IMPCO, S. DE R.L. DE C.V.

Financial Statements

March 31, 2016 and June 30, 2015

(With the Independent Auditor's Opinion Thereon)

INDEPENDENT AUDITOR'S REPORT

(In thousands of Mexican pesos)

The Board of Managers
Impco, S. de R.L. de C.V.:

We have audited the accompanying unconsolidated financial statements of Impco, S. de R.L. de C.V. (the Company), which comprise the unconsolidated balance sheets as of March 31, 2016 and as of June 30, 2015, and the unconsolidated statements of comprehensive income, changes in partners' equity and cash flows for the period of nine months ended March 31, 2016 and the year ended June 30, 2015, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with Mexican Financial Reporting Standards (FRS), and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit consists of examining, on a test basis, evidence supporting the figures and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the unconsolidated statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We were appointed to audit the unconsolidated financial statements of the Company as of and for the year ended June 30, 2015 for the first time as per requirement of the parent company. As such, we were not able to carry out auditing procedures related to physical verification of inventories as of June 30, 2015 and 2014. Additionally, as of June 30, 2014 (year ended June 30, 2015 beginning balances), no unit cost was assigned to inventories (initially recognized using standard cost valuation method), using any of the following cost allocation formulas allowed by FRS: specific identification, weighted average or first in first out (FIFO). However, as of March 31, 2016, physical verification of the inventories were carried out and no material discrepancies were found.

(Continued)

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As mentioned in note 10, the Company had revalued its land in calendar year 2010 and the surplus on revaluation (amounting to $58,339) was directly taken to a revaluation reserve (included as part of retained earnings) in the unconsolidated balance sheet in calendar year 2010. During the month of September of 2015, part of land was sold resulting into an actual realization of the revaluation reserve amounting to $32,789. The same amount was taken to income for the period and correspondingly, the revaluation reserve was reduced in the unconsolidated balance sheet as of March 31, 2016 to that extent. However, FRS do not allow these accounting procedures.

As mentioned in note 10, the accompanying unconsolidated statements of comprehensive income present the depreciation expense of $2,815 for the period of nine months ended March 31, 2016 and $4,636 for the year ended June 30, 2015, as a separate line item under comprehensive financial results. Based on FRS, depreciation expense for the period of nine months ended March 31, 2016 should have been allocated $2,687 to cost of goods sold and $128 to operating expenses; depreciation expense for the year ended June 30, 2015 should have been allocated $4,404 to cost of goods sold and $232 to operating expenses.

Qualified Opinion

In our opinion, except for the possible effects on the unconsolidated financial statements of the issues mentioned on the fifth paragraph and the effects on the unconsolidated financial statements of the issues mentioned on the sixth and seventh paragraphs, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Impco, S. de R.L. de C.V. as of March 31, 2016 and as of June 30, 2015, and its unconsolidated financial performance and cash flows for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, in accordance with FRS.

Emphasis Matters

The accompanying unconsolidated financial statements and its notes for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, have been prepared for Symphony Limited group consolidation purposes in India. For only occasion, current period ended March 31, 2016 included only nine months of operations as the financial year closing from Symphony Limited was changed from June 30 to March 31.

As described in note 3 d), the accompanying unconsolidated financial statements have been prepared to be used by the Company's management. The financial information therein does not include the consolidation of the financial statements of its subsidiary Symphony USA, Inc. (a U.S. entity) which has been accounted for under the equity method. To evaluate the financial situation and the results of the economic entity, refer to the consolidated financial statements of Impco, S. de R.L. de C.V. and Subsidiary for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, issued on this same date and separately.

DFK / Llarena y Asociados, S.C.

C.P.C. Salvador Llarena Menard

April 14, 2016

IMPCO, S. DE R.L. DE C.V.

Balance Sheets

March 31, 2016 and June 30, 2015

(In thousands of Mexican pesos)

		2016	2015
Assets			
Current assets:			
Cash and cash equivalents	$	2,387	2,646
Accounts receivable (note 7)		47,905	63,726
Related parties (note 6)		10,161	9,822
Inventories (note 8)		65,472	55,931
Total current assets		125,925	132,125
Property, machinery and equipment, net (note 10)		43,077	78,357
Deferred employee statutory profit sharing (note 15)		4,005	3,983
	$	173,007	214,465
Liabilities and Partners' Equity			
Current liabilities:			
Loans payable to related parties (note 6)		36,670	62,045
Accounts payable:			
Trade accounts payable		9,982	11,371
Related parties (note 6)		6,949	-
Other liabilities		15,078	20,878
Warranty provision (note 11)		604	442
Other accruals		5,780	1,938
Total current liabilities		75,063	96,674
Employee benefits (note 12)		17,670	17,426
Total liabilities		92,733	114,100
Partners' equity:			
Share capital (note 13)		1,000	1,000
Retained earnings		79,361	99,452
Net equity in the other comprehensive results of operations of subsidiary company (note 9)		(87)	(87)
Partners' equity		80,274	100,365
	$	173,007	214,465

See accompanying notes to financial statements.

IMPCO, S. DE R.L. DE C.V.

Statements of Comprehensive Income

Period of nine months ended March 31, 2016 and year ended June 30, 2015

(In thousands of Mexican pesos)

		2016	2015
Net revenues (note 14)	$	133,855	190,910
Cost of goods sold		87,349	135,940
Gross profit		46,506	54,970
Operating expenses:			
General and administrative		12,053	16,190
Selling		12,552	23,832
Total operating expenses		24,605	40,022
Operating income		21,901	14,948
Comprehensive financial results:			
Financial income		132	187
Financial expenses		(1,125)	(2,593)
Foreign exchange loss, net		(5,395)	(9,061)
Comprehensive financial results, net		(6,388)	(11,467)
Equity in the results of operations of subsidiary company (note 9)		-	87
Income before depreciation and taxes on earnings		15,513	3,481
Depreciation expense (note 10)		(2,815)	(4,636)
Income (loss) before taxes on earnings		12,698	(1,068)
Taxes on earnings (note 15)		-	-
Net income (loss)		12,698	(1,068)
Other comprehensive results:			
Equity in the other comprehensive results of operations of subsidiary company (note 9)		-	(87)
Comprehensive income (loss)	$	12,698	(1,155)

See accompanying notes to financial statements.

IMPCO, S. DE R.L. DE C.V.

Statements of Changes Partners' Equity

Period of nine months ended March 31, 2016 and year ended June 30, 2015

(In thousands of Mexican pesos)

		Share capital	Retained earnings	Net equity in the other comprehensive results of operations of subsidiary company	Total partners' equity
Balances at June 30, 2014	$	1,000	100,520	-	101,520
Comprehensive loss		-	(1,068)	(87)	(1,155)
Balances at June 30, 2015		1,000	99,452	(87)	100,365
Reduction of revaluation reserve			(32,789)		(32,789)
Comprehensive income		-	12,698	-	12,698
Balances at March 31, 2016	$	1,000	79,361	(87)	80,274

See accompanying notes to financial statements.

IMPCO, S. DE R.L. DE C.V.

Statements of Cash Flows

Period of nine months ended March 31, 2016 and year ended June 30, 2015

(In thousands of Mexican pesos)

		2016	2015
Cash flows from operating activities:			
Income (loss) before taxes on earnings	$	12,698	(1,068)
Items related to investing activities:			
Net equity in the other comprensive results of operations of subsidiary company		-	(87)
Depreciation and amortization		2,815	4,636
Loss (gain) on disposal of property, machinery and equipment, net		(35,923)	(3,519)
Interest income		(132)	(187)
Items related to financing activities:			
Interest expense		1,125	2,593
Subtotal		(19,417)	2,368
Accounts receivable		15,821	15,089
Related parties receivable		(339)	
Inventories		(9,541)	(18,257)
Deferred employee statutory profit sharing		(22)	(3,983)
Accounts payable		3,764	8,112
Employee benefits		244	1,869
Net cash provided by (applied in) operating activities		(9,490)	5,198
Cash flows from investing activities:			
Capital expenditures		(1,194)	(301)
Proceeds from sale of property, machinery and equipment		36,793	4,944
Proceeds from interest income		132	187
Net cash provided by investing activities		35,731	4,830
Cash to be applied in financing activities		26,241	10,028
Cash flows from financing activities:			
Proceeds from loans		3,586	8,369
Principal payments on loans		(30,080)	(21,394)
Interest payments		(6)	(1,476)
Net cash applied in financing activities		(26,500)	(14,501)
Net decrease in cash and cash equivalents		(259)	(4,473)
Cash and cash equivalents at beginning of year		2,646	7,119
Cash and cash equivalents at end of year	$	2,387	2,646

See accompanying notes to financial statements.

1. Description of Business

Impco, S. de R.L. de C.V. (the Company) is an entity incorporated under the laws of Mexico. The address of the Company is Avenida las Américas #303, Guadalupe, Nuevo León, Mexico, C.P. 67130. The Company is a subsidiary of Sylvan Holdings Pte. Ltd. (a Singaporean entity). The principal holding Company of the economic entity of which the Company is part is Symphony Limited (a listed entity in India).

2. Authorization and Basis of Preparation

On April 14, 2016, Arturo Silva Vega, Financial Director, authorized the issuance of the accompanying financial statements and its notes.

The accompanying financial statements for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, have been prepared for Symphony Limited group consolidation purposes in India. For only occasion, current period ended March 31, 2016 included only nine months of operations as the financial year closing from Symphony Limited was changed from June 30 to March 31.

a) **Statement of compliance**

The accompanying unconsolidated financial statements have been prepared in accordance with Mexican Financial Reporting Standards (FRS) except for:

- As of June 30, 2014 (year ended June 30, 2015 beginning balances), no unit cost was assigned to inventories (initially recognized using standard cost valuation method), using any of the following cost allocation formulas allowed by FRS: specific identification, weighted average or first in first out (FIFO).

- As mentioned in note 10, the Company had revalued its land in calendar year 2010 and the surplus on revaluation (amounting to $58,339) was directly taken to a revaluation reserve (included as part of retained earnings) in the balance sheet in calendar year 2010. During the month of September of 2015, part of land was sold resulting into an actual realization of the revaluation reserve amounting to $32,789. The same amount was taken to income for the period and correspondingly, the revaluation reserve was reduced in the balance sheet as of March 31, 2016 to that extent. However, FRS do not allow these accounting procedures.

- As mentioned in note 10, the accompanying statements of comprehensive income present the depreciation expense of $2,815 for the period of nine months ended March 31, 2016 and $4,636 for the year ended June 30, 2015, as a separate line item under comprehensive financial results. Based on FRS, depreciation expense for the period of nine months ended March 31, 2016 should have been allocated $2,687 to cost of goods sold and $128 to operating expenses; depreciation expense for the year ended June 30, 2015 should have been allocated $4,404 to cost of goods sold and $232 to operating expenses.

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b) **Use of estimates and judgments**
The preparation of financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, valuation allowances for accounts receivable, other receivables, inventories, deferred income tax assets and deferred employee statutory profit sharing assets, and valuation of liabilities related to employee benefits. Actual results could differ from those estimates and assumptions.

c) **Reporting currency**
The aforementioned financial statements are presented in Mexican pesos (reporting currency), which is the same as the local currency.

For purposes of disclosure, "pesos" or "$" means Mexican pesos, and "dollars" or "US$" means U.S. dollars.

d) **Unconsolidated financial statements presentation**
The accompanying unconsolidated financial statements have been prepared to be used by the Company's management. The financial information therein does not include the consolidation of the financial statements of its subsidiary Symphony USA, Inc. (a U.S. entity) which has been accounted for under the equity method. To evaluate the financial situation and the results of the economic entity, refer to the consolidated financial statements of Impco, S. de R.L. de C.V. and Subsidiary for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, issued separately.

e) **Reclassifications**
Certain prior year balances have been reclassified to conform with the current period presentation.

3. Summary of Significant Accounting Policies

A description of the accounting policies and practices followed by the Company in the preparation of its unconsolidated financial statements follows:

a) **Cash and cash equivalents**
Consist mainly of bank deposits in checking accounts in pesos and dollars, and other highly liquid instruments. At the date of the financial statements, interest income and foreign exchange gains and losses are included in the statement of comprehensive income.

b) **Accounts receivable**
Accounts receivable are reported at realizable value, net of provisions for returns and discounts and the allowance for doubtful accounts.

c) **Inventories and cost of sales**
Inventories are measured at the lower of cost and net realizable value. The cost is determined by the standard cost valuation method, using first in first out allocation formula.

(Continued)

Cost of sales represents the cost of inventories at the time of sale, increased, as applicable, for reductions in the net realizable value of inventories during the period.

The Company records the necessary allowances for inventory impairment arising from damaged, obsolete or slow-moving inventories or any other reason indicating that the carrying amount will exceed the future revenues expected from use or realization of the inventory items.

d) **Permanent investments**
Permanent investment in subsidiary company in which the Company holds 100% of its capital stock is accounted for by the equity method based on the financial statements of the inverter, prepared in accordance with FRS.

e) **Property, machinery and equipment**
Is originally recorded at acquisition cost. Depreciation is calculated according to the straight line method based on the estimated useful lives of the assets as follows:

	Annual percentage depreciation
Buildings	5%
Machinery and equipment	8%
Transportation equipment	25%
Furniture and fixtures	10%

Minor repairs and maintenance costs are expensed as incurred.

f) **Impairment of property, machinery and equipment**
The Company evaluates the net carrying amount of property, machinery and equipment to determine whether there is an indication that the carrying amount exceeds the recoverable amount. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net revenues reasonably expected to be generated by the asset. If the net carrying amount of the asset exceeds the recoverable amount, the Company records the necessary provisions.

g) **Income Tax (IT) and Employee Statutory Profit Sharing (ESPS)**
IT and ESPS payable for the year are determined in conformity with the tax regulations in effect.

Deferred IT and ESPS are accounted for under the asset and liability method. Deferred taxes and ESPS assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in the case of IT, for operating loss carryforwards and other recoverable tax credits. Deferred tax and ESPS assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax and ESPS assets and liabilities of a change in tax rates is recognized on the statement of comprehensive income in the period that includes the enactment date.

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h) **Accruals**
Based on management's estimates, the Company recognizes accruals for present obligations where the transfer of assets or the rendering of services is virtually inevitable and arises as a consequence of past events, which, as applicable, are recorded at present value.

i) **Employee benefits**
Termination benefits other than restructuring and retirement to which employees are entitled are recorded in the statement of comprehensive income, based on actuarial computations using the projected unit credit method, considering the projected salaries.

j) **Warranties**
The Company carries warranties on its products, against manufacturing defects. Provisions for estimated expenses related to such product warranties are calculated and recorded based on past historical data of warranty cost incurred by the Company.

k) **Contingencies**
Liabilities for contingencies are recognized when a loss is probable and estimable. When there are no reasonable elements, a disclosure in a qualitative manner is included in the notes to the financial statements. Revenues, income and contingent assets are recognized at the moment of practically complete certainty of its realization.

l) **Revenue recognition**
Sales revenues are recognized when title passes to customers based on the terms of the sale. Based on management's analysis and estimates, the Company provides for doubtful receivables.

m) **Comprehensive financial results (CFR)**
The CFR includes interest income and expenses, and foreign exchange gains and losses.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Foreign currency assets and liabilities are translated at the exchange rate in force at the statement of financial position date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported on the statement of comprehensive income.

4. Accounting Changes

The Mexican Board of Financial Reporting Standards (CINIF), is the organization responsible for issuing the FRS. In December 2014, CINIF issued the document referred to as "2015 FRS Improvements", which contains precise modifications to some FRS. The modifications that bring about accounting changes are listed below:

- **FRS B-8 "Consolidated or combined financial statements"**
  FRS B-8 defines investment entities and stipulates that, in view of the characteristics of such entities' primary activities, they generally do not exert control over an investee. This improvement is effective for periods beginning on or after January 1, 2015 and the accounting changes that arise should be recognized retrospectively.

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- **Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities and commitments"**
  Bulletin C-9 provides that foreign currency advances should be recognized at the exchange rate prevailing on the date of the transaction; that is, at the historical exchange rate. Such amounts should not be modified by subsequent exchange fluctuations between the functional currency and the foreign currency in which the price of goods and services related to such advance payments are denominated. This improvement is effective for periods beginning on or after January 1, 2015 and the accounting changes that arise should be recognized retrospectively.

5. Foreign Currency Balances

As of March 31, 2016 and as of June 30, 2015, the dollar equivalent of the monetary assets and liabilities in foreign currency are as follows:

		In thousands of dollars		In thousands of pesos	
		2016	**2015**	**2016**	**2015**
Monetary assets:					
Cash and cash equivalents	$	2	2	40	32
Accounts receivable from related parties		581	616	10,161	9,822
		583	618	10,201	9,854
Monetary liabilities:					
Loans payable to related parties		2,095	3,890	36,670	62,045
Accounts payable to related parties		397	-	6,949	-
		(2,492)	(3,890)	(43,619)	(62,045)
Net monetary liability position	$	(1,909)	(3,272)	(33,418)	(52,191)

As of March 31, 2016 and as of June 30, 2015, the exchange rate was $17.50 and $15.95 pesos to the dollar. At April 14, 2016, date of the auditor's report, the exchange rate was $17.49 pesos to the dollar.

6. Related Parties Transactions and Balances

Transactions with related parties for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, are as follows:

		2016	**2015**
Sales of inventory - Symphony Limited	$	1,996	2,595
Sales of inventory - Symphony USA, Inc.		2,274	4,566
Inventory purchases - Symphony Limited		21,552	34,251
Inventory purchases - Symphony USA, Inc.		173	-
Interest expense - Sylvan Holdings Pte. Ltd.		1,119	2,585
Loans received - Sylvan Holdings Pte. Ltd.		3,586	8,369

(Continued)

(All amounts in thousands of Mexican pesos)

Balances receivable from and payable to related parties as of March 31, 2016 and as of June 30, 2015, are as follows:

		2016	2015
Accounts receivable:			
Symphony USA, Inc.	$	9,317	9,822
Symphony Limited		844	-
	$	10,161	9,822
Loan payable:			
Sylvan Holdings Pte. Ltd. (1)	$	36,670	62,045
Accounts payable:			
Symphony Limited	$	6,949	-

(1) As of March 31, 2016 and as of June 30, 2015, an interest expense accrual of $18,645, and $15,949, respectively, related to the loan, is included as part of the loan payable balance.

7. Accounts Receivable

As of March 31, 2016 and as of June 30, 2015, accounts receivable is made up as follows:

		2016	2015
Trade	$	34,772	58,255
Advances to suppliers		8,166	1,278
Recoverable value added taxes		3,891	3,030
Other recoverable taxes		462	413
Other		614	750
Total	$	47,905	63,726

8. Inventories

As of March 31, 2016 and as of June 30, 2015, inventories is made up as follows:

		2016	2015
Finished products	$	49,758	42,867
Work in process		5,273	5,243
Raw materials		10,541	8,621
		65,572	56,731
Less allowance for obsolete and slow-moving inventory		(100)	(800)
Total	$	65,472	55,931

(Continued)

(All amounts in thousands of Mexican pesos)

9. Permanent Investments

As of March 31, 2016 and as of June 30, 2015, the investments in subsidiary company is represented by equity in the following U.S. entity:

					Net equity in comprehensive income for the period	
			Equity in net assets			
Subsidiary	**%**		**2016**	**2015**	**2016**	**2015**
Symphony USA, Inc.	100	$	-	-	-	-

Certain condensed financial information of the balance sheet and statement of comprehensive income of the investee, as of March 31, 2016 and as of June 30, 2015, is presented below:

		2016	**2015**
Current assets	$	8,410	10,087
Property, machinery and equipment		-	199
Total assets		8,410	10,286
Current liabilities		9,400	10,653
Shareholders' equity (deficit)		(990)	(367)
Net sales	$	9,979	13,018
Gross profit		3,920	4,929
Net income (loss)		(265)	255
Comprehensive income (loss)		(623)	(93)

10. Property, Machinery and Equipment

As of March 31, 2016 and as of June 30, 2015, property, machinery and equipment is made up as follows:

		2016	**2015**
Land	$	37,080	69,867
Buildings		11,305	24,167
Machinery and equipment		174,356	179,110
Transportation equipment		4,977	5,214
Furniture and fixtures		10,693	11,257
		238,411	289,615
Less accumulated depreciation		(195,334)	(211,258)
Property, machinery and equipment, net	$	43,077	78,357

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(All amounts in thousands of Mexican pesos)

The Company had revalued its land in calendar year 2010 and the surplus on revaluation (amounting to $58,339) was directly taken to a revaluation reserve (included as part of retained earnings) in the balance sheet in calendar year 2010. During the month of September of 2015, part of land was sold resulting into an actual realization of the revaluation reserve amounting to $32,789. The same amount was taken to income for the period and correspondingly, the revaluation reserve was reduced in the balance sheet as of March 31, 2016 to that extent. However, FRS do not allow these accounting procedures.

The accompanying statements of comprehensive income present the depreciation expense of $2,815 for the period of nine months ended March 31, 2016 and $4,636 for the year ended June 30, 2015, as a separate line item under comprehensive financial results. Based on FRS, depreciation expense for the period of nine months ended March 31, 2016 should have been allocated $2,687 to cost of goods sold and $128 to operating expenses; depreciation expense for the year ended June 30, 2015 should have been allocated $4,404 to cost of goods sold and $232 to operating expenses.

11. Warranty Provision

The movement of the warranty provision for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, is as follows:

		2016	**2015**
Beginning balance as of July 1	$	442	87
Provision during the period		540	2,553
Utilized during the period		(378)	(2,198)
Ending balance	$	604	442

12. Employee Benefits

The Company has a non–contributory retirement plan covering all of its employees. Pension benefits are based on years of service and the employee's compensation. Such plan also includes seniority premiums and severance payments upon involuntary termination. Pension and statutory severance benefits are not funded.

The present values of the net projected liability of these obligations as of March 31, 2016 and as of June 30, 2015 are $17,670 and $17,426, respectively.

Net discount rates used in actuarial calculations were as follows:

	2016 %	**2015** %
Discount of the project benefit obligation at present value	6.5	6.5
Salary increase	4.0	4.0

Net period cost comprises determined for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015 was $1,585 and $2,060, respectively.

(Continued)

(All amounts in thousands of Mexican pesos)

Under Mexican legislation, the Company must make payments equivalent to 2% of its workers' daily integrated salary (ceiling) to a defined contribution plan that is part of the retirement savings system. The expense for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015 was $352 and $528, respectively.

13. Partners' Equity

a) **Share capital**
As of March 31, 2016 and as of June 30, 2015, share capital is represented by two social parts as follows:

	2016		2015	
	Nominal value	**Restated value**	**Nominal value**	**Restated value**
Minimum fixed capital	$ 26	26	26	26
Variable capital	974	974	974	974
	$ 1,000	1,000	1,000	1,000

b) **Restrictions on partners' equity**
In accordance with the General Corporations Law, five percent of net income for the year must be appropriated to the statutory reserve, until it reaches one-fifth of share capital.

Shareholder contributions restated as provided for by the tax law, may be refunded to shareholder tax-free, to the extent that such contributions equal or exceed partners' equity.

Retained earnings and other partners' equity accounts aggregating, on which no IT have been paid, are subject to income taxes in the event of distribution, at the rate of 30%, payable by the Company; consequently, the shareholders may only receive 70% of such amounts.

14. Net Revenues

For the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, net revenues are made up as follows:

	2016	2015
Net sales	$ 96,892	177,438
Gain on disposal of property, machinery and equipment	35,944	4,414
Deferred ESPS (see note 15)	22	3,983
Other	997	5,075
	$ 133,855	190,910

15. Taxes on Earnings, Tax Loss Carryforwards and Employee Statutory Profit Sharing

Current IT is calculated considering as taxable or deductible the effects of inflation over certain monetary liabilities and assets through the annual inflation adjustment. The IT rate is 30% for fiscal years 2014, 2015, 2016 and thereafter.

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(All amounts in thousands of Mexican pesos)

IT benefit (expense) for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, are as follows:

		2016	2015
Current IT	$	-	-
Deferred IT		-	-
	$	-	-

The main items originating a net deferred IT asset (liability) as of March 31, 2016 and as of June 30, 2015, is as follows:

		2016	2015
Property, machinery and equipment	$	(309)	(566)
Liability accruals and other reserves		7,023	7,290
Employee benefits		5,301	5,228
Current ESPS		1,423	967
Deferred ESPS		(1,202)	(1,195)
Accumulated tax losses		26,736	31,464
Deferred IT asset		38,972	43,188
Valuation allowance (1)		(38,972)	(43,188)
Net deferred IT asset	$	-	-

(1) In assessing the realizability of deferred assets on taxes on earnings, management considered that it was more likely than not that deferred assets will not be realized. As such, as of March 31, 2016 and as of June 30, 2015, a valuation allowance was recognized for the total amount of the deferred IT tax asset

The effects of temporary differences that give rise to the net deferred ESPS asset (liability) as of March 31, 2016 and as of June 30, 2015, is presented below:

		2016	2015
Property, machinery and equipment	$	(103)	(189)
Liability accruals and other reserves		2,341	2,430
Employee benefits		1,767	1,742
Net deferred ESPS asset	$	4,005	3,983

Restated amounts as of March 31, 2016 and expiration dates of tax loss carryforwards that can be offset against IT taxable income are as follows:

Calendar year of expiration		Tax loss carryforwards
2019	$	83,848
2023		5,272
	$	89,120

(Continued)

(All amounts in thousands of Mexican pesos)

16. Lease Commitments

The Company has lease commitments under operating lease agreements. Minimum rentals due under the leases are payable as follows:

Calendar year	Amount
2016	$ 520

Rental expense amounted to $2,102 and $3,158 for the period of nine months ended March 31, 2016 and for the year ended June 30, 2015, respectively.

17. Recently Issued Accounting Standards

a) The CINIF has issued the FRS listed below:

- **FRS D-3 "Employee benefits"**
  Is effective for years beginning on or after January 1, 2016 with retrospective effects and early adoption is allowed as of January 1, 2015. FRS D-3 supersedes the provisions in FRS D-3. Main changes include the following:

  (i) Direct benefits – The classification of direct short-term benefits was modified and the recognition of deferred Employee Statutory Profit Sharing (ESPS) was ratified.

  (ii) Termination benefits – The bases were modified for identifying when payments for the termination of a work relationship actually meet post-employment benefits or when they are termination benefits.

  (iii) Post-employment benefits – Among others, the following were modified: the accounting recognition of multi-employer plans; government plans and plans of entities under common control; the recognition of the net defined benefit liability (asset); the bases for determining the actuarial hypothesis in the discount rate; the recognition of the Service Cost of Past Periods (SCPP) and of the Early Settlement of Obligations (ESO).

  (iv) Remeasurements – In recognizing post-employment benefits, the corridor approach is eliminated in the treatment of the plan's profits and losses (PPL); therefore, they are recognized as accrued and recognized directly in Other Comprehensive Income ("ORI"), requiring their recycling to the period's net profit or loss under certain conditions.

  (v) Plan Asset Ceiling (PA) – Identifies a plan asset ceiling and specifies which entity contributed funds do not qualify as such.

  (vi) Recognition in profit or loss of PM, SR and gains or losses from Early Settlement of Obligations (ESO) – In post-employment benefits, the totality of the Service Cost of Past Periods (SCPP) of Plan Modifications (PM), Staff Reductions (SR) and the gains or losses from Early Settlement of Obligations (ESO) are immediately recognized in profit or loss.

  (vii) Discount rate – Establishes that the discount rate of Defined Benefit Obligations (DBO) is based on investment grade corporate bond rates (deep market) and, in their absence, on government bond rates.

(Continued)

(viii) Termination benefits – Requires an analysis as to whether separation payments qualify as termination benefits or are actually post-employment benefits and notes that if the benefit is non-cumulative with no preexisting granting conditions, it is a termination benefit and, therefore, it should be recognized when the event occurs. However, if preexisting conditions are present, either contractually, by law or payment practices, it is deemed a cumulative benefit and should be recognized as a post-employment benefit.

b) In December 2015, CINIF issued the document referred to as "2016 FRS Improvements", which contains precise modifications to some FRS. The modifications that bring about accounting changes are listed below:

- **FRS C-1 "Cash and cash equivalents" and FRS B - 2 "Cash flow statement"**
  Modifies the definition of cash and cash equivalents to converge with the definitions included in the International Financial Reporting Standards and changes the term "investments available on demand" by "high liquidity financial instruments". Additionally, it establishes that cash in its initial and subsequent recognition should be valued at fair value, which is its nominal value, cash equivalents should be valued at fair value in its initial recognition and high liquidity financial instruments should be valued according with the intention to maintain each specific type of instrument. These improvements are effective for periods beginning on or after January 1, 2016 and the accounting changes that arise should be recognized retrospectively.

- **Bulletin C-2 "Financial instruments", Adaptation document to Bulletin C-2 (AD), FRS B-10 "Effects of inflation" and Bulletin C-9 "Liabilities, provisions, assets and contingent liabilities"**
  Modifies the definition of financial instruments available for sale contained in the AD to converge with Bulletin C-2. In addition, to converge with IFRS: makes precisions to the criteria to classify a financial instrument as held to maturity; incorporates the term "transaction costs" instead of the term "cost"; specifies where in the statement of comprehensive income should get recognized fair value adjustments, exchange rate fluctuations and results for monetary position related to financial instruments; and modifies the AD to allow the reversal of impairment losses related to financial instruments classified as held to maturity. These improvements are effective for periods beginning on or after January 1, 2016 and the accounting changes that arise should be recognized retrospectively.

- **FRS C-7 "Investments in Associates, joint ventures, and other permanent investments"**
  Establishes that investments or contributions in kind should be recognized based on its fair value. This improvement is effective for periods beginning on or after January 1 2016, and the accounting changes that arise should be recognized retrospectively.

- **Bulletin C-10 "Derivative financial instruments and hedging transactions"**
  To converge with IFRS: specifies that during the entire period of coverage, the hedging transaction should be evaluated in terms of its effectiveness; makes certain specifications about how to determine the primary position, incorporates the concept of "transaction costs" and makes adjustments regarding the accounting recognition of such costs. These improvements are effective for periods beginning on or after January 1, 2016 and the accounting changes that arise should be recognized retrospectively.

Management estimates that the new FRS and the improvements to FRS will be immaterial.

(Continued)

18. Contingent Liabilities

a) The five-year period prior to the most recent income tax return filed is open to governmental tax examination.

b) In accordance with the Income Tax Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, since such prices must be similar to those that would be used in arm's-length transactions.

   Should the tax authorities examine the transactions and reject the related party prices, they could assess additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes.

Considering the above, to the best of management's knowledge and based on the details provided to the Company, except for the amounts provided for in the books for all known liabilities, there are no other liabilities or claims against the Company for which there is a possible outflow and which should be disclosed as contingent liabilities.