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Querétaro, Qro., 28 de marzo de 2016

CLARTON HORN MÉXICO S. DE R.L. DE C.V.

AT'N. SANJAY JAIN

Adjunto a la presente le hacemos entrega de los ejemplares de los estados financieros de la empresa:

CLARTON HORN MÉXICO S. DE R.L. DE C.V.

La información que contienen los documentos enviados es la siguiente:

1. Estados financieros al 31 de diciembre de 2015 y 2014.
2. Notas a los estados financieros correspondientes.

Sin más por el momento, aprovecho la oportunidad para saludarlos cordialmente.

A t e n t a m e n t e

RSM Bogarín.

Hugo Fuentes
Socio

CLARTON HORN MEXICO S. DE R.L. DE C.V.

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CLARTON HORN MEXICO S. DE R.L. DE C.V.
Subsidiary of CLARTON HORN S.A.
BALANCE SHEETS
AT DECEMBER 31, 2015 AND DECEMBER 31, 2014
(NOTES 1, 2, 11, AND 12)
(Amounts stated in pesos)

	Note	2015	2014
ASSETS:			
Property, machinery and equipment, net	4	$ 31,588,563	$ 62,187
Intangible assets		14,741	
Non-current assets		31,603,304	62,187
Inventories		3,214,536	0
Current tax asset		6,264,249	43,989
Trade and other receivables		55,892	0
Advance to suppliers		71,865	0
Prepayments and other assets		338,451	138,495
Cash and cash equivalents		387,152	729,221
Current assets		10,332,145	911,705
Total assets		41,935,449	973,892
EQUITY:			
Capital	7	8,082,670	937,115
Retained earnings	8	(312,094)	0
- Net income (loss) for the year		(6,377,342)	(312,094)
Total equity		1,393,234	625,021
LIABILITIES:			
Loans	6	29,376,405	0
Contingencies	11	0	0
Non-current liabilities		29,376,405	0
Current income tax liability	9	0	0
Current tax liabilities		18,103	0
Trade and other payables		6,150,234	6,637
Related parties payables	5	4,371,788	342,234
Accrued expenses		625,685	0
Current liabilities		11,165,810	348,871
Total liabilities		40,542,215	348,871
Total equity and liabilities		$ 41,935,449	$ 973,892

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

Mr. Sanjay Jain
Board Director

Mr. Juan Pedro Tabernero
Board Director

CLARTON HORN MEXICO S. DE R.L. DE C.V.
Subsidiary of CLARTON HORN S.A.
STATEMENTS OF INTEGRAL INCOME
PERIODS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014
(NOTES 1, 2, 11, AND 12)
(Amounts stated in pesos)

	Note	2015	2014
Net sales		$ 46,973	$ 0
Cost of sales		186,786	0
Gross profit		(139,813)	0
Other operating income		0	0
Operating expenses		4,683,158	267,499
Other expenses (income)		207,135	0
Operating profit (loss)		(5,030,106)	(267,499)
Net finance costs (income)		1,347,236	44,595
Profit (loss) before tax		(6,377,342)	(312,094)
Income tax	9	0	0
Deferred income tax	9	0	0
Net income (loss)		$ (6,377,342)	$ (312,094)

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

Mr. Sanjay Jain
Board Director

Mr. Juan Pedro Tabernero
Board Director

CLARTON HORN MEXICO S. DE R.L. DE C.V.

Subsidiary of CLARTON HORN S.A.

STATEMENTS OF CHANGES IN PARTNERS' EQUITY

PERIODS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

(NOTES 1, 2, 11, AND 12)

(Amounts stated in pesos)

	CAPITAL (Note 7)	RETAINED EARNINGS (Note 8)		PARTNERS' EQUITY
		PRIOR YEARS	CURRENT YEAR	
BALANCES AT DECEMBER 31, 2013	$ 0	$ 0	$ 0	$ 0
Appropriation of net income of fiscal 2013		0	0	0
Incorporation	5,000			5,000
Capital increase	2,975,000			2,975,000
Unsubscribed capital	(2,042,885)			(2,042,885)
Net income of fiscal 2014			(312,094)	(312,094)
BALANCES AT DECEMBER 31, 2014	$ 937,115	$ 0	$ (312,094)	$ 625,021
Appropriation of net income of fiscal 2014		(312,094)	312,094	0
Capital increase	7,145,555			7,145,555
Net income of fiscal 2015			(6,377,342)	(6,377,342)
BALANCES AT DECEMBER 31, **2015**	$ 8,082,670	$ (312,094)	$ (6,377,342)	$ 1,393,234

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

Mr. Sanjay Jain
Board Director

Mr. Juan Pedro Tabernero
Board Director

CLARTON HORN MEXICO S. DE R.L. DE C.V.
Subsidiary of CLARTON HORN S.A.
STATEMENT OF CASH FLOWS
PERIODS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014
(NOTES 1, 2, 11, AND 12)
(Amounts stated in pesos)

	2015	2014
Cash flow from operating activities:		
Profit (loss) before tax	$ **(6,377,342)**	$ (312,094)
Reconciliation of net income to net cash provided by (used in) operating activities		
Provision for inventories	**0**	0
Depreciation and amortization	**207,135**	0
Interest	**0**	0
	(6,170,207)	(312,094)
Changes in operating assets and liabilities:		
(increase) decrease in:		
Accounts receivable	**(127,757)**	0
Inventories	**(3,214,536)**	0
Prepaid and other assets	**(6,420,216)**	(182,484)
Accounts payable	**10,173,151**	348,871
Other liabilities	**625,685**	0
Taxes payable	**18,103**	0
Income tax paid	**0**	0
Cash provided by (used in) operating activities	**(5,115,777)**	(145,707)
Cash flow from investing activities:		
Acquisition of property and equipment	**(31,748,252)**	(62,187)
Cash provided by (used in) financing activities	**(31,748,252)**	(62,187)
Cash flow from financing activities		
Capital contribution	**7,145,555**	937,115
Loan	**29,376,405**	0
Interest	**0**	0
Net cash flows provided by financing activities	**36,521,960**	937,115
Cash flow and temporary investments:		
Increase (decrease) in cash and temporary investments	**(342,069)**	729,221
Balance at beginning of year	**729,221**	0
Balance at end of year	$ **387,152**	$ 729,221

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

Mr. Sanjay Jain
Board Director

Mr. Juan Pedro Tabernero
Board Director

NOTE 1 – DESCRIPTION OF BUSINESS

CLARTON HORN MEXICO S. DE R.L. DE C.V. ("the Company"), a subsidiary of CLARTON HORN S.A., was incorporated in accordance with Mexican Law on August, 2014 and manufactures and sells a wide range of competitive automotive horns including specific connectors.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company translated into English the accompanying financial statements originally issued in Spanish for convenience of users in other countries.

Financial Reporting Standards:

The accompanying financial statements have been prepared in accordance with and comply with Mexican Financial Reporting Standards (MFRS) to present a fair presentation of the financial position of the Company. The MFRS establish that International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations to the International Financial Reporting Standards (IFRIC) and the definitions of Standing Interpretations Committee (SIC) apply as a supplementary part of MFRS, when the absence of MFRS requires it.

Effects of inflation on the financial information:

In accordance with the provisions of MFRS B-10 "Effects of inflation", the Mexican economy is not considered inflationary, since cumulative inflation has been below 26% (threshold for defining whether the Mexican economy should be considered as inflationary) in the most recent three-year period. Therefore, as of January 1, 2008 the Companies would discontinue the recognition of effects of inflation on the financial statements. The accompanying financial statements as of December 31, 2015 and 2014 are prepared under the historical cost basis. Therefore, the Company has not recognized the provisions of the MFRS B-10 "Effects of Inflation", which should be determined and included in the financial statements as of December 31, 2007.

Monetary unit of financial statements:

Monetary unit of the financial statements - The financial statements and footnotes as of December 31, 2015 and 2014, and for the years then ended were determined and presented in Mexican pesos of distinct purchasing power.

Functional currency:

The Company's bookings and reporting functional currency is the Mexican peso. In addition, the Company has monetary assets and liabilities denominated in foreign currencies, mainly in US dollars;

therefore, the Company is exposed to foreign exchange rate risks arising from transactions entered into over the normal course of business.

Comprehensive income:

Comprehensive income comprises net income of the year and items required by specific financial reporting standards to be reflected in equity but which do not constitute capital contributions, reductions or distributions.

Classification of costs and expenses:

The Company classified its costs and expenses presented in the statements of comprehensive income according to their function because of the practice of the Company's industry.

Reclassifications:

Certain amounts in the financial statements as of and for the year ended December 31, 2014 have been reclassified to conform to the presentation of the 2015 financial statements, mainly as a result of the adoption of new MFRS's on January 1, 2015.

Approval of Financial Statements

The accompanying financial statements and related notes at and for the years ended December 31, 2015 and 2014 were approved by the Board Directors on March 14, 2016 and are duly authorized for such purpose.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The significant accounting policies used in the preparation of the financial statements are described below:

a). Revenue recognition

Revenue from the sale of goods is recognized on the date that goods are delivered to the customer and legal title has passed or transferred from the inventory location. Revenue is the fair value of the consideration received or receivable for goods and is net of estimated returns, trade discounts and sales-based taxes.

Income and accounts receivable are booked net of returns and doubtful accounts estimates, respectively.

b). Cash and cash equivalents

Cash equivalents are composed of highly liquid investments with an original maturity of three months or less. The Company has no transactions with derivative financial instruments.

c). Trade accounts receivables

Trade accounts receivable are recorded at the amount the Company expects to collect on the balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are determined to be uncollectible. Recoveries of trade receivables previously written off are recorded when received.

d). Inventory and cost of product sales

Inventories are valued at acquisition or manufacturing standard cost which approximates actual cost.

Cost of product sold is determined by using standard costs of the month they are consumed in or inventories are realized.

e). Property, machinery and equipment and depreciation

Property, machinery and equipment are capitalized at cost not exceeding the individual acquisition cost. Depreciation is computed using the straight-line method, based on the estimated useful lives of the assets. The depreciation is computed at the time when economic benefits are realized. Annual depreciation rates are as follows:

	Depreciation rates
Machinery	9%
Office furniture and equipment	10%
Computers	33%
Vehicles	25%
Leasehold Improvements*	32%
Software	33%
Tools	50%

*Leasehold improvements are depreciated according to the term of the rent agreement; currently the term is thirty seven months.

Maintenance and repairs are expensed as incurred; other disbursements which materially add value to the property are capitalized. Gains or losses on dispositions of property and equipment are added as income.

Management reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows. Undiscounted cash flows expected to be generated by the related assets are estimated over the asset's useful life based on updated projections. If the evaluation indicates that the carrying amount of the asset may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique.

At December 31, 2015 and December 31, 2014, there are no indicators of impairment and the Company did not consider it necessary to recognize an adjustment for this item.

f). Recording of liabilities.

All obligations that concur with the characteristic of being a present obligation where the transfer of assets or rendering of services is virtually unavoidable and arise as the result of a past event are recorded as liabilities.

g). Use of estimates

The preparation of financial statements in conformity with Mexican financial reporting standards (MFRS) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenue and expenses during reporting periods. Actual results could differ from these estimates.

h). Employee benefits.

In accordance with the Mexican Federal Labor Law, permanent employees and workers are eligible for a seniority bonus equivalent to twelve days salary for each year of service (the computable daily wage should not exceed the double of the minimum salary in effect), provided that employees have completed at least fifteen years of service. This requirement is not necessary in the event of death, disability, or separation due to an unjustified reason.

In accordance with such Federal Labor Law, the Company has a contingent liability for severance payments to personnel in cases of voluntary retirement under certain circumstances. The amount of severance payments to personnel are expensed as incurred based on independent actuarial calculations.

At December 31, 2015 the Company has outsourced the labor resources and at December 31, 2014 the Company had no employees.

i). Statutory employee profit.

The Employees' statutory profit sharing (PTU) is booked in the results of the year when incurred and disclosure as expense. At December 31, 2015 and December 31, 2014 the Company was no required to accrue a provision for this purpose.

j). Income taxes

The Company recognizes current and deferred taxes in accordance with MFRS D-4 Tax on profit, MFRS D-4 requires deferred taxes be recognized for all temporary differences between the tax basis of an asset or liability that will result in taxable or deductible amounts in future years when the reported amount of the asset or liability is recovered or settled, respectively. Deferred tax assets and liabilities represent the future effects on income taxes that result from temporary differences and loss carry forwards that exist at the end of a period. Deferred tax assets and liabilities are measured using enacted tax rates and provisions of the enacted tax law and are not discounted to reflect the time-value of money.

At December 31, 2015 and December 31, 2014 the Company has not recognized the deferred taxes' estimate because the Company has incurred in tax loss carry-forward and there is no certainty the Company could amortize it versus future taxes within the allowed rules.

k). Financial expense.

Financial expense in the Income Statement includes the financial expenses and income, as well as the exchange rate profit and loss, net of the amounts capitalized.

l). Foreign currency transactions.

Foreign currency transactions are recorded at the exchange rate at the date on which they are carried out. Foreign currency denominated assets and liabilities are stated in local currency at the current exchange rate at the closing date. Foreign exchange differences resulting from exchange rate fluctuations between the dates on which transactions are carried out and the dates on which they are liquidated or valued at the balance sheet date are charged as income of the year.

m). Comprehensive result of financing.

Comprehensive result of financing in the statement of comprehensive income comprises the net of interest expenses and income, as well as the net exchange gain and loss, net of the amounts capitalized.

NOTE 3 – FOREIGN CURRENCY POSITION

At December 31, 2015 the exchange rate was $17.3398 per US dollar; $18.9403 per Euro.

At December 31, 2015 and December 31, 2014, the Company had the following foreign currencies monetary assets and liabilities:

Dollars

		2015		2014
Assets	$	**21,361**	$	0
Liabilities		**143,700**		0
Monetary position with a debit balance, net	$	**(112,339)**	$	0

Euros

		2015		2014
Assets	€	**6,615**	€	34,902
Liabilities		**1,942,970**		0
Monetary position with a debit balance, net	€	**(1,936,355)**	€	34,902

NOTE 4 – PROPERTY, MACHINERY AND EQUIPMENT, NET

This line item is summarized as follows:

		2015		2014
Machinery and equipment	$	**20,402,908**	$	0
Furniture and equipment		**74,976**		0
Computer applications		**162,461**		0
Technical Facilities		**731,964**		0
Building and improvements		**332,917**		62,187
Total Investment		**21,705,226**		62,187
Accumulated depreciation		**206,423**		0
Subtotal		**21,498,803**		62,187
Construction in process		**10,089,760**		0
Total asset	$	**31,588,563**	$	62,187

Machinery and equipment comprises down payments to suppliers for machinery and equipment acquisitions. The charge to the results of the year for depreciation and amortization amounted $207,135.

NOTE 5 –RELATED PARTIES

This line item is summarized as follows:

Payables

Company	Nature	Term	2015	2014
Clarton Horn SA	Purchase and expenses	None	$ **4,371,788**	$ 342,234
			$ **4,371,788**	$ 342,234

The accounts receivable and payable and loans described above resulted from the transactions carried out during December 31, 2015 and December 31, 2014 which are detailed in the chart below and which are to be settled through cash collections and or payments.

The following transactions were performed with related parties:

	2015	2014
Expenses	$ **0**	$ 342,234
Purchases	**2,629,251**	0
Purchases and Expenses	$ **2,629,251**	$ 342,234

Additionally the following transactions were performed with related parties

	2015	2014
Property, machinery and equipment	$ **1,395,375**	$ 0

NOTE 6 – LOANS

This line item is summarized as follows:

	2015	2014
Total Loan	$ **29,376,405**	$ 0
Less current maturities	**0**	0
Long term loan	$ **29,376,405**	$ 0

On June 30, 2015, the Company entered into a term loan with La Caixa bank in the amount of €3,525,000, payable in quarterly installments of principal effective on September 30, 2017, through maturity on June 30, 2022. The interest rate on the loan is a fixed rate of 2% per annum. Interest rate would be payable effective September 30, 2015 through maturity date. The current amount disposed out of La Caixa amounts €1,551,000.

NOTE 7 – CAPITAL

The fixed and variable capital stock is represented by registered common shares with a par value.

	2015	2014
Fixed capital	$ **5,000**	$ 5,000
Variable portion	**8,077,670**	2,975,000
Subtotal	**8,082,670**	2,980,000
Unsubscribed capital	**0**	(2,042,885)
	$ **8,082,670**	$ 937,115

NOTE 8 – RETAINED EARNINGS

a). Net income of the year is subject to the resolutions adopted at the General Partners' Meeting, as well as the provisions of its bylaws and the General Corporate Law, which set forth that 5% of income should be allocated to increase the legal reserve until that reserve equals 20% of paid-in capital.

b). Dividends.

If dividends are paid out of the CUFIN will be free of income tax, they have already been taxed. If the Company decides to pay dividends in 2015 exceeding the balance of the CUFIN, income tax will be due by applying a 30% rate to the result of multiplying the dividends paid in excess by the 1.4286 factor. Income tax due will be payable by the Company, and it may be credited against income tax the Company is subject to in the three following fiscal years.

In addition, starting January 1, 2014, Income Tax Law sets forth that any entity that distribute dividends to its stockholders who are individuals and foreign residents must withhold 10% thereof for income tax purposes, which will be paid in Mexico.

At December 31, 2015 and December 31, 2014 the Company has not originated profits.

NOTE 9 –TAX ENVIRONMENT.

a). Accounting and tax criteria include items that affect the real Income Tax rate set forth by currently enacted tax legislation 30% for 2015 and 2014. The main differences between book and taxable income are due to the different treatment of provisions for accounting purposes.

b). Summary of Income Tax.

At December, 2015 and December 31, 2014 there is not an income tax due.

c). Summary of Deferred Income Tax.

At December, 2015 and December 31, 2014 there is not a deferred income tax due.

NOTE 10 – FINANCIAL INSTRUMENTS

a). Value of financial instruments

The amount of cash and marketable securities, accounts receivable, trade payables, accounts payable, and other accrued liabilities approximate their fair value, due to the short term of their due date. In addition, the net value of accounts receivable and taxes recoverable approximate expected cash flows.

b). Concentration of risk

Financial instruments that are potentially subject to an excessive concentration of risk are mainly cash and cash equivalents, accounts receivable, trade payables, and accounts payable.
The Company invests its cash surpluses in prestigious institutions. The concentration of credit risk in connection with accounts payable is limited. The monetary risk of the liabilities payable to its creditors is due to the fact that most of those liabilities are denominated in foreign currency (Euro).

NOTE 11 - CONTINGENCIES

a) At December 30, 2015 and December 31, 2014, the Company has a potential liability for tax differences in case of discrepancies in the interpretation of the laws applied by the authorities as a result of any revision of the tax returns submitted by the company.

b) There could be tax differences on related party transactions if the authorities, upon reviewing those transactions, consider that the prices and amounts used by the company are not comparable with those used with or between independent parties in arm's length transactions with an independent source.

NOTE 12 – NEW PRONOUNCEMENTS

Following with the convergence purpose with international financial reporting standards, the MBRDFIS released the following MFRS and Improvements to the MFRS that are effective January 1, 2015:

The following MFRS approved in November 2013, will become effective for annual periods starting January 1, 2016, but allows these can be applied in 2015, as long as are recognized jointly, however, the document of improvements to the MFRS 2015, indicates that these standards are effective January 1, 2018:

- MFRS C-3 Accounts receivable.
- MFRS C-20 Receivable financing instruments.

Improvements to MFRS 2015 were released and are classified in two sections:

a) Section I. Improvements to MFRS that bring accounting changes. Those are modifications to the MFRS that, according to MFRS B-1 Accounting changes and error corrections, would bring accounting changes in valuation, presentation or disclosure in the financial statements of the entities.

- MFRS B-8 Consolidated or combined financial statements.
- MFRS C-9 Liabilities, provisions, contingent assets, liabilities and commitments.

b) Section II. Improvements to MFRS that do not cause accounting changes. Comprise modifications to the MFRS for accuracies, assisting to establish a clear and understandable regulatory approach, by being accuracies would not cause accounting changes in the financial statements of the entities.

- MFRS B-13 Subsequent events to the date of the financial statements and MFRS C-9 Liabilities, provisions, contingent assets and liabilities and commitments.
- MFRS B-15 Foreign currency translation.
- MFRS C-20 Receivable financing instruments and MFRS B-6 Statement of financial position.

Improvements to MFRS 2016 were released and are classified in two sections:

a) Section I. Improvements to MFRS that cause accounting changes. They are modifications to the MFRS that, according to MFRS B-1 Accounting changes and error corrections, cause accounting changes in valuation, presentation or disclosure in the financial statements of the entities.

- MFRS B-7 Business Combinations.
- MFRS C-1 and B-2 Cash and cash equivalents and Cash Flow Statement respectively.
- MFRS C-2 Financial Instruments
- MFRS B-10 Effects of inflation
- MFRS C-9 Liabilities, provisions, contingent assets, liabilities and commitments.
- MFRS C-7 Investment in Associated Companies, Joint Ventures and other permanent investments.
- MFRS C-10 Derivative financial instruments and Hedging activities.

b) Section II. Improvements to MFRS that do not cause accounting changes. Comprise modifications to the MFRS for accuracies, assisting to establish a clear and understandable regulatory approach, by being accuracies would not cause accounting changes in the financial statements of the entities.

- Several MFRS- Harmonization of the definition of Fair Value
- MFRS C-3 Accounts receivable
- MFRS C-4 Inventories
- MFRS C-12 Financial instruments with characteristics of liability and equity
- MFRS C-19 Financial instruments payable
- MFRS C-20 Receivable financing instruments

The company considers these new pronouncements will not materially affect the presentation of its financial statements and disclosures in the explanatory notes.

These notes are an integral part of the accompanying financial statements.

Mr. Sanjay Jain
Board Director

Mr. Juan Pedro Tabernero
Board Director