	Q 20,526,616

Notes 1 to 17 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
 (Expressed in quetzals - Note 3)

	<u>2019</u>	<u>2018</u>
Income	Q 31,761,125	Q 21,275,863
Less-cost of sales	<u>(21,766,547)</u>	<u>(15,960,597)</u>
Gross profit from sales	9,994,578	5,315,266
Operating expenses (Note 13)	<u>(4,462,245)</u>	<u>(3,984,832)</u>
Operating profit	5,532,333	1,330,434
Financial expenses (Note 14)	(1,896,725)	(1,975,846)
Other income (Note 15)	<u>845,521</u>	<u>325,873</u>
Profit (loss) before tax	Q 4,481,129	Q (319,539)
Income Tax - ISR	<u>(1,361,913)</u>	<u>(172,721)</u>
Net profit (loss) for the year [Note 12c]	<u>Q 3,119,216</u>	<u>Q (492,260)</u>

Notes 1 to 17 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
 (Expressed in quetzals - Note 3)

<u>Authorized, subscribed and paid-in social capital</u>	<u>2019</u>	<u>2018</u>
Capital subscribed and paid at the beginning and end of the year (Nota 12)	<u>Q 3,992,000</u>	<u>Q 3,992,000</u>
<u>Accumulated profits (losses):</u>		
Balance at the beginning of the year	Q (3,013,008)	Q (2,520,748)
Net profit (loss) for the year [Note 12 a)]	<u>3,119,216</u>	<u>(492,260)</u>
Balance at the end of the year [Note 12 a)]	<u>106,208</u>	<u>(3,013,008)</u>
Total stockholders' equity	<u>Q 4,098,208</u>	<u>Q 978,992</u>

Notes 1 to 17 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018
 (Expressed in quetzals - Note 3)

	<u>2019</u>	<u>2018</u>
Cash flow in operating activities:		
Net profit (loss) for the year	Q 3,119,216	Q (492,260)
Reconciliation between the net profit and entries not requiring cash:		
exchange differential	-	700,467
Depreciation	1,738,073	1,526,316
Amortization	442,503	455,242
Depreciation adjustments	(108,022)	-
Uncollectible accounts	36,988	18,281
	<u>5,228,758</u>	<u>2,208,046</u>
Changes in net assets and liabilities:		
Decrease in assets and increase in liabilities:		
Customers	70,662	609,386
Suppliers	2,047,003	220,803
Taxes payable	350,187	20,111
Other accounts receivable	22,084	
Other assets	11,477	4,387
affiliated companies	494,537	-
Labor benefits payable	28,484	-
compensation	26,176	-
	<u>3,050,610</u>	<u>854,687</u>
Increase in assets and decrease in liabilities:		
Taxes receivable	(1,330,456)	(1,564,898)
Inventory	(290,895)	(1,393,748)
Accounts pending liquidation	-	(123,220)
Other accounts receivable	-	(19,900)
Accumulated charges to pay	(251,936)	-
Prepaid expenses	(88,638)	-
Affiliated companies	(1,303,572)	-
	<u>(3,265,497)</u>	<u>(3,101,766)</u>
Net cash from operating activities	<u>5,013,871</u>	<u>(39,033)</u>
Cash flow in investing activities:		
Increase in property, plant and equipment	<u>(178,284)</u>	<u>(272,758)</u>
Net cash applied in investing activities	<u>(178,284)</u>	<u>(272,758)</u>
Cash flow in financing activities:		
loan repayments	<u>(2,635,278)</u>	-
Cashed used in financing activities	<u>(2,635,278)</u>	-
Net increase (decrease) in cash	2,200,309	(311,791)
Cash at the beginning of the year	3,263,359	3,575,150
Cash at the end of the year	<u>Q 5,463,668</u>	<u>Q 3,263,359</u>

Notes 1 to 17 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 – HISTORY AND OPERATIONS

PRIMA UNIÓN PLÁSTICOS, S.A., was constituted as a corporation on March 14, 2016, according to the laws of the Republic of Guatemala, for an indefinite period. Its fiscal year is the natural one.

Its main activity is the manufacture, transformation, import, export, distribution and commercialization of plastic materials and products. Purchase, sale, import and export of industrial machinery for the plastic industry.

The Company is domiciled in the city of Guatemala. It may open branches in any other place of the Republic of Guatemala or abroad.

The Company and Unión, S.A., have is part of a group of companies which have common partners and are under the same administration. Such companies make significant transactions among them and with third parties.

NOTE 2 – PREPARATION BASES AND ACCOUNTING POLICIES

The accompanying financial statements have been prepared, in all material respects, according to the accrual basis of accounting mentioned in the Income Tax Law, applying the accounting policies and practices included in said Law. The most important accounting policies and procedures used by the Company in the preparation of its financial statements are summarized below:

Accounting basis – The accounting basis used by the Company for the registration of its operations is the accrual basis which recognizes assets, liabilities, income and expenses when the rights are earned or when the corresponding obligations are incurred.

Recognition of income – Income from ordinary activities, which results from the production, distribution and sale of plastic chairs and tables, is recognized in the results of the year when the sale is made.

Recognition of expenses – Expenses are recognized when the same are incurred.

Cash – Cash includes the balances in cash and banks. The balances in banks are available at sight. There was no restriction limiting the use of said balances.

Customers – Customers' balances do not bear interests and are registered at their billing value less the corresponding deductions of the negotiation.

Accounts receivable and estimate for uncollectible accounts – Accounts receivable are registered at cost. The Company applies the policy stipulated by the Law, for uncollectible accounts, regarding the creation of a provision which cannot exceed 3% of the debit balances from commercial accounts and documents receivable, at the closing of each of the annual periods of taxation; provided that said balances are originated from the ordinary course of business and are not guaranteed by pledges or mortgages.

Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties-net – Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties are valued at the acquisition cost. The corresponding depreciation is calculated by the straight line method based on their estimated useful lives and according to the Income Tax Law. The depreciation percentages are as follows:

Machinery and equipment	20%
Furniture and equipment	20
Computer equipment	33
Tools	25
Improvements in leased properties	33

Expenses related to repairs and maintenance, which do not restore the asset and increase its useful life, are charged to the operations of the year.

Assets and liabilities expressed in foreign currency - These are presented at their value equivalent in quetzals, using the exchange rate in effect at the end of the year (see Note 3), and the exchange differential, resulting between the dates of payment or collection and the date of registration, is operated in the results.

Transactions in foreign currency – Transactions are registered at their equivalent value in quetzals, using the exchange rate in effect when the transaction is carried out. Earnings and losses derived from adjustments of balances expressed in foreign currency are included in the determination of the results of the year.

Recognition of expenses – Expenses are recognized when they are incurred.

Inventories - Inventories are valued at the average cost of acquisition. Their costs do not exceed their net realizable value. These are registered at the lowest amount between the cost and the selling price less the termination and selling costs.

Related parties - A related party is a person or an entity that is related to the Entity due to one or more of the following factors:

- a) A person or an entity is member of the key personnel of the Company or its controlling entity; if it exercises control or exerts a significant influence or voting power on the same.
- b) If a person or entity together with the Company are:
 - i. Members of the same group,
 - ii. If it is an associate,
 - iii. If the entity together with the Company constitute a joint business of a third entity,
 - iv. One of the entities is part of a joint business of a third entity, and the other entity is an associate of the third entity,
 - v. If the entity constitutes a plan of post-employment benefits of the employees of the Company or an entity which is a related party of the same,
 - vi. If the Company is controlled by a person identified in a),
 - vii. A person or a family member close to that company exerts significant influence over the Company,
 - viii. A member of the key personnel of the administration of the Company or its controlling entity or a relative of that member exerts control over the Company or has significant voting power over it.

Commercial suppliers and creditors - These are obligations based on common credit conditions, and the same do not accrue interest. The amounts, regarding suppliers, expressed in foreign currency are converted according to the exchange rate in effect at the end of the year. Earnings or losses related to the exchange differential resulted from the foreign currency conversion is registered in other expenses or other income, as appropriate.

Provisions - A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation which can be reasonably estimated.

Severance payments - These are compensations accruing in favor of the company's employees according to the length of service and provisions of the Work Code. The same may be paid to them in the event of dismissal, or to their relatives in case of death, and in the event of resignation. At December 31, 2019, there was one provision regarding this concept for Q26,176.

Taxation - the income tax is based on the 25% over the fiscal profit.

In September 2019, the company was classified as maquila in the temporary admission regime, for this reason, it was exempted from the payment of VAT and customs taxes on the import of raw materials, which are acquired for the manufacture of products sold outside Guatemala and for the acquisition of machinery used in the production process.

NOTE 3 - MONETARY UNIT AND EXCHANGE RATES

The accounting records are maintained in quetzals, denoted by the symbol “Q” as shown in the financial statements. The quetzal is the official currency of Guatemala.

The exchange rate is freely determined among the banking market participants. At December 31, 2019 and 2018, it was Q.7.70 and Q7.73, at the date of this report, it was Q7.69 to US\$1.

According to the Law of Free Foreign Currency, the disposal, possession, contracting, remittance, transfer, purchase, sale, collection or payment of and with foreign currency are free; also foreign currency tenure, deposits and bank accounts may be freely maintained.

The reference exchange rate of the quetzal is calculated and published daily by Bank of Guatemala –Central Bank-.

NOTE 4 - CASH AND BANKS

Cash balances at December 31, are broken-down as shown next:

	<u>2019</u>	<u>2018</u>
Petty cash	<u>Q 6,000</u>	<u>Q 6,000</u>
<u>Banks-national currency:</u>		
Industrial	<u>1,779,500</u>	<u>569,742</u>
<u>Banks-foreign currency</u>		
Industrial	2,101,056	2,669,472
BAC Reformador	<u>1,577,113</u>	<u>18,145</u>
	<u>3,678,169</u>	<u>2,687,617</u>
	<u>Q 5,463,669</u>	<u>Q 3,263,359</u>

During 2019 and 2018 these accounts accrued interest for Q8,627 and Q2,661, the same was registered in other income (Note 15).

At December 31, 2019 and 2018, the cash in Banks included foreign currency balances for US\$477,756 and US\$347,374, expressed at an exchange rate of 7.70 and Q 7.73.

NOTE 5 a) - AFFILIATED COMPANIES

This account was integrated by the balances of companies that will be mentioned further on, and the stockholders of one company are also stockholders

of the others, without a company owning shares of the other companies. In addition, one of such companies may exert control or influence over the operations of the other companies.

Due to these relationships, it is likely that the terms of such transactions are not the same which would be agreed among totally independent companies under free competition conditions.

At December 31, this account was integrated as shown next:

a) Receivables:

	<u>2019</u>	<u>2018</u>
Unión, S.A.	<u>Q 3,591,918</u>	<u>Q 2,288,346</u>

b) Payables

	<u>2019</u>
Globo Color, S.A.	Q 245,147
Prima Plastics Limited	200,808
Unión, S.A.	<u>48,582</u>
	<u>Q 494,537</u>

NOTE 6 - INVENTORIES

Inventories, at cost, at December 31, which is lower than the net realizable value, are classified as described below:

	<u>2019</u>	<u>2018</u>
Finished product	Q 872,576	Q 1,342,927
Raw material	<u>3,620,086</u>	<u>2,858,840</u>
	<u>Q 4,492,662</u>	<u>Q 4,201,767</u>

The valuation formula at which the inventories were costed was the weighted average cost.

The slow-moving inventories December 31, 2019 with 90 days and more, totaled Q235,438.

Inventories were insured against fire and theft by means of a policy for a total of Q12,000,000.

NOTE 7 – MACHINERY AND EQUIPMENT, COMPUTER EQUIPMENT, FURNITURE AND EQUIPMENT, TOOLS AND IMPROVEMENTS IN LEASED PROPERTIES-NET

At December 31, these assets and its corresponding accumulated depreciation were as shown on the following page:

2019

ASSETS	FIXED ASSETS				DEPRECIATION RATE
	BALANCE AT DEC-31-18	ADDITIONS	WITHDRAWALS	BALANCE AT DEC-31-19	
	Q	Q	Q	Q	
Machinery and equipment	7,539,401	175,056	-	7,714,457	20%
Computer equipment	31,183	-	-	31,183	33%
Furniture and equipment	328,831	3,228	-	332,059	20%
Tools	15,205	-	-	15,205	25%
Improvements in leased properties	1,216,881	-	-	1,216,881	33%
	<u>Q 9,131,501</u>	<u>Q 178,284</u>	<u>Q -</u>	<u>Q 9,309,785</u>	

ASSETS	ACCUMULATED DEPRECIATION				NET BALANCE
	BALANCE AT DEC-31-18	DEBITS	CREDITS	BALANCE AT DEC-31-19	
	Q	Q	Q	Q	
Machinery and equipment	2,315,011	102,437	1,653,168	3,865,742	3,848,715
Computer equipment	9,087	-	10,434	19,521	11,662
Furniture and equipment	100,810	5,219	70,380	165,971	166,088
Tools	6,423	365	4,091	10,149	5,056
Improvements in leased properties	774,378	-	442,503	1,216,881	-
	<u>Q 3,205,709</u>	<u>Q 108,021</u>	<u>Q 2,180,576</u>	<u>Q 5,278,264</u>	<u>Q 4,031,521</u>

2018

ASSETS	FIXED ASSETS				DEPRECIATION RATE
	BALANCE AT DEC-31-17	ADDITIONS	WITHDRAWALS	BALANCE AT DEC-31-18	
	Q	Q	Q	Q	
Machinery and equipment	7,278,651	260,750	-	7,539,401	20%
Computer equipment	31,183	-	-	31,183	33%
Furniture and equipment	316,824	12,007	-	328,831	20%
Tools	15,205	-	-	15,205	25%
Improvements in leased properties	1,216,881	-	-	1,216,881	33%
	<u>Q 8,858,744</u>	<u>Q 272,757</u>	<u>Q -</u>	<u>Q 9,131,501</u>	

ASSETS	ACCUMULATED DEPRECIATION				NET BALANCE
	BALANCE AT DEC-31-17	DEBITS	CREDITS	BALANCE AT DEC-31-18	
	Q	Q	Q	Q	
Machinery and equipment	832,094	100,513	1,583,430	2,315,011	5,224,390
Computer equipment	1,324	2,630	10,393	9,087	22,096
Furniture and equipment	32,714	301	68,397	100,810	228,021
Tools	2,322	-	4,101	6,423	8,782
Improvements in leased properties	331,876	-	442,502	774,378	442,503
	<u>Q 1,200,330</u>	<u>Q 103,444</u>	<u>Q 2,108,823</u>	<u>Q 3,205,709</u>	<u>Q 5,925,792</u>

<u>DEPRECIATION EXPENSE</u>	<u>2019</u>	<u>2018</u>
Cost of production	Q 1.751.147	Q 1.506.460
Depreciation of operating expenses (Note 13)	59.697	81.380
Amortization of operating expenses (Note 13)	442.502	455.242
Minus adjustments	(72.770)	65.741
	<u>Q 2.180.576</u>	<u>Q 2.108.823</u>

During 2019 assets were insured against theft and fire for Q13,000,000.

NOTE 8 - OTHER ASSETS

Other assets at December 31, were as shown below:

	<u>2019</u>	<u>2018</u>
Guarantee deposits	Q 345,571	Q 346,524
Organization expenses	21,048	31,572
	<u>Q 366,619</u>	<u>Q 378,096</u>

NOTE 9 - TAXES: INCOME TAX-ISR, SOLIDARITY TAX-ISO AND OTHER TAXES

At December 31, taxes receivable and payable, and the calculation thereof, were the following:

a) Receivables:

	<u>2019</u>	<u>2018</u>
VAT on imports pending liquidation	4,232,722	3,102,424
VAT on local activities pending liquidation	409,719	164,481
solidarity tax -ISO	50,488	95,568
	<u>Q 4,692,929</u>	<u>Q 3,362,473</u>

b) Payables:

	<u>2019</u>	<u>2018</u>
Income tax withholdings to third parties	Q 22,860	Q 20,252
Income Tax payable [Note 9 c)]	326,823	-
VAT related to special invoices	484	278
Income tax withholdings related to non residents	22,312	7,048
Income tax withholdings on special invoices	98	116
ISR withholdings on capital income	4,764	-
ISR withholdings to employees	540	-
	<u>Q 377,881</u>	<u>Q 27,694</u>

c) Income tax calculation related to lucrative activities:

	2019	2018
Loss before income tax	Q 4.481.129	Q (319.538)
Less-other net capital income of income tax	(8.627)	(2.661)
Income from lucrative activities	4.472.502	(322.199)
Add-non deductible expenses	974.285	1.012.815
Add-costs and capital income	865	266
Taxable income	5.447.652	690.882
Tax rate	25%	25%
Income tax	1.361.913	172.721
Income tax - ISR	(939.523)	(116.824)
Less-Solidarity Tax (ISO)	(95.567)	(151.464)
ISR- payable (Solidarity Tax (ISO))	326.823	(95.568)

d) Integration of the income tax according to different income categories:

2019:

TYPE OF INCOME	BASE	RATE	DETERMINED INCOME TAX
Income tax from income due to lucrative activities [Note 9 c)]	Q 5,447,652	25%	Q 1,361,913
<u>Income tax due to capital income:</u>			
Interest on investments (Note 15)	8,627	10	865
			<u>Q 1,362,778</u>

2018:

TYPE OF INCOME	BASE	RATE	DETERMINED INCOME TAX
Income tax from income due to lucrative activities [Note 9 c)]	Q 690,882	25%	Q 172,721
<u>Income tax due to capital income:</u>			
Interest on investments (Note 15)	2,661	10	266
			<u>Q 172,987</u>

ISO:

This tax entered into effect on January 1, 2009. This is applicable to individuals and legal entities, as well as other entities dedicated to mercantile and agricultural activities in the national territory, obtaining a gross margin higher than 4% of their gross income.

This tax should be quarterly paid during the calendar year, and may be credited to ISR payments, be them monthly, quarterly or annually, until the exhaustion of the

balance during the three following calendar years. Alternatively, ISR may be covered first and credited to ISO payments during the same calendar year.

The tax remainder that is not credited according to the procedures established by the law will be considered as an expense deductible for income tax purposes, on the period of annual definitive liquidation in which the three years of payment are complete.

The tax rate is 1% on:

- a) The fourth part of the amount of the net assets or
- b) The fourth part of the gross revenues, whichever is higher.

When the net assets are more than four times higher than the gross income, the tax base mentioned in b) will be applied.

The financial statements of the previous fiscal year will be taken as a base in both cases. The IUSI (real estate property tax) paid during the same quarter, should be deducted from the determined tax based on the assets.

This tax should be paid during the calendar month following each quarter; on the contrary, it will not be creditable to ISR.

STATUTE OF LIMITATIONS:

Pursuant to the Tax Code of Guatemala, the statute of limitations for the tax authorities to make adjustments to tax payers elapses in four years beginning on the date when the tax returns were due for filing. The income tax returns filed by the Company for the years 2016 to 2018 are pending review by the tax authorities.

NOTE 10 - SUPPLIERS AND CREDITORS

Accounts payable to suppliers and creditors, at December 31, were as shown next:

	<u>2019</u>	<u>2018</u>
Foreign suppliers	Q 3,429,939	Q 1,172,194
Globo Color, S.A.	-	203,269
Creditors	<u>141,444</u>	<u>148,917</u>
	<u>Q 3,571,383</u>	<u>Q 1,524,380</u>

At December 31, 2019 and 2018, accounts payable to foreign suppliers were US\$ 445,514, and US\$151,506, at an exchange rate of Q7.70 to Q7..73 to US\$1.

NOTE 11 - LOANS PAYABLE

Loans payable, at December 31, were:

	<u>2019</u>	<u>2018</u>
Prima India	Q 13,617,779	Q 16,006,547
Unión, S.A.	<u>1,453,561</u>	<u>1,700,071</u>
	<u>Q 15,071,340</u>	<u>Q 17,706,618</u>

Loans were given under the following conditions:

Prima India

- Original amount: US\$2,068,845
- Period: 60 months
- Interest rate: 6.5% annually
- Purpose: Working capital
- Maturity: May 10, 2022

Union S.A.

- Original amount: Q1,700,071 equivalent to US\$219,734
- Period: 60 months
- Interest rate: 6.5% annually
- Purpose: Working capital
- Maturity: May 10, 2022

NOTE 12 - AUTHORIZED, SUBSCRIBED AND PAID IN SOCIAL CAPITAL

At December 31, 2019 and 2018, the authorized, subscribed and paid in social capital was integrated as follows:

Authorized social capital was composed of 15,000 common and nominative shares, with a nominal value of Q1,000 each	Q 15,000,000
Less-shares pending subscription: 11,008	<u>(11,008,000)</u>
Authorized, subscribed and paid in social capital composed of 3,992 shares Q1,000 each	<u>Q 3,992,000</u>

At December 31, the book value of the shares was as it appears below:

	<u>2019</u>	<u>2018</u>
Paid in capital	Q 3,992,000	Q 3,992,000
Net profit (loss) for the year [Note 12 a)]	106,208	(3,013,008)
	<u>Q 4,098,208</u>	<u>Q 978,992</u>
Divided by the number of shares	3,992	3,992
Book value of each share	<u>Q 1,027</u>	<u>Q 245</u>

NOTE 12 a) - ACCUMULATED LOSSES

At December 31, the accumulated losses are shown below:

	<u>2018</u>	<u>2018</u>
Balance at the beginning of the year	Q (3,013,008)	Q (2,520,748)
Net profit (loss) for the year	3,119,216	(492,260)
	<u>Q 106,208</u>	<u>Q (3,013,008)</u>

NOTE 13 - OPERATING EXPENSES

The following page shows the operating expenses executed during 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Staff services	Q 1,190,890	Q 1,401,809
Professional services	308,496	243,533
Courses and trainings	10,080	29,134
Depreciation (Note 7)	59,696	81,380
Water, electricity and telephone	65,658	67,822
Travel expenses	146,905	53,692
Amortizations (Note 7)	442,502	455,242
Freight and haulage	46,120	49,645
Maintenance and repairs	196,932	73,386
Taxes and contributions	150,074	97,408
Security services	252,718	227,710
Salaries	94,847	-
Incentive bonus	150,153	-
Bonus	20,149	-
Bonus 14	40,717	-
Compensation	26,118	-
Employer fee	15,198	-
Miscellaneous supplies and materials	167,137	-
Insurance and bonds	69,279	109,140
Uncollectible accounts	36,987	47,815
Advertising and selling expenses	12,989	27,048
Leases	819,262	834,078
General expenses	128,955	177,678
Fuel and lubricants	10,383	8,312
	<u>Q 4,462,245</u>	<u>Q 3,984,832</u>

NOTE 14 – FINANCIAL EXPENSES

During the years under review, the following financial expenses were executed:

	<u>2019</u>		<u>2018</u>
Interest related to loans	Q 1,062,690	Q	960,970
Loss from the exchange rate differential	771,064		991,376
Bank commissions	4,073		2,644
Sundry expenses	58,033		20,608
IPF withholding without earned interest	865		248
	<u>Q 1,896,725</u>	<u>Q</u>	<u>1,975,846</u>

NOTE 15 - OTHER INCOME

Other income obtained during 2019 and 2018, was originated from the following concepts:

	<u>2019</u>		<u>2018</u>
Exchange differential	Q 810,476	Q	233,460
Interest received (Note 4)	8,628		2,661
Sundry income	26,417		89,752
	<u>Q 845,521</u>	<u>Q</u>	<u>325,873</u>

NOTE 16 - APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Administration Board and were authorized for their publication.

NOTE 17 - ASPECTS IN WHICH THE ACCOUNTING POLICIES APPLIED BY THE COMPANY DIFFER FROM THE INTERNATIONAL FINANCIAL REPORTING STANDARD FOR PYMES

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>1. <u>Valuation and recognition of financial instruments:</u></p> <p>These are valued at the historical cost. The value impairment is not recognized until the moment of its liquidation, except for the commercial accounts receivable to which a maximum reserve of 3% of the value of the total balances is applied, without taking into consideration whether or not there is evidence of impairment or the amount of the actual value impairment.</p>	<p>At the end of each reporting period, the financial instruments will be measured at the amortized cost using the effective interest method.</p> <p>Debt instruments, classified as current assets or current liabilities, are measured to the amount not deducted from the cash or other consideration which is expected to be paid or received, unless the agreement constitutes a financing transaction. If the agreement constitutes a financing transaction, the Entity should measure the debt instrument to the present value of future payments deducted at a market interest rate for a similar debt instrument.</p> <p>At the end of each reporting period, an assessment should be made to verify if there is objective evidence of value impairment of the financial assets that are measured at cost or amortized cost. When there is objective evidence of value impairment, the Entity will recognize immediately a loss due to value impairment in the results.</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>2. <u>Names of the financial statements.</u></p> <p>a) Balance sheet b) Statement of income c) Statement of changes in equity d) Statement of cash flow</p>	<p>e) Statement of financial position. f) Statement of comprehensive income g) Statement of changes in equity h) Statement of cash flow</p>
<p>3. <u>Property, plant and equipment:</u></p> <p>The recognition of assets is registered at the cost value less the depreciation based on the estimated useful life of the assets.</p> <p>There is no scrap value, and losses due to impairment in the value of the same are not recognized.</p>	<p>IFRS for PYMES stipulates that assets should be recognized at their cost less their accumulated depreciation less their value of impairment.</p> <p>The Company does not make an objective assessment of the impairment of its fixed assets.</p>
<p>4. <u>Benefits due to termination of contract – liabilities related to severance payments</u></p> <p>The income tax law allows the creation of a reserve for severance payments due to termination of contract, at the rate of 8.33% of annual remunerations.</p> <p>Even when this compensation is payable to employees only in the event of unjustified dismissal, the law allows said compensation to be constituted by the total number of remunerations paid each year, without taking into consideration whether or not there is a payment obligation, as the related employment contracts were not terminated.</p>	<p>The standard requires that provisions which can be reliably valued and result in future economic benefits are registered.</p> <p>The company does not create provisions related to this concept as it makes payments to its employees every year.</p>
<p>5. <u>Classification of obligations according to maturity</u></p>	

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
The law classifies liabilities related to labor fringe benefits as Christmas bonus and bonus 14, together with severance payments, which have a period higher than one year.	IFRS for PYMES requires that these are classified as current and noncurrent obligations.
<p>6. <u>Inventories</u></p> <p>Under no circumstances, the Company does not recognize any reserve for the recognition of the value impairment of the inventories, as it is not allowed by the Income Tax Law.</p> <p>Any loss due to impairment is registered until the time of selling or removing the inventory of the affected assets.</p>	<p>At the end of each reporting period, the Entity should assess whether the inventories are impaired, that is, if the book value is not completely recoverable; for example, due to damage, obsolescence or decreasing selling prices. If an inventory entry is impaired, the Entity should measure the inventory at the selling price less the costs of termination and sale, and a loss due to value impairment should be recognized.</p>
<p>7. <u>Impairment of assets different from inventories</u></p> <p>Such impairment is recognized until the time when the asset is settled or disposed, or when it is removed from the assets.</p>	<p>Any value impairment should be immediately recognized in the results, reducing the book value of the affected asset until its recoverable amount is obtained.</p> <p>In order to recognize losses due to impairment, on a timely basis, the Company should assess, during each reporting date, whether there is an indicator of value impairment of any asset.</p> <p>If an indicator existed, the Company should estimate the recoverable amount of the same.</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
	The recoverable amount of an asset or a cash generating unit is the highest value between its fair value less costs of sales and its value in use.
<p data-bbox="216 383 1083 415">8. <u>Short term benefits to employees – remunerated absences</u></p> <p data-bbox="264 456 972 521">These are registered in the results when the same are paid.</p>	<p data-bbox="1125 418 1902 561">The cost of all the benefits for employees to which they are entitled, as a result of services rendered to the Entity during the reporting period, should be recognized as an expense of the period and as an obligation.</p> <p data-bbox="1125 602 1902 745">An entity will recognize the expected cost of the remunerated absences with cumulative rights as employees render their services which increase their rights to future remunerated absences.</p> <p data-bbox="1125 786 1902 1000">The Entity will measure the expected cost related to the remunerated absences with cumulative rights for the additional amount not discounted that the Entity expects to pay due to unused rights accumulated at the end of the reporting period. The Entity will present this amount as a current liability at the date of the reporting period.</p> <p data-bbox="1125 1333 1902 1399">Person or entity related to the company due to zero or more bills, such as:</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>9. <u>Related parties:</u></p> <p>It results from operations among a Guatemalan resident and a foreign company when:</p> <ul style="list-style-type: none"> a) It owns more than 25% of the capital. b) Five or less people revoke or control both related parties. c) When legal people who are Guatemalan residents or foreigners belong to a smaller business group. d) When it is an exclusive distributor in Guatemala or abroad. e) A Guatemalan resident has a permanent establishment abroad. . f) A permanent establishment in Guatemala, and its headquarters is abroad. 	<ul style="list-style-type: none"> 1. Member of the same group 2. When it is an associate 3. When they have a joint business 4. If the company is controlled by a person, company or relative or key personnel of the management.

* * * * *

PRIMA UNIÓN PLÁSTICOS, S.A.

FINANCIAL STATEMENTS
AT MARCH 31, 2020 AND 2019

Guatemala, April 29, 2020

PRIMA UNIÓN PLÁSTICOS, S.A.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and
Stockholders of
PRIMA UNIÓN PLÁSTICOS, S.A.

Report on the audit of the financial statements:

Opinion:

We have audited the accompanying financial statements of PRIMA UNIÓN PLÁSTICOS, S.A., which comprise the balance sheet for the period from January 1 to March 31, 2020 and 2019, and the statements of: income, changes in net equity and cash flows corresponding to the period then ended, and the notes to the financial statements, as well as a summary of the significant accounting policies and other explanatory information. The financial statements have been prepared by the administration, with certain fiscal criteria of accounting of the Income Tax Law of the Republic of Guatemala.

In our opinion, the accompanying financial statements of PRIMA UNIÓN PLÁSTICOS, S.A., for the period ended March 31, 2020 and 2019, have been prepared, in all material respects, according to the accounting requirements established by the Income Tax Law of the Republic of Guatemala (described in Note 2).

Basis for opinion

We have executed our audit according to the International Standards on Auditing Standards (ISAs). Our responsibilities under such standards are described in detail in the section Auditor's responsibilities on the audit of the financial statements of our report. We are independent from the Company in accordance to ethical requirements that are relevant for our audit of the financial statements in Guatemala – Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA) of the International Federation Accountants (IFAC) – and we have complied with our other ethical responsibilities according to this code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion

Emphasis paragraphs:

- a) Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the accounting basis used for the preparation of said statements, which differs in some aspects from the international financial reporting standards as indicated in the Note 18. The financial statements have been prepared with the purpose of serving as a basis for the preparation of the Income tax return for the year and to comply with the legal requirement to present them attached to the same. As a result of this, the financial statements may not be appropriate for other purpose. Our report is intended for the use of the Company, partners and tax authorities. Our opinion is not modified regarding this matter.
- b) Without modifying our opinion, we draw attention to note 17, subsequent events, which describes the effects that the company has had due to the COVID-19 Pandemic. Our opinion has not been modified in relation to this issue.

Responsibilities of management and those charged with governance of the Company for the financial statements

Management is responsible for the preparation of the accompanying financial statements in accordance with the fiscal criteria of accounting included in the law of the income tax of Guatemala, Note 2, and the internal control that management deems necessary to allow the preparation of the financial statements being free of material misstatements due fraud or error.

In the preparation of the financial statements, management is responsible of assessing the ability of the Company to continue operating as a going concern, revealing the matters related to the going concern business and using the going concern basis of accounting, unless management intends to cease operations or has no other realistic alternative but to do so.

Those charged with governance of the Company are responsible to supervise the process of financial information of the Company.

Auditor's responsibilities for the financial statements audit

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether they are derived from fraud or error, and issue the auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out according to the International Standards on Auditing-ISAs will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material

if, individually or as a whole, said misstatements are reasonable expected to affect the economic decisions taken by the users based on the financial statements.

As part of an audit, and according to the International Standard on Auditing - ISAs– we exercise professional judgment, and we maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the financial statements, due to fraud or error, design and execute audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to provide the bases for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error as fraud involves collusion, forgery, intentional omissions, misrepresentations or override of the internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate under the circumstances and not for the purpose to express an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of the accounting policies used, and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the accounting bases of the going concern company, and based on the gathered evidence, whether there is a material uncertainty related to events or conditions that may give rise to a significant doubt on the capacity of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the information disclosure related to the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- The auditor's responsibilities are to obtain enough and appropriate audit evidence regarding the financial information of the entities or commercial activities within the Company to express an opinion on the financial statements. We are responsible of the management, supervision and making of the audit engagement of the Company. We are the only responsible for our audit opinión.

We communicated with those charged with governance regarding the expected scope and the moment of conducting the audit and the important audit results, among other matters, including potential significant deficiencies in the internal control that we identified during our audit.

Guatemala, April 29, 2020



A handwritten signature in black ink, appearing to read 'Lisbet Marivel Manzilla de Ortiz'.

Calzada Aguilar Batres 34-70
Condominio Galerías del Sur I
6to. Nivel, zona 11, Guatemala
Ciudad

Licda. Lisbet Marivel Manzilla de Ortiz
CONTADORA PUBLICA Y AUDITORA
COLEGIADA No. CPA-3748

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF FINANCIAL POSITION

(Expressed in quetzales - Note 3)

	AT MARCH 31	
	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash and banks (Note 4)	Q 1,467,641	Q 7,621,719
Accounts receivable:		
Customers	1,374,024	1,137,134
Affiliated companies [Note 5 a)]	2,183,028	1,541,810
(-) Reserve for uncollectible accounts	(106,712)	(80,369)
Taxes receivable [Note 9 a)]	4,623,448	3,728,139
Advances to creditors	89,655	51,111
Other accounts receivable	388,121	339,675
	8,551,564	6,717,500
Inventories (Note 6)	4,206,403	3,886,945
Total current assets	14,225,608	18,226,164
Non current assets:		
Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties - net- (Note 7)	3,636,474	5,518,639
Other assets (Note 8)	363,634	374,067
Total non current assets	4,000,108	5,892,706
Total assets	Q 18,225,716	Q 24,118,870
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Suppliers and creditors (Note 10)	Q 3,086,348	Q 3,298,079
Affiliated companies [Note 5 b)]	10,470	234,011
Taxes payable [Note 9b)]	377,874	517,162
Labor benefits payable	53,374	-
Accumulated charges to pay	749,540	348,680
Total current liabilities	4,277,606	4,397,932
Non current liabilities:		
Reserve for severance payments	71,675	-
Loans payable (Note 11)	8,897,832	17,590,946
Total liabilities	13,247,113	21,988,878
Stockholders' equity and accumulated earnings (losses):		
Authorized, subscribed and paid in social capital (Note 12)	3,992,000	3,992,000
Accumulated earnings (losses) [Note 12 a)]	986,603	(1,862,008)
Total stockholders' equity and accumulated earnings (losses)	4,978,603	2,129,992
Total liabilities, stockholders' equity and accumulated earnings	Q 18,225,716	Q 24,118,870

Notes 1 to 18 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.STATEMENT OF COMPREHENSIVE INCOME

(Expressed in quetzals - Note 3)

	<u>FOR THE QUARTER ENDED MARCH 31</u>			
	<u>2020</u>		<u>2019</u>	
Income	Q	7,601,742	Q	8,829,075
Less-cost of sales		<u>(5,113,883)</u>		<u>(5,974,336)</u>
Gross profit from sales		2,487,859		2,854,739
Operating expenses (Note 13)		<u>(1,150,799)</u>		<u>(1,051,936)</u>
Operating loss		1,337,060		1,802,803
Financial expenses (Note 14)		(202,966)		(285,392)
Other income (Note 15)		<u>100,353</u>		<u>102,212</u>
Profit before tax ISR		1,234,447		1,619,623
(-) Tax ISR		<u>(354,051)</u>		<u>(468,624)</u>
Net profit the quarter [Note 12 a)]	Q	<u>880,396</u>	Q	<u>1,150,999</u>

Notes 1 to 18 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF CHANGES IN EQUITY

(Expressed in quetzals - Note 3)

	FOR THE QUARTER ENDED	
	MARCH 31	
	<u>2020</u>	<u>2019</u>
<u>Authorized, subscribed and paid-in social capital</u>		
Capital subscribed and paid at the beginning and end of the year (Nota 12)	Q 3,992,000	Q 3,992,000
<u>Accumulated earnings (losses)</u>		
Balance at the beginning of the year	Q 106,207	Q (3,013,007)
Net profit the quarter [Note 12 a)]	880,396	1,150,999
Balance at the end of the year	986,603	(1,862,008)
Total stockholders' equity	<u>Q 4,978,603</u>	<u>Q 2,129,992</u>

Notes 1 to 18 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2020 AND 2019
(Expressed in quetzals - Note 3)

	<u>2020</u>	<u>2019</u>
Cash flow in operating activities:		
Net profit for the year	Q 880,396	Q 1,150,999
Reconciliation between the net profit and entries not requiring cash:		
Depreciations and amortizations	409,134	532,356
Employment benefits	70,399	6,253
Uncollectible accounts	(32,841)	(17,316)
	<u>1,327,087</u>	<u>1,672,292</u>
Changes in net assets and liabilities:		
Decrease in assets and increase in liabilities:		
Customers	1,094,765	739,913
Suppliers	-	2,256,565
Accumulated charges to pay	330,743	-
Taxes payable	-	489,468
Taxes receivable	96,660	-
Inventory	286,259	314,822
	<u>1,808,426</u>	<u>3,800,768</u>
Increase in assets and decrease in liabilities:		
Suppliers	(587,311)	-
Accumulated charges to pay	-	(315,913)
Taxes payable	(27,233)	(365,667)
Anticipated spendings	(1,018)	(7,290)
Other accounts receivable	(331,366)	(304,656)
	<u>(946,928)</u>	<u>(993,526)</u>
Net cash from operating activities	<u>2,188,585</u>	<u>4,479,534</u>
Cash flow in investing activities:		
Increase in property, plant and equipment	(11,103)	(121,173)
Net cash applied in investing activities	<u>(11,103)</u>	<u>(121,173)</u>
Cash flow in financing activities:		
Payments of loans	(6,173,510)	-
Cashed used in financing activities	<u>(6,173,510)</u>	<u>-</u>
Net increase (decrease) in cash	(3,996,027)	4,358,361
Cash at the beginning of the year	5,463,668	3,263,358
Cash at the end of the year	<u>Q 1,467,641</u>	<u>Q 7,621,719</u>

Notes 1 to 18 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020 AND 2019

NOTE 1 – HISTORY AND OPERATIONS

PRIMAUNIÓNPLÁSTICOS, S.A., was constituted as a corporation on March 14, 2016, according to the laws of the Republic of Guatemala, for an indefinite period. Its fiscal year is the natural one.

Its main activity is the manufacture, transformation, import, export, distribution and commercialization of plastic materials and products. Purchase, sale, import and export of industrial machinery for the plastic industry.

The Company is domiciled in the city of Guatemala. It may open branches in any other place of the Republic of Guatemala or abroad.

The Company is part of a group of companies which have common partners and are under the same administration. Such companies make significant transactions among them and with third parties.

The companies which are part of the group are:

- Unión, S.A.
- Prima Plastics Limited.

NOTE 2 –PREPARATION BASES AND ACCOUNTING POLICIES

The accompanying financial statements have been prepared, in all material respects, according to the accrual basis of accounting mentioned in the Income Tax Law, applying the accounting policies and practices included in said Law. The most important accounting policies and procedures used by the Company in the preparation of its financial statements are summarized below:

Accounting basis—The accounting basis used by the Company for the registration of its operations is the accrual basis which recognizes assets, liabilities, income and expenses when the rights are earned or when the corresponding obligations are incurred.

Recognition of income—Income from ordinary activities, which results from the production, distribution and sale of plastic chairs and tables, is recognized in the results of the year when the sale is made.

Recognition of expenses—Expenses are recognized when the same are incurred.

Cash—Cash includes the balances in cash and banks. The balances in banks are available at sight. There was no restriction limiting the use of said balances.

Customers—Customers' balances do not bear interests and are registered at their billing value less the corresponding deductions of the negotiation.

Accounts receivable and estimate for uncollectible accounts—Accounts receivable are registered at cost. The Company applies the policy stipulated by the Law, for uncollectible accounts, regarding the creation of a provision which cannot exceed 3% of the debit balances from commercial accounts and documents receivable, at the closing of each of the annual periods of taxation; provided that said balances are originated from the ordinary course of business and are not guaranteed by pledges or mortgages.

Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties-net—Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties are valued at the acquisition cost. The corresponding depreciation is calculated by the straight line method based on their estimated useful lives and according to the Income Tax Law. The depreciation percentages are as follows:

Machinery and equipment	20%
Furniture and equipment	20
Computer equipment	33
Tools	25
Improvements in leased properties	33

Expenses related to repairs and maintenance, which do not restore the asset and increase its useful life, are charged to the operations of the year.

Assets and liabilities expressed in foreign currency—These are presented at their value equivalent in quetzals, using the exchange rate in effect at the end of the year (see Note 3), and the exchange differential, resulting between the dates of payment or collection and the date of registration, is operated in the results.

Transactions in foreign currency—Transactions are registered at their equivalent value in quetzals, using the exchange rate in effect when the transaction is carried out. Earnings and losses derived from adjustments of balances expressed in foreign currency are included in the determination of the results of the year.

Recognition of expenses—Expenses are recognized when they are incurred.

Inventories - Inventories are valued at the average cost of acquisition. Their costs do not exceed their net realizable value. These are registered at the lowest amount between the cost and the selling price less the termination and selling costs.

Related parties- A related party is a person or an entity that is related to the Entity due to one or more of the following factors:

- a) A person or an entity is member of the key personnel of the Company or its controlling entity; if it exercises control or exerts a significant influence or voting power on the same.
- b) If a person or entity together with the Company are:
 - i. Members of the same group,
 - ii. If it is an associate,
 - iii. If the entity together with the Company constitute a joint business of a third entity,
 - iv. One of the entities is part of a joint business of a third entity, and the other entity is an associate of the third entity,
 - v. If the entity constitutes a plan of post-employment benefits of the employees of the Company or an entity which is a related party of the same,
 - vi. If the Company is controlled by a person identified in a),
 - vii. A person or a family member close to that company exerts significant influence over the Company,
 - viii. A member of the key personnel of the administration of the Company or its controlling entity or a relative of that member exerts control over the Company or has significant voting power over it.

Commercial suppliers and creditors - These are obligations based on common credit conditions, and the same do not accrue interest. The amounts, regarding suppliers, expressed in foreign currency are converted according to the exchange rate in effect at the end of the year. Earnings or losses related to the exchange differential resulted from the foreign currency conversion is registered in other expenses or other income, as appropriate.

Severance payments – These are compensations accruing in favor of the employees according to the length of service and provisions of the Work Code. The same may be paid to them in the event of dismissal, or to their relatives in case of death. At March 31, 2020, there was one provision regarding this concept for Q71,675.

Provisions- A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation which can be reasonably estimated.

Taxation-the income tax is based on the 25% over the fiscal profit.

NOTE 3 - MONETARY UNIT AND EXCHANGE RATES

The accounting records are maintained in quetzals, denoted by the symbol “Q” as shown in the financial statements. The quetzal is the official currency of Guatemala.

The exchange rate is freely determined among the banking market participants. At March 31, 2020 and 2019, it was Q7.69 and Q7.68, at the date of this report, it was Q7.62 to US\$1.

According to the Law of Free Foreign Currency, the disposal, possession, contracting, remittance, transfer, purchase, sale, collection or payment of and with foreign currency are free; also foreign currency tenure, deposits and bank accounts may be freely maintained.

The reference exchange rate of the quetzal is calculated and published daily by Bank of Guatemala –Central Bank-.

NOTE 4 - CASH AND BANKS

Cash balances at March 31, are broken-down as shown next:

	<u>2020</u>	<u>2019</u>
Petty cash	<u>Q 6,000</u>	<u>Q 6,000</u>
<u>Banks-national currency:</u>		
Industrial	<u>859,779</u>	<u>2,165,409</u>
<u>Banks-foreign currency</u>		
Industrial	478,722	2,648,480
BAC Reformador	<u>123,140</u>	<u>2,801,830</u>
	<u>601,862</u>	<u>5,450,310</u>
	<u>Q 1,467,641</u>	<u>Q 7,621,719</u>

During 2020 and 2019 these accounts accrued interest for Q1,806 and Q3,585, respectively, the same was registered in other income (Note15).

At March 31, 2020 and 2019, the cash in Banks included foreign currency balances for US\$78,266 and US\$709,580, expressed at an exchange rate of Q 7.69 and Q7.68, respectively.

NOTE 5 -AFFILIATED COMPANIES

This account was integrated by the balances of companies that will be mentioned further on, and the stockholders of one company are also stockholders of the others, without a company owning shares of the other companies. In

addition, one of such companies may exert control or influence over the operations of the other companies.

The Company, as part of a group of affiliated companies (Note 1) and, as such, makes significant transactions of the same nature with these companies.

Due to these relationships, it is likely that the terms of such transactions are not the same which would be agreed among totally independent companies under free competition conditions.

At March 31, this account was integrated as shown next:

a) Receivables:

	<u>2020</u>	<u>2019</u>
Unión, S.A.	<u>Q 2,183,028</u>	<u>Q 1,541,810</u>

b) Payables:

	<u>2020</u>	<u>2019</u>
Prima Plastics Limited (India)	Q -	Q 227,874
Unión, S.A.	10,470	6,137
	<u>Q 10,470</u>	<u>Q 234,011</u>

NOTE 6 - INVENTORIES

Inventories, at cost, at March 31, which is lower than the net realizable value, are classified as described below:

	<u>2020</u>	<u>2019</u>
Raw material	Q 3,218,758	Q 2,346,271
Finished product	987,645	1,473,284
Packing material	-	67,390
	<u>Q 4,206,403</u>	<u>Q 3,886,945</u>

The valuation formula at which the inventories were costed was the weighted average cost.

NOTE 7 – MACHINERY AND EQUIPMENT, COMPUTER EQUIPMENT, FURNITURE AND EQUIPMENT, TOOLS AND IMPROVEMENTS IN LEASED PROPERTIES-NET

At March 31, these assets and its corresponding accumulated depreciation were as shown on the following page:

ASSETS	FIXED ASSETS			DEPRECIATION RATE
	BALANCE AT DEC-31-19	ADDITIONS	BALANCE AT MAR-31-20	
	Machinery and equipment	Q 7,714,457	Q -	
Computer equipment	31,183	4,464	35,647	
Furniture and equipment	332,059		332,059	
Tools	15,205	6,639	21,844	
Improvements in leased properties	1,216,881		1,216,881	
	<u>Q 9,309,785</u>	<u>Q 11,103</u>	<u>Q 9,320,888</u>	

ASSETS	ACCUMULATED DEPRECIATION			NET BALANCE
	BALANCE AT DEC-31-19	CREDITS	BALANCE AT MAR-31-20	
	Machinery and equipment	3,865,742	385,722	
Computer equipment	19,521	5,476	24,997	
Furniture and equipment	165,971	14,273	180,244	
Tools	10,149	680	10,829	
Improvements in leased properties	1,216,881	-	1,216,881	
	<u>Q 5,278,264</u>	<u>Q 406,151</u>	<u>Q 5,684,415</u>	<u>Q 3,636,474</u>

ASSETS	FIXED ASSETS			DEPRECIATION RATE
	BALANCE AT DEC-31-18	ADDITIONS	BALANCE AT MAR-31-19	
	Machinery and equipment	Q 7,539,401	Q 121,173	
Computer equipment	31,183		31,183	
Furniture and equipment	328,831		328,831	
Tools	15,205		15,205	
Improvements in leased properties	1,216,881		1,216,881	
	<u>Q 9,131,501</u>	<u>Q 121,173</u>	<u>Q 9,252,674</u>	

ASSETS	ACCUMULATED DEPRECIATION			NET BALANCE
	BALANCE AT DEC-31-18	CREDITS	BALANCE AT MAR-31-19	
	Machinery and equipment	2,315,011	396,964	
Computer equipment	9,087	5,188	14,275	
Furniture and equipment	100,810	14,826	115,636	
Tools	6,423	722	7,145	
Improvements in leased properties	774,378	110,627	885,005	
	<u>Q 3,205,709</u>	<u>Q 528,327</u>	<u>Q 3,734,036</u>	<u>Q 5,518,639</u>

NOTE 8 -OTHER ASSETS

Other assets at March 31, were as shown below:

	2020	2019
Guarantee deposits	Q 345,217	Q 345,126
Organization expenses	18,417	28,941
	<u>Q 363,634</u>	<u>Q 374,067</u>

NOTE 9 - TAXES: INCOME TAX-ISR, SOLIDARITY TAX-ISO AND OTHER TAXES

At March 31, taxes receivable and payable, and the calculation thereof, were the following:

a) Receivables:

	2020	2019
VAT accumulated tax credit	Q 4,143,166	Q 3,358,465
VAT withholdings	480,282	223,618
Solidarity tax	-	146,056
	<u>Q 4,623,448</u>	<u>Q 3,728,139</u>

b) Payables:

	2020	2019
Provisión income tax	Q 354,051	Q 468,624
Income tax withholdings to third parties	23,059	21,697
Income tax withholdings related to non residents	-	26,117
Income tax withholdings for employees	764	724
	<u>Q 377,874</u>	<u>Q 517,162</u>

c) Income tax calculation related to lucrative activities:

	2020	2019
Usefulness of the exercise	Q 1,234,447	Q 1,619,623
Less-other net capital income of income tax	(1,806)	(3,585)
Income from lucrative activities	1,232,641	1,616,038
Add-non deductible expenses	183,184	258,100
Add-costs and capital income	181	358
Taxable income	<u>Q 1,416,006</u>	<u>Q 1,874,496</u>
Percentage of income tax	<u>25%</u>	<u>25%</u>
Income tax	<u>(354,051)</u>	<u>(468,624)</u>

ISO:

This tax entered into effect on January 1, 2009. This is applicable to individuals and legal entities, as well as other entities dedicated to mercantile and agricultural activities in the national territory, obtaining a gross margin higher than 4% of their gross income.

This tax should be quarterly paid during the calendar year, and may be credited to ISR payments, be them monthly, quarterly or annually, until the exhaustion of the balance during the three following calendar years. Alternatively, ISR may be covered first and credited to ISO payments during the same calendar year.

The tax remainder that is not credited according to the procedures established by the law will be considered as an expense deductible for income tax purposes, on the period of annual definitive liquidation in which the three years of payment are complete.

The tax rate is 1% on:

- a) The fourth part of the amount of the net assets or
- b) The fourth part of the gross revenues, whichever is higher.

When the net assets are more than four times higher than the gross income, the tax base mentioned in b) will be applied.

The financial statements of the previous fiscal year will be taken as a base in both cases. The IUSI (real estate property tax) paid during the same quarter, should be deducted from the determined tax based on the assets.

This tax should be paid during the calendar month following each quarter; on the contrary, it will not be creditable to ISR.

STATUTE OF LIMITATIONS:

Pursuant to the Tax Code of Guatemala, the statute of limitations for the tax authorities to make adjustments to tax payers elapses in four years beginning on the date when the tax returns were due for filing. The income tax returns filed by the Company for the years 2016 to 2019 are pending review by the tax authorities.

NOTE 10-SUPPLIERS AND CREDITORS

Accounts payable to suppliers and creditors, at March 31, were as shown next:

	<u>2020</u>	<u>2019</u>
Foreign suppliers	Q 3,086,348	Q 3,156,933
Creditors	-	141,146
	<u>Q 3,086,348</u>	<u>Q 3,298,079</u>

Foreign suppliers are listed below:

	<u>2020</u>	<u>2019</u>
Vinmar International Ltd.	Q 1,610,533	Q -
Latin American Polymers LLC	822,260	-
Muehlstein International	398,312	1,132,185
Merit Polymers Unit II	255,223	235,834
Montachem International, INC.	-	793,259
Snetor Chimie	-	995,655
	<u>Q 3,086,328</u>	<u>Q 3,156,933</u>

At March 31, 2020 and 2019, accounts payable to foreign suppliers were US\$401,624 and US\$411,003, at an exchange rate of Q7.69 and Q7.68 to US\$1, respectively.

NOTE 11 -LOANS PAYABLE

Loans payable, at March 31, were:

	<u>2020</u>	<u>2019</u>
Prima Plastics Limited(India)	Q 8,060,035	Q 15,890,874
Unión, S.A.	837,797	1,700,071
	<u>Q 8,897,832</u>	<u>Q 17,590,946</u>

Loans were given under the following conditions:

Prima India

- Original amount: US\$2,068,845
- Período: 60 months
- Interés trate: 6.5% annually
- Purpose: Working capital
- Maturity: May 10, 2022

UNION, S.A.

- Original amount: Q1,700,071 equivalent to US\$219,734
- Período: 60 months
- Interés trate: 6.5% annually
- Purpose: Working capital
- Maturity: May 10, 2022

NOTE 12 -AUTHORIZED, SUBSCRIBED AND PAID IN SOCIAL CAPITAL

At March 31, 2020 and 2019, the authorized, subscribed and paid in social capital was integrated as follows:

Authorized social capital was composed of 15,000 common and nominative shares, with a nominal value of Q1,000 each	Q 15,000,000
Less-shares pending subscription: 11,008	<u>(11,008,000)</u>
Authorized, subscribed and paid in social capital composed of 3,992 shares Q1,000 each	<u>Q 3,992,000</u>

At March 31, the book value of the shares was as it appears below:

	<u>2020</u>	<u>2019</u>
Paid in capital	Q 3,992,000	Q 3,992,000
Net profit (losses) of the quarter [Note 12 a)]	<u>986,603</u>	<u>(1,862,008)</u>
	<u>Q 4,978,603</u>	<u>Q 2,129,992</u>
Divided by the number of shares	<u>3,992</u>	<u>3,992</u>
Book value of each share	<u>Q 1,247</u>	<u>Q 534</u>

NOTE 12 a) - ACCUMULATED EARNINGS

At March 31, the accumulated earnings re shown below:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	Q 106,207	Q (3,013,007)
Net profit of the quarter	<u>880,396</u>	<u>1,150,999</u>
	<u>Q 986,603</u>	<u>Q (1,862,008)</u>

NOTE 13 -OPERATING EXPENSES

The following page shows the operating expenses executed during the first quarter of 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Outsourcing	Q 327,723	Q 362,342
Leases	218,043	207,431
Professional services	81,500	83,853
Travel expenses	77,346	41,276
Water, electricity and telephone	66,067	15,618
Security services	65,981	63,213
Incentive bonus	44,896	-
Taxes and contributions	44,789	36,385
Depreciation	35,489	15,102
General expenses	30,966	35,718
Maintenance and repairs	30,577	18,054
Insurance and bonds	30,313	9,444
Salaries	28,951	-
Uncollectible accounts	17,416	4,881
Advertising and selling expenses	8,054	2,329
Compensation	6,959	-
Freight and haulage	6,853	6,904
Personal expenses	6,370	31,905
Bonus 14	5,964	-
Bonus	5,964	-
Employer fee	3,668	-
Fuel and lubricants	2,716	2,349
Amortizations	2,631	113,257
Courses and trainings	1,563	1,875
	<u>Q 1,150,799</u>	<u>Q 1,051,936</u>

NOTE 14 – FINANCIAL EXPENSES

During the quarter under review, the following financial expenses were executed:

	<u>2020</u>	<u>2019</u>
Interest related to loans	Q 200,028	Q 283,163
Sundry expenses	2,938	2,229
	<u>Q 202,966</u>	<u>Q 285,392</u>

NOTE 15-OTHER INCOME

Other income obtained during the first quarter of 2019 was originated from the following concepts:

	<u>2020</u>	<u>2019</u>
Exchange differential	Q 23,618	Q 67,280
Sundry income	74,929	31,347
Interest received (Note 4)	1,806	3,585
	<u>Q 100,353</u>	<u>Q 102,212</u>

NOTE 16 - APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Administration Board and were authorized for their publication.

NOTE 17 - SUBSEQUENT EVENTS - EFFECTS BY STATE OF CALAMITY IN GUATEMALA

As of the date of this report, April 29, 2020, the company had temporarily ceased operations, due to the fact that the Government of Guatemala had declared a state of calamity and a curfew, suspending most of the country's activities.

Due to this situation, the production process was suspended and partially worked from March 18, 2020 the management of the company, who was managing the recovery of accounts receivable to customers, canceling payment obligations to suppliers of goods and services and meeting tax obligations.

Work obligations were cancelled on March 31 and April 15, 2020, without employees working.

At the date of our review, the company was practically without liquidity, and without operating, and the status of the balances of accounts receivable from customers and short-term obligations pending payment were as follows:

ASSETS BALANCES AND CURRENT OBLIGATIONS AS OF APRIL 29, 2020

AVAILABILITIES AND RIGHTS

Cash in banks	1,335,405
Customers pending collection	2,203,265
Inventories	5,420,156
	<u>8,958,826</u>

CURRENT OBLIGATIONS

Unpaid providers	3,794,552
Accumulated charges to pay	38,916
Labor benefits payable	49,254
Tax obligations to pay	5,406
	<u>3,888,128</u>

NOTE 18 - ASPECTS IN WHICH THE ACCOUNTING POLICIES APPLIED BY THE COMPANY DIFFER FROM THE INTERNATIONAL FINANCIAL REPORTING STANDARD FOR PYMES

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>1. <u>Valuation and recognition of financial instruments:</u></p> <p>These are valued at the historical cost. The value impairment is not recognized until the moment of its liquidation, except for the commercial accounts receivable to which a maximum reserve of 3% of the value of the total balances is applied, without taking into consideration whether or not there is evidence of impairment or the amount of the actual value impairment.</p>	<p>At the end of each reporting period, the financial instruments will be measured at the amortized cost using the effective interest method.</p> <p>Debt instruments, classified as current assets or current liabilities, are measured to the amount not deducted from the cash or other consideration which is expected to be paid or received, unless the agreement constitutes a financing transaction. If the agreement constitutes a financing transaction, the Entity should measure the debt instrument to the present value of future payments deducted at a market interest rate for a similar debt instrument.</p> <p>At the end of each reporting period, an assessment should be made to verify if there is objective evidence of value impairment of the financial assets that are measured at cost or amortized cost. When there is objective evidence of value impairment, the Entity will recognize immediately a loss due to value impairment in the results.</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>2. <u>Names of the financial statements.</u></p> <p>a) Balancesheet b) Statement of income c) Statement of changes in equity d) Statement of cash flow</p>	<p>e) Statement of financial position. f) Statement of comprehensive income g) Statement of changes in equity h) Statement of cash flow</p>
<p>3. <u>Property, plant and equipment:</u></p> <p>The recognition of assets is registered at the cost value less the depreciation based on the estimated useful life of the assets.</p> <p>There is no scrap value, and losses due to impairment in the value of the same are not recognized.</p>	<p>IFRS for PYMES stipulates that assets should be recognized at their cost less their accumulated depreciation less their value of impairment.</p> <p>The Company does not make an objective assessment of the impairment of its fixed assets.</p>
<p>4. <u>Benefits due to termination of contract – liabilities related to severance payments</u></p> <p>The income tax law allows the creation of a reserve for severance payments due to termination of contract, at the rate of 8.33% of annual remunerations.</p> <p>Even when this compensation is payable to employees only in the event of unjustified dismissal, the law allows said compensation to be constituted by the total number of remunerations paid each year, without taking into consideration whether or not there is a payment obligation, as the related employment contracts were not terminated.</p>	<p>The standard requires that provisions which can be reliably valued and result in future economic benefits are registered.</p> <p>The company does not create provisions related to this concept as it makes payments to its employees every year.</p>
<p>5. <u>Classification of obligations according to maturity</u></p>	

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
The law classifies liabilities related to labor fringe benefits as Christmas bonus and bonus 14, together with severance payments, which have a period higher than one year.	IFRS for PYMES requires that these are classified as current and noncurrent obligations.
<p>6. <u>Inventories</u></p> <p>Under no circumstances, the Company does not recognize any reserve for the recognition of the value impairment of the inventories, as it is not allowed by the Income Tax Law.</p> <p>Any loss due to impairment is registered until the time of selling or removing the inventory of the affected assets.</p>	<p>At the end of each reporting period, the Entity should assess whether the inventories are impaired, that is, if the book value is not completely recoverable; for example, due to damage, obsolescence or decreasing selling prices. If an inventory entry is impaired, the Entity should measure the inventory at the selling price less the costs of termination and sale, and a loss due to value impairment should be recognized.</p>
<p>7. <u>Impairment of assets different from inventories</u></p> <p>Such impairment is recognized until the time when the asset is settled or disposed, or when it is removed from the assets.</p>	<p>Any value impairment should be immediately recognized in the results, reducing the book value of the affected asset until its recoverable amount is obtained.</p> <p>In order to recognize losses due to impairment, on a timely basis, the Company should assess, during each reporting date, whether there is an indicator of value impairment of any asset.</p> <p>If an indicator existed, the Company should estimate the recoverable amount of the same.</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
	The recoverable amount of an asset or a cash generating unit is the highest value between its fair value less costs of sales and its value in use.
<p data-bbox="216 383 1083 415">8. <u>Short term benefits to employees – remunerated absences</u></p> <p data-bbox="264 456 972 521">These are registered in the results when the same are paid.</p>	<p data-bbox="1125 418 1902 561">The cost of all the benefits for employees to which they are entitled, as a result of services rendered to the Entity during the reporting period, should be recognized as an expense of the period and as an obligation.</p> <p data-bbox="1125 602 1902 745">An entity will recognize the expected cost of the remunerated absences with cumulative rights as employees render their services which increase their rights to future remunerated absences.</p> <p data-bbox="1125 786 1902 1000">The Entity will measure the expected cost related to the remunerated absences with cumulative rights for the additional amount not discounted that the Entity expects to pay due to unused rights accumulated at the end of the reporting period. The Entity will present this amount as a current liability at the date of the reporting period.</p> <p data-bbox="1125 1333 1902 1399">Personor entity related to the company due to zero or more bills, such as:</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>9. <u>Related parties:</u></p> <p>It results from operations among a Guatemalan resident and a foreign company when:</p> <ul style="list-style-type: none"> a) It owns more than 25% of the capital. b) Five or less people revoke or control both related parties. c) When legal people who are Guatemalan residents or foreigners belong to a smaller business group. d) When it is an exclusive distributor in Guatemala or abroad. e) A Guatemalan resident has a permanent establishment abroad. . f) A permanent establishment in Guatemala, and its headquarters is abroad. 	<ul style="list-style-type: none"> 1. Member of the same group 2. When it is an associate 3. When they have a joint business 4. If the company is controlled by a person, company or relative or key personnel of the management.

* * * * *