SYMPHONY USA, INC.

Financial Statements

June 30, 2015 and 2014

(With the Independent Auditor's Opinion Thereon)

INDEPENDENT AUDITOR'S REPORT

(In thousands of Mexican pesos)

The Shareholders
Symphony USA, Inc.:

We have audited the accompanying financial statements of Symphony USA, Inc. (the Company), which comprise the balance sheet as of June 30, 2015, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, 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 financial statements in accordance with Mexican Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 statements are free from material misstatement.

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

Basis for Qualified Opinion

Financial statements of the Company as of and for the year ended June 30, 2014 were not audited by us; consequently, we were not able to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of initial inventories appearing in the balance sheet as of June 30, 2014. Additionally, as of June 30, 2015 and 2014, no unit cost was assigned to inventories (initially recognized using standard cost valuation method), using any of the following cost allocation formulas allowed by Mexican Financial Reporting Standards: specific identification, weighted average or first in first out (FIFO).

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Qualified Opinion

In our opinion, except for the possible effects on the financial statements of the issues mentioned on the immediate above paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Symphony USA, Inc. as of June 30, 2015, and its comprehensive income, its changes in shareholders' equity and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards.

Emphasis Matter

The financial statements of Symphony USA, Inc. as of June 30, 2014 and for the year then ended, included for comparative purposes, were not audited, and as such we do not express any opinion on these financial statements.

DFK / Llarena y Asociados, S.C.

C.P.C. Salvador Llarena Menard

August 6, 2015

SYMPHONY USA, INC.

Balance Sheets

June 30, 2015 and 2014

(In thousands of Mexican pesos)

		2015	2014
Assets			
Current assets:			
Cash and cash equivalents	$	1,277	2,517
Accounts receivable (note 5)		3,843	3,418
Inventories - finished products		4,967	5,040
Total current assets		10,087	10,975
Property, machinery and equipment, net (note 6)		199	139
	$	10,286	11,114
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable:			
Related parties - Impco, S. de R.L. de C.V. (note 4)		9,822	10,718
Other liabilities		831	670
Total current liabilities		10,653	11,388
Shareholders' equity:			
Capital stock (note 7)		62	62
Accumulated results		25	(230)
Currency translation accumulated effects (note 1 k)		(454)	(106)
Shareholders' equity		(367)	(274)
	$	10,286	11,114

See accompanying notes to financial statements.

SYMPHONY USA, INC.

Statements of Comprehensive Income

Years ended June 30, 2015 and 2014

(In thousands of Mexican pesos)

		2015	2014
Net revenues (note 8)	$	13,018	13,126
Cost of goods sold		(8,089)	(8,159)
Gross profit		4,929	4,967
Operating expenses:			
General and administrative		(527)	(600)
Selling		(4,147)	(3,996)
Total operating expenses		(4,674)	(4,596)
Net income		255	371
Other comprehensive results:			
Currency translation loss (note 1 k)		(348)	(108)
Comprehensive income (loss)	$	(93)	263

See accompanying notes to financial statements.

SYMPHONY USA, INC.

Statements of Changes in Shareholders' Equity

Years ended June 30, 2015 and 2014

(In thousands of Mexican pesos)

		Capital stock	Accumulated results	Currency translation accumulated effects	Total shareholders' equity
Balances at June 30, 2013	$	62	(601)	2	(537)
Comprehensive income (loss)		-	371	(108)	263
Balances at June 30, 2014		62	(230)	(106)	(274)
Comprehensive income (loss)		-	255	(348)	(93)
Balances at June 30, 2015	$	62	25	(454)	(367)

See accompanying notes to financial statements.

SYMPHONY USA, INC.

Statements of Cash Flows

Years ended June 30, 2015 and 2014

(In thousands of Mexican pesos)

		2015	2014
Cash flows from operating activities:			
Net income	$	255	371
Currency translation loss		(348)	(108)
Changes in:			
Accounts receivable		(425)	832
Inventories - finished products		73	993
Related parties - Impco, S. de R.L. de C.V.		(896)	(1,541)
Other liabilities		161	130
Net cash applied in operating activities		(1,180)	677
Adjustment to the cash flow due to exchange rate variations		(60)	-
Cash and cash equivalents at beginning of year		2,517	1,840
Cash and cash equivalents at end of year	$	1,277	2,517

See accompanying notes to financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies

The primary business of Symphony USA, Inc. (the Company) is the import and distribution of evaporative air coolers and heaters. The Company is a U.S. subsidiary of the Mexican entity Impco, S. de R.L. de C.V.

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

a) **Authorization and basis of preparation**
On July 24, 2015, Jaime Enríquez Olivares, President, authorized the issuance of the accompanying financial statements and its notes.

Except for what is mentioned on note 1 e), the accompanying financial statements have been prepared in accordance with Mexican Financial Reporting Standards (FRS). The preparation of the financial statements requires estimates and assumptions from management of the Company, to revalue some financial statement accounts and to make the required disclosures. Actual results might differ from such estimates and assumptions.

b) **Cash and cash equivalents**
Consist mainly of bank deposits in checking accounts in U.S. dollars. Cash and cash equivalents are stated at nominal value.

c) **Transactions in foreign currency**
Transactions in currencies other than the Mexican peso are converted at the rate of exchange ruling at the transaction date. At the balance sheet date, foreign currency assets and liabilities are converted at the rate of exchange ruling at that date. Resulting exchange differences are recognized in other comprehensive results.

d) **Taxes on earnings**
Taxes on earnings for the year are determined in conformity with tax regulations in force.

Deferred taxes on earnings are accounted for under the asset and liability method. Deferred tax 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, operating loss carryforwards and tax credits. Deferred tax 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 assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

e) **Inventories**
Inventories are valued at the lowest of standard cost or market.

f) **Property, machinery and equipment**
Are recorded at cost. Depreciation is calculated according to the straight line method based on the total life of the assets.

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SYMPHONY USA, INC.

Notes to Financial Statements

(All amounts in thousands of Mexican pesos)

g) **Impairment of long-lived assets in use**
The Company reviews long-lived assets for impairment when events or changes in business conditions indicate that their full carrying value may not be recovered. The Company considers assets to be impaired if expected associated cash flows are less than carrying value. Once the impairment is determined, the assets are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. As of June 30, 2015 and 2014, there were no impairment losses recognized for long-lived assets.

h) **Revenue recognition**
Sales revenues are recognized when title passes to customers based on the terms of the sale.

i) **Warranties**
The Company provides product warranties against manufacturing defects. Provisions for estimated expenses related to such product warranties are recorded at the time the product is sold.

j) **Employee benefits**
Employee benefits to which employees are entitled in case of separation or death, as well as any other payments related to termination benefits, are not recognized as cost on the years the services are rendered, but when paid.

Management estimates that the effect of not accruing for labor obligations based on actuarial computations as required by FRS D-3 "Employees' benefits", did not generate any material effect.

k) **Currency translation income (loss)**
Include the translation effects of converting the financial statements from the U.S. dollar functional currency to the Mexican peso reporting currency.

l) **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.

m) **Use of estimates**
Preparation of financial statements require that management make estimates and assumptions which affect the amounts recorded as assets and liabilities and the disclosure of contingent assets and liabilities as of the financial statements date, as well as the amounts recorded as revenues and expenses during the period. Actual results could differ from these estimates and assumptions.

n) **Comprehensive income or loss**
Comprehensive income or loss incorporates current year net income or loss, plus currency translation gains or losses.

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2. Accounting Changes

The Mexican Board of Financial Reporting Standards (CINIF), is the organization responsible for issuing the FRS.

a) The CINIF has issued the FRS listed below:

- **FRS C-11 "Stockholders' equity"**
  FRS C-11 is effective for years beginning January 1, 2014, and is applicable retrospectively. FRS C-11 supersedes Bulletin C-11 "Stockholders' equity" and Circular 38 "Temporary acquisition of treasury stock" and Circular 40 "Accounting treatment of stock issuance and placement costs". Some of the main aspects resulting from the adoption of this FRS are as follows:

  ✓ FRS C-11 requires that in order to capitalize the advances for future capital stock increases, at the stockholders' or partners' meeting it shall be agreed that such advances be applied for future capital stock increases and also, the price per share to be issued pursuant to such contributions shall be fixed. Furthermore, it shall be agreed that these contributions shall not be refunded before being capitalized.

  ✓ FRS C-11 broadly identifies financial instruments with characteristics of equity which would otherwise, be regarded as liabilities. However, the specific standard that classifies financial instruments as either equity or liabilities, within the same compound financial instrument, is FRS C-12 "Financial instruments with characteristics of liabilities and equity".

b) In December 2013 the CINIF issued the document referred to as "2014 FRS Improvements", which contains precise modifications to some FRS. The modifications that bring about accounting changes are listed below:

- **FRS C-5 "Prepayments"**
  FRS C-5 provides that amounts paid in foreign currency be recognized at the exchange rate in force as of the transaction date, and shall not be modified as a result of foreign exchange fluctuations between the functional currency and the foreign currency in which the prices of goods and services regarding such prepayments are denominated. Additionally, it provides that impairment losses arising from prepayments, as well as the reversal of such losses, shall be reported as part of the net income or loss for the period. These improvements are effective for years beginning January 1, 2014, and the resulting accounting changes shall be recognized retrospectively.

- **Bulletin C-15 "Impairment or disposal of long-lived assets"**
  Bulletin C-15 provides that the impairment loss for a long-lived asset in use, as well as the reversal thereof, and the impairment loss of long-lived, available-for-sale assets, including increases or decreases, shall be reported in the results of operations for the period, under the line items of costs and expenses, where depreciation and amortization is recognized. The impairment loss and reversal thereof, for indefinite-lived intangible assets, including goodwill, shall be presented in the results of operations for the period, under the line item for depreciation and amortization expenses on assets of the cash generating unit to which such tangible assets relate. Under no circumstances shall impairment losses be presented as part of the expenses that have been capitalized in the value of a certain asset.

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Likewise, it sets out that in order to report the impairment losses of associates, joint ventures and other permanent investments, and the goodwill thereof, the provisions of FRS C-7 shall be complied with. FRS C-7 provides that impairment losses be recognized under the line item equity in the net income or loss of other entities.

Additionally, Bulletin C-15 sets out that assets and liabilities identified with discontinued operations shall be presented in the statement of financial position, grouped in a single line item of assets and a single line item of liabilities, classified as short-term, and shall not be offset between them. Furthermore, such items shall be reported as long-term in the event of sale agreements that are essentially purchase options and sale - leaseback agreements. It also provides that the entity shall not restate previously issued statements of financial position as a result of such reclassification.

These improvements are effective for years beginning January 1, 2014, and any resulting presentation changes shall be recognized retrospectively.

- **FRS B-3 "Statement of comprehensive income", FRS B-16 "Financial statements of non-profitable entities", FRS C-6 "Property, plant and equipment", FRS C-8 "Intangible assets", Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities and commitments" and FRS D-3 "Employee benefits"**
  The improvements of these standards are aimed at performing the modifications related to the presentation of certain transactions that were previously recognized under the line item of other income and expenses, as the presentation of such line item ceased to be required after the new FRS B-3 became effective. These improvements are effective for years beginning January 1, 2014 and the resulting presentation changes shall be recognized retrospectively.

3. Foreign Currency Balances

At June 30, 2015 and 2014, the U.S. dollar equivalent of assets and liabilities in foreign currency are as follows:

		In thousands of U.S. dollars	
		2015	**2014**
Assets	$	645	841
Liabilities		668	860
Net liability position	$	(23)	(19)

At June 30, 2015 and 2014, the exchange rate was $15.95 and $13.24 Mexican pesos to the U.S. dollar, respectively. At August 6, 2015, date of the auditors' report, the exchange rate was $16.38 Mexican pesos to the U.S. dollar.

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SYMPHONY USA, INC.

Notes to Financial Statements

(All amounts in thousands of Mexican pesos)

4. Related Parties Transactions

Transactions with related parties for the years ended June 30, 2015 and 2014, are as follows:

		2015	2014
Sales of inventory	$	141	92
Inventory purchases		4,707	5,783

5. Accounts Receivable

As of June 30, 2015 and 2014, accounts receivable is made up as follows:

		2015	2014
Trade	$	3,805	3,386
Other		38	32
Total	$	3,843	3,418

6. Property, Machinery and Equipment

As of June 30, 2015 and 2014, property, machinery and equipment is made up as follows:

		2015	2014
Leasehold improvements	$	166	129
Machinery and equipment		231	164
Furniture and fixtures		261	203
		658	496
Less accumulated depreciation and amortization		459	357
Property, machinery and equipment, net	$	199	139

7. Capital Stock

As of June 30, 2015 and 2014, capital stock is represented by 5,000 shares of $1 U.S. dollar each.

8. Net Revenues

For the years ended June 30, 2015 and 2014, net revenues are made up as follows:

		2015	2014
Net sales	$	13,008	13,013
Other		10	113
	$	13,018	13,126

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(All amounts in thousands of Mexican pesos)

9. Income Tax (IT) and Tax Loss Carryforwards

For the year ended June 30, 2015, the Company estimated a taxable loss for IT of $64.

For the year ended June 30, 2014, the Company estimated a taxable income for IT of $244, being fully amortized against prior years taxable losses.

Based on Company's projection, there was no certainty that as of June 30, 2015 and 2014 accumulated tax losses giving rise for deferred IT asset would be realized. As such, no deferred IT was recorded for these years.

Amounts as of June 30, 2015 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**
2020	$ 2,193
2022	496
	$ 2,689

10. Lease Commitments

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

Calendar year	**Amount**
2015	$ 156
2016	323
	$ 479

Rental expense amounted to $292 and $309 for the years ended June 30, 2015 and 2014, respectively.

11. 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.

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(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.

(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 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.

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

12. 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 local tax laws, 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, in addition to penalties.