PRICOL WIPING SYSTEMS MEXICO S.A. DE C.V.
(Subsidiary of Pricol España S.L.U.)

FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT MARCH 31, 2018 AND 2017 AND THE INDEPENDENT AUDITOR'S REPORT

PRICOL WIPING SYSTEMS MEXICO S.A. DE.C.V
(Subsidiary of Pricol España S.L.U.)

Independent Auditor´s Report and Financial Statements 2018 and 2017

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KRESTON BSG

INDEPENDENT AUDITOR'S REPORT

To the Annual Meeting of Shareholders of:

PRICOL WIPING SYSTEMS MEXICO S.A. DE.C.V
(Subsidiary of Pricol España S.L.U.)

Opinion

We have audited the financial statements of PRICOL Wiping Systems Mexico S.A. de C.V., which comprise the statements of financial position as at March 31, 2018 and 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, included a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present reasonably in all material aspects, the financial situation of PRICOL Wiping Systems Mexico S.A. de C.V., as of March 31, 2018 and 2017, as well as their results and cash flows correspondent to the years ended as of those dates, according to the Mexican Financial Reporting Standards (MFRS).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in México, and we have fulfilled our other ethical responsibilities in accordance with the IMCP'S Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management´s responsibility and the Government people in charge of the Financial Statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Mexican Financial reporting Standards (MFRS), and for such internal control as Management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate PRICOL Wiping Systems Mexico S.A. de C.V. or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process of PRICOL Wiping Systems Mexico S.A. de C.V.

Auditor´s responsibility.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kreston BSG, S.C.
Member of Kreston International, Ltd.

C.P.A. Juan Espinosa
Partner

Puebla, México.
April 13th, 2018

PRICOL WIPING SYSTEMS MEXICO S.A. DE C.V.
(Subsidiary of Pricol España S.L.U.)
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED AS AT MARCH 31, 2018 AND 2017
(Figures in Mexican Pesos)

	2018	2017
ASSETS		
CURRENT:		
Cash and cash equivalents on banks	$ 1,983,873	$ 182,115
Accounts receivable (note 4)	7,077,341	7,737,435
Inventories (note 5)	10,316,932	31,830,130
Advance Payments	12,599,826	-
Total current assets	31,977,972	39,749,680
NON CURRENT:		
Machinery and equipment, net (note 6)	15,433,067	17,858,585
Other assets, net (note 7)	2,104,755	2,029,367
Deferred income taxes	-	849,654
Total non-current assets	17,537,822	20,737,606
Total assets	49,515,794	60,487,286
LIABILITIES		
CURRENT:		
Export-import Bank of India (note 9)	-	1,081,316
Related parties (note 10)	1,636,280	-
Account payables	1,005,897	6,485,721
Taxes payables	94,230	284,410
Employees' benefits sharing	442,520	-
Total current liabilities	3,178,927	7,851,447
NON CURRENT:		
Export-import Bank of India (note 9)	-	65,477,650
Related parties (note 10)	23,398,292	17,535,167
Guarantee Deposit	135,749	138,439
Government Grants (note 2-O & 11)	807,348	926,205
Total non-current liabilities	24,341,389	84,077,461
Total liabilities	27,520,316	91,928,908
STOCKHOLDERS´EQUITY (note 13)		
Capital paid:		
Capital stock	74,329,810	9,077,392
Accumulated (losses)		
From previous year	(40,519,014)	(21,564,205)
Net (Loss) of the period	(11,815,318)	(18,954,807)
Total accumulated losses	(52,334,332)	(40,519,014)
Total equity	21,995,478	(31,441,622)
Total liabilities plus equity	$ 49,515,794	$ 60,487,286

See accompanying notes to financial statements

PRICOL WIPING SYSTEMS MEXICO S.A. DE C.V.
(Subsidiary of Pricol España S.L.U.)
STATEMENTS OF INCOME
FOR THE YEAR ENDED AS AT MARCH 31, 2018 AND 2017
(Figures in Mexican Pesos)

	2018	2017
Sales net	42,076,515	$ 5,464,502
Other incomes, net	300,812	2,306,958
	42,377,327	7,771,460
Cost of sales	38,455,212	7,027,066
	3,922,115	744,394
Operating expenses	14,177,828	11,888,422
Comprehensive Finance Result:		
Interest cost, net	1,314,843	3,688,409
Exchange loss, net	(604,892)	4,972,025
	709,951	8,660,434
Loss before deferred income tax	(10,965,664)	(19,804,461)
Deferred (loss) income tax (note 8-b)	(849,654)	849,654
Net loss for the period	$ (11,815,318)	$ (18,954,807)

See accompanying notes to financial statements.

PRICOL WIPING SYSTEMS MEXICO S.A. DE C.V.
(Subsidiary of Pricol España S.L.U.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED AS AT MARCH 31, 2018 AND 2017
(Figures in Mexican Pesos)

	Capital Stock	Acumulated Losses	Loss of the Period	Total Equity
Balances as at March 31, 2016	$ 9,077,390	$ (6,539)	$ (21,557,668)	$ (12,486,817)
Transfer to accumulated losses		(21,557,668)	21,564,207	-
Comprehensive loss of the period (note 2-k)			(18,954,807)	(18,954,807)
Balances as at March 31, 2017	9,077,390	(21,564,207)	(18,954,807)	(31,448,164)
Transfer to accumulated losses		(18,954,807)	18,954,807	-
Capital stock increase according to the minutes of the extraordinary shareholders' meeting dated December 15, 2017	65,252,420			65,252,420
Comprehensive loss of the period (note 2-k)			(11,815,318)	(11,815,318)
Balances as at March 31, 2018	$ 74,329,810	$ (40,519,014)	$ (11,815,318)	$ (21,995,478)

See accompanying notes to financial statements

PRICOL WIPING SYSTEMS MEXICO S.A. DE C.V.
(Subsidiary of Pricol España S.L.U.)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AS AT MARCH 31, 2018 AND 2017
(Figures in Mexican Pesos)

	2018	2017
OPERATING ACTIVITIES:		
Loss before income tax	$ (10,965,664)	$ (19,804,462)
Items related with investment activities		
Depreciation and amortization	2,626,195	2,569,576
Earned interest	(1,051,624)	(9,856)
Items related with financing activities		
Payble interest	2,366,377	3,698,265
	(7,024,626)	(13,456,476)
(Increase) decrease in:		
Accounts receivable	660,094	(2,932,649)
Inventories	21,513,198	(3,459,785)
Advance payments	(12,599,826)	-
Others accounts receivables	848,456	-
(Decrease) increase in:		
Related parties	7,499,405	2,986,260
Accounts payable	(3,926,309)	(1,207,410)
Guarantee deposits	(2,690)	25,707
Taxes payable	(190,180)	(107,975)
Government grant	(118,857)	(327,795)
Income tax	(849,654)	-
Employees benefits sharing	442,520	-
Cash used in operating activities	6,251,531	(18,570,123)
INVESTING ACTIVITIES:		
Acquisition of fixed assets	(247,866)	(1,910,070)
Interest charged	(1,051,624)	9,856
Net cash used in investing activities	776,758	(1,900,214)
Net cash to be obtained from financing activities	5,474,773	(20,470,337)
FINANCING ACTIVITIES:		
Capital stock	65,252,418	-
Interest paid	(2,366,467)	(3,698,265)
Export-Import Bank on India	(66,558,966)	22,659,594
Net cash generate from financing activities	(3,673,015)	18,961,329
(Decrease) Increase in cash and cash equivalents	1,801,758	(1,509,008)
Cash and cash equivalents, beginning of the year	182,115	1,691,123
Cash and cash equivalents, end of the year	$ 1,983,873	$ 182,115

See accompanying notes to financial statements.

PRICOL WIPING SYSTEMS MEXICO S.A. DE C.V.
(Subsidiary of Pricol España S.L.U.)
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2018 AND 2017
(Figures in Mexican Pesos)

(1) Nature of business and basis of presentation

a) PMP AUTO MÉXICO, S.A. de C.V., was founded November 10, 2014. The Company is engaged mainly in the production of wiper systems for the automotive industry.

b) The company presents the comprehensive income in one financial statement that includes the items that comprise the net income, under the same "Statement of income", due to that during the years 2017 and 2016 the company did not generate "Other comprehensive income (OCI)".

c) The accompanying financial statements have been prepared based specifically on the recording and reporting currency (Mexican peso), opting, as established by Mexican Financial Reporting Standards (MFRS), not to make the translation process to the functional currency (U.S. dollars).

d) The accompanying financial statements have been translated from Spanish into English for use outside of Mexico. These financial statements are presented on the basis of Mexican Financial Reporting Standards ("MFRS", individually referred to as Normas de Información Financiera or "NIFs"). Certain accounting practices applied by the Company that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

e) During the months of September and December 2017 the Company made an increase in capital in amount of $ 65,252,420 and agreed to change the corporate name of PMP Auto México, SA of C.V. to Pricol Wiping Systems México, S.A. of C.V., respectively, this change

(2) Basis for presentation and significant accounting policies

The financial statements as at March 31, 2018 and 2017 comply with the provisions of MFRS, to show a fair presentation of the financial position of the Company. The MFRS state that International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of Financial Reporting Standards (IIFRS) and the Standard Interpretations Committee (SIC) are additionally part of the MFRS, when the absence of MFRS requires. Accordingly, the Company, in order to recognize, assesses and discloses the particular transaction itself applied the following IFRSs and SIC IIFRS, issued by the International Accounting Standards Board (IASB)

IAS-18 "Revenue", effective from January 1, 1993.
IAS-20 "Government grants", effective from January 1, 1984

A summary of the significant accounting policies that are in accordance with Mexican Financial Reporting Standard (MFRS), used in the preparation of the accompanying financial statements are as follows:

a) Inflationary effects

In January 2008 the new Mexican Financial standard B-10 "effects of inflation" established two economic situations in what the Company could operate; these two situations are inflationary economy and non-inflationary economy; when the company is in a non-inflationary economy the effects of inflation of the period are not recognized in the financial statements. For the year 2018 and 2017, the Mexican economy was considered as non-inflationary economy, due to the inflation of the last three years is less than 12%; as a consequence, the company did not recognize the effects of inflation during the year.

b) Reclasification

The financial statements for the period ended as of december 31, 2017 have been reclassified certain items to conform presentation used in 2018 cash and cash equivalents.

c) Cash

Cash comprise deposits in bank accounts, foreign currency and other similar.

d) Accounts receivable

The accounts receivable are valued at realizable value, net of provisions for any return or discount.

e) Inventories

Raw material and finished goods are recorded at acquisition cost, modified by the first-in first-out (FIFO) method. The inventories do not exceed the net realizable value.

f) Machinery and equipment and depreciation

Are recorded at their acquisition cost and restated in accordance with paragraph a). Depreciation is calculated by using the straight-line method in accordance with the estimated useful lives of assets; the depreciation rates are shown in note 6. The administration of the Company considers that those rates are in accordance with the estimated useful lives of the assets.

g) Impairment and disposal of long-lived assets

In accordance with the MFRS C-15, "impairment and disposal of long-lived assets" the Company reviews the carrying amounts of long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable; in accordance with the analysis came out by the administration of the company, there are not factor to generate impairment of long-lived assets.

h) Comprehensive financial result

As at March 31, 2018 and 2017 the interest and the exchange gain or loss are included in the income statement, as part of the Comprehensive Financing Result; except those interests capitalized as part of the fixed assets as required by the specific standard.

i) Income tax

The Company recognizes the current income tax in the income of the year and recognizes deferred income tax, assets and liabilities, for the future consequences of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases, measured using enacted rates. Deferred income tax assets are recorded only if it is probably to recover that amount.

j) Transactions in foreign currencies and exchanges differences

Transactions in foreign currencies are recorded at the exchange rates ruling on the Transaction dates. Assets and liabilities in foreign currency are adjusted at the exchange rates at year-end issued by the Mexican Central Bank, mentioned in note 11 in the financial statements. Any exchange gains and losses resulting there from are taken to the income statement as part of the comprehensive financing result.

k) Comprehensive loss

The comprehensive loss shown in the statement of changes in equity is the result of the company's performance during the period, and it is represented by the net loss of the year.

l) Use of estimates

The preparation of financial statements in conformity with MFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes the estimates and assumptions used in the preparation of these financial statements were appropriate in the circumstances, actual results could differ from those estimates and assumptions.

m) Contingencies and commitments

The obligations or associated losses of contingencies are recognized as liabilities in the statement of financial position when an obligation in the present exists as a result of past events, if it is probable that these effects materialize and they can be quantified reasonably, otherwise they would be qualitative disclosure in the notes to the financial statements. The effects of long-term commitments established with third parties, as it is the case of the contracts with suppliers or clients, are recognized in the financial statements in consideration of the substance of the agreements based on said incurred contracts. The prominent commitments, in this case, are disclosure in the notes of the financial statements. No income, profits or contingent assets are recognized.

n) Revenue Recognition

Revenues from the sale of wipers systems are recognized in income when it meets all of the following requirements:

a) Has transferred to the buyer the risks and benefits of the goods and not retained any significant control of these.
b) The amount of revenue, costs incurred or to be incurred are reliably determined and
c) It is likely that the Company receives the economic benefits associated with the sale.

The allowance for doubtful accounts, rebates and discounts, refunds are recognized based on studies by the Directors of the Company and is sufficient to absorb losses, application of discounts, rebates and refunds in accordance with the policies established by the Company

o) Government grants

Government grants are recognized until there is reasonable assurance that; a) the entity will comply with the conditions attaching to them, and b) the grants will be received. Government grants shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related cost for which the grants are intended to compensate.

(3) Accounts receivable

The breakdown of this item as at March 31, 2018 and 2017 are as follows:

Concept		2018		2017
Customers, mainly	$	2,501,883	$	1,779,006
Recoverable Tax (Mainly value added tax)		4,575,457		5,958,429
Total	$	7,077,340	$	7,737,435

(4) Inventories

The breakdown of this item as at March 31, 2018 and 2017 are as follows:

Concept				2017
Raw material	$	8,266,469	$	20,325,393
Production in process		575,248		1,398,098
Finished goods		1,475,214		10,106,639
Total		10,316,932	$	31,830,130

(5) Machinery, equipment and depreciation.

a) The breakdown of this item as at March 31, 2018 and 2017 are as follows:

Concept	% Dep.	2018		2017
Machinery y equipment	10%	20,649,147	$	20,595,374
Transportation equipment	25%	354,113		354,113
Office Equipment	10%	327,847		294,778
Computer	30%	1,190,461		1,190,461
		22,521,567		22,434,726
Less- Accumulated Depreciation		7,088,500		4,576,141
Machinery and equipment, net		15,433,067	$	17,858,585

b) The depreciation for the years, 2018 and 2017, was $ 2,512,360 and $2,464,703 respectively.

(6) Other assets

a) The breakdown of this item as at March 31, 2018 and 2017 are as follows:

Concept	% Amort.		2018		2017
Pre-operating expenses	5%	$	630,097	$	630,097
Installation and adaptation costs	5%		1,702,732		1,571,110
Software	15%		56,403		
			2,389,232		2,201,207
Accumulated amortization			319,357		205,522
			2,069,875		1,995,685
Guarantee deposits			34,880		33,682
Total other assets, net		$	2,104,755	$	2,029,367

b) The amortization for the year, 2018 and 2017, were $113,835 and $104,837 respectively.

(7) Income tax

a) As at March 31, 2018 and 2017, the Company has tax losses as follows:

Year		Amount	Expiration date
2015		(9,002,200)	2025
2016		(26,711,275)	2026
Tax loss carry forward	$	(35,713,475)	

b) The main temporary differences that generate deferred tax during the year 2017 are:

Description	Temporary Differences	Rate		(Liability) Asset
Tax loss carry forward	$ 35,713,475	30%	$	10,714,042
Deferred income tax asset 2017	35,713,475			10,714,042
Allowance reserve				(10,714,042)
Benefit deferred income tax			$	-

(8) Export-Import Bank of India

a) The breakdown of this item as of March 31, 2018 and 2017, is as follows:

Concept		2018		2017
Short term- interest payable	$	-	$	1,081,316
Long term- capital payable		-		65,477,650
Total	$	-	$	66,558,966

b) On January 23, 2015, the company signed a term loan facility agreement with Export and Import Bank of India for an amount of USD$4,500,000.00; the purpose of the loan is to part finance company's cost of setting up a facility for manufacturing wiper systems at Puebla, Mexico including working capital.

c) On May 15, 2015, the company took the first part of the loan for the amount of USD$1,500,000.00. The second one was taken for the amount of USD$1,000,000.00 on September 11, 2015.The third was taken for the mount of USD$1,000,000.00. The total amount owed as at March 31, 2017 is USD$3,500,000.00 (MXP$65,510,632.00). As of March 31, 2017 the amount of the loan to be used is USD$700,000.00 (see note 15). The loan bears interest at a rate equal LIBOR (6 months) plus 400 bps payable quarterly. Additional interest by way of liquidated damages in case of default is 2% p.a. over and above the applicable interest rate, payable in case of default in payment of principal, interest or any other monies on respective due dates. The tenor of facility is for 7 years. The loan will be repaid in 20 approximately equal quarterly installments commencing after a moratorium of two years from the date of first disbursement, the amount of each installments is USD$210,000.00.

The loan is secured with:

c.1) Exclusive charge over the entire assets of the Borrower, both present and future, during the loan.

c.2.- Unconditional and irrevocable, Corporate Guarantee of PMP Auto Components Pvt. Ltd. in form and manner acceptable to Exim Bank

c.3.- Pledge of shares of Borrower held by PMP Auto Components Pvt. Ltd. in form and manner acceptable to Exim Bank

c.4.- Escrow of receivables of PMP Auto Mexico to be completed within 6 months from the date of commencement of commercial production.

d) PMP Auto Mexico will furnish to Exim Bank

d.1.- Quarterly progress reports within 30 days of the end of the quarter, till project implementation and thereafter on an annual basis .

d.2.- Project Completion Certificate from an Independent Auditor within 30 days of declaration of commercial production.

d.3.- Unaudited quarterly results within 90 days from the end of the quarter for the Borrower as well as the Corporate Guarantee.

d.4.- Two copies of audited financial statements of the Borrower as well as the Corporate Guarantor, for each financial year as soon as available but within 180 days after the end of such financial year, during the currency of the loan.

d.5.- A certified copy of insurance policy, insuring assets charged to Exim Bank as security for the term loan against "all risks", duly nothing Exim Bank

d.6.- Due Diligence Report as per RBI guidelines, for each financial year for the Corporate Guarantor, as soon as available but within 90 days after the end of such financial year, during the currency of the Loan;

d.7.- Confirmation of outstanding balances at the end of each financial year, or oftener if so desire by Exim Bank, within 15 days of the end of the period for which balance confirmation is sought;

d.8.- Detailed list of assets, both movable and immovable (if any), charged to Exim Bank as security, along with book value thereof, in a form and manner as may be acceptable to Exim Bank, within a period of 30 days after the end of each financial year same is sought by Exim Bank.

d.9.- Half yearly Cash flow statement of the Borrower after commencement of Commercial Operations, in a form and manner as may be acceptable to Exim Bank, within 10th of the immediately succeeding quarter.

d.10.- Quarterly Stock statement of the Borrower after commencement of Commercial Operations, in a forms and manner as may be acceptable to Exim Bank, within 10th of the immediately succeeding quarter.

In the event of PAM and/or PMP not furnishing the above information within the respective time periods, Exim Bank shall reserve the right to charge an additional interest of 1% p.a. over and above the applicable rate on the outstanding loan amount till desired information is furnished to the satisfaction of Exim Bank.

(9) Relates parties

a) The breakdown of this item as at March 31, 2018 and 2017 are as follows:

Concept	2018	2017
Receivable		
PMP PAL INC.	$ -	$ 36,813
Pricol Do Brasil Componentes Automotivos, LTDA	56,074,472	-
	56,074,472	36,813
Payable		
Pricol España S.L.U.	79,472,763	
PMP PAL INTERNATIONAL SRO	1,636,280	17,337,916
Total related parties	$ 25,034,571	$ 17,301,103

(10) Government grants

a) The Company received a Grant from the Federal and State government under the protection of the Project called: "Proyecto Integral para el Desarrollo y Fortalecimiento del Mercado de Componentes Automotrices de Alta Calidad en el Estado de Puebla" which only objective is to contribute to the productive scaling of the Micro, Small and Medium size companies in the region, through the strengthening of the industrial infrastructure and the creation of new jobs highly specialized in order to satisfy the products demand required by VW de Mexico.

b) The amounts provided by the Federal and State Government and the use of founds as of March 31, 2018 are shown below:

CONCEPT		TOTAL GRANT RECEIVED
Grant received	$	1,450,0000
Grant used		642,652
Grant pending to be used	$	807,348

PMP Auto México will be in charge of the Project operation, by increasing their production levels and sales, this promoting the attraction of new investments and the strengthening of support industries in the state of Puebla.

c) For the application and allocation of the resources previously mentioned, PMP Auto México shall comply, among others, with the following obligations:

c.1.- Cannot allocate them for operation expenses such as electricity, phone, rent, water, gas, salaries, duty, etc.

c.2.- They cannot be used to buy promotional gifts, properties such as lands, buildings or any kind of vehicle;

c.3.- They cannot be used for applications, food expenses, transportation expenses, or any other type of lease, or concept that has no relationship whatsoever with the strict performance of "THE PROJECT", whenever they haven´t been previewed in the respective previous application in terms of what specified in the "OPERATION RULES".

c.4.- Quarterly and final reports must be given about "THE PROJECT" to the "SECOTRADE"; inform any authority that requires information about the status of "THE PROJECT", as well as the advances in the program, the goals, impacts and objectives reached in it, these in terms of what specified in the "OPERATION RULES".

d) Termination of the agreement.

The "SECOTRADE" may administratively terminate, fully fledged and without a court declaration, this agreement in the following cases:

d.1 If the "COMPANY" does not comply with the objective of this agreement in the terms and conditions established in it, the "OPERATION RULES", commitments, charges and obligations they must comply with, as indicated in the "SUPPORT APPLICATION".

d.2 For unjustified suspension of "THE PROJECT" object of this agreement.

d.3 In general, for the non-compliance of "THE COMPANY" to any of the obligations derived from this agreement, "THE SUPPORT APPLICATION" and the "OPERATION RULES".

(11) Contingencies and Commitments

a) The Mexican Tax authorities have the right to review the tax returns filed by the Company. This right could lead to eventual claims relative to interpretation criteria which, can be contested. At the date of the auditors´ report, the company's management does not know of any claim in this.

b) As is established in the Income Tax Law, operations between related entities must be done as if they were done between third entities in similar operations, if the tax authorities reviewed the operations and reject the amounts determined, the company must pay the omitted taxes and penalties. As of the date of the Independent Auditor's Report, the Company has the transfer pricing study that covers the transactions between related parties are at market values.

c) The company has signed a lease agreement with Inmobiliaria Arrallanes S. de R.L. de C.V. for an obligatory period of five years starting on November 1, 2015. The monthly amount of the lease is USD$20,691 plus Value Added Tax.

(12) Stockholders equity

a) As at March 31, 2018, the fixed capital stock is for an amount of $50,000 represented by 50,000 nominative shares "AA series" fully subscribed and paid, with a par value of one Mexican peso each. The variable part of the capital stock is represented by 9,027,390 nominative shares "BB series" fully subscribed and paid with a par value of one Mexican peso each. The total amount of the capital stock by March 31, 2016 is of $9,077,390. The fixed shares are endorsed in favor of Export-Import Bank of India.

b) As at March 31, 2018 the fixed capital stock is for an amount of 50,000 represented by 50 nominative shares "AA series" fully subscribed an paid with a par value of one Mexican peso each. The variable part of the capital stock is represented by 74,279,810 nominative shares "BB series" fully subscribed and paid with a par value of one Mexican peso each. The total amount of the capital stock by March 31, 2018 is of 74,329,810.

c) The reductions in capital will be taxable on the excess of the distributed amount against their tax value, determined in accordance with the provisions of the Income Tax Law.

d) Net income for the year, if the case, is subject to the agreements of the Shareholders and the provisions of the articles of Corporate Law, that requires that 5% of net income must be set aside to increase the legal reserve until such reserve equals 20% of capital. The legal reserve may not be distributed to shareholders during the existence of the Company, except in the form of a stock dividend.

e) The company generated net loss of $52,334,332; however it has lost its entire capital stock and, according to the Mexican Corporate Law, this could be a cause of dissolution of the entity, at the request of a third party.

(13) Foreign currency position

a) As of March 31, 2018 and 2017, the Company had assets and liabilities in foreign currency USD (Dollar). The exchange rate as of March 31, 2018 and 2017 was 18.3445 and 18.7079 pesos by us dollar respectively.

	2018	2017
Dollars		
Monetary assets	$ 3,878,199	$ 79,191
Monetary liabilities	4,468,646	5,520,992
Excess of liabilities	$	$ 5,464,405

b) The exchange rate as of the date of the independent Auditor's report was 18.1353 pesos for us dollar.

(14) Tax environment

The Company is subject to the Income tax (ISR per its initials in Spanish). ISR is computed taking into consideration the taxable and deductible effects of inflation, such as depreciation calculated on restated asset values. Taxable income is increased or reduced by the effects of inflation on certain monetary assets and liabilities through the inflation adjustment, which is similar to the gain or loss from monetary position. The income tax is calculated in rate of 30%.

(15) New Mexican Financial Reporting Standards.

a) A list of the new accounting pronouncements that have been issued by the Mexican Board of Financial Reporting Standards (CINIF) and are applicable to annual periods beginning on or after the 1st January 2019 is presented:

New MFRS	Content
NIF D-5	Leasing

b) The following clarifications to the Mexican Financial Reporting Standards incorporated modifications in order to establish a more adequate normative approach. These modifications come into force for annual periods starting in January 1st 2018.

MFRS	Content
MFRS D-1	Revenue from contracts with customers
MFRS D-2	Cost per customer contracts

c) The Management of the Company considers that these new MFRS will not have impact in the Organization's financial situation and its operations.

(16) Financial statement issuance authorization

On April 13th, 2018, the issuance of the financial statements was authorized by Alberto Vazquez, Director of the company. These financial statements are subject to the approval of the Shareholders' Meeting, who may decide on their modification, based on provisions set forth by the General Corporate Law.