

**Reliance Do Brasil Indústria E Comércio
De Produtos Têxteis, Químicos,
Petroquímicos E Derivados Ltda.**

Independent Auditor's Report

To The Quotaholders' and Management of
**RELIANCE DO BRASIL INDÚSTRIA E COMÉRCIO
DE PRODUTOS TÊXTEIS, QUÍMICOS, PETROQUÍMICOS
E DERIVADOS LTDA.**

We have audited the accompanying financial statements of Reliance do Brasil Indústria e Comércio de Produtos Têxteis, Químicos, Petroquímicos e Derivados Ltda., which comprise the balance sheet as at December 31, 2015, and the income statement, statement of changes in equity and cash flow statement for the year then ended.

Management Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards applicable in Brazil, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts 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 financial 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 accounting policies used and 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Reliance do Brasil Indústria e Comércio de Produtos Têxteis, Químicos, Petroquímicos e Derivados Ltda. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

São Paulo, March 2, 2016.

Magalhães Andrade
Auditores Independentes
CRC2SP000233/O-3
(independent auditors)

Guy Almeida Andrade
Partner
Accountant CRC1SP116758/O-6

Balance sheet as at December 31, 2015 and 2014

(amounts in Brazilian reais)

	<u>2015</u>	<u>2014</u>
ASSETS		
Current		
Cash and cash equivalents	19,811.29	15,390.90
Accounts receivable from related party (note 4)	55,750.37	79,300.00
TOTAL OF ASSETS	<u>75,561.66</u>	<u>94,690.90</u>
LIABILITIES AND QUOTAHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable	15,145.57	9,100.00
Labour accruals (note 5)	-	1,482.92
Tax payable (note 6)	2,693.88	8,156.96
Income tax and social contribution (note 7)	4,654.65	-
Accounts payable to management, net	-	31,454.33
TOTAL OF LIABILITIES	<u>22,494.10</u>	<u>50,194.21</u>
QUOTAHOLDERS' EQUITY		
Subscribed capital (note 8)	1,600,000.00	1,600,000.00
Unpaid capital	(121,038.00)	(121,038.00)
Paid up capital	1,478,962.00	1,478,962.00
Accumulated losses	(1,425,894.44)	(1,434,465.31)
TOTAL OF QUOTAHOLDERS' EQUITY	<u>53,067.56</u>	<u>44,496.69</u>
TOTAL OF LIABILITIES AND QUOTAHOLDERS' EQUITY	<u>75,561.66</u>	<u>94,690.90</u>

See accompanying notes to financial statements

Income Statement for the year ended December 31, 2015 and 2014

(amounts in Brazilian reais)

	<u>2015</u>	<u>2014</u>
REVENUE	47,400.00	362,495.57
Less service tax	2,370.00	18,124.76
NET REVENUE	45,030.00	344,370.81
OPERATIONAL EXPENSES		
General and administrative (note 9)	31,995.03	356,501.24
Taxes	509.81	1,738.83
	32,504.84	358,240.07
PROFIT (LOSS) BEFORE FINANCIAL RESULT	12,525.16	(13,869.26)
FINANCIAL RESULT		
Financial revenue	1,751.39	98.29
Financial expenses	946.18	6,535.34
	805.21	(6,437.05)
PROFIT (LOSS) BEFORE INCOME TAX	13,330.37	(20,306.31)
Social contribution on income (note 10)	(1,784.81)	-
Income tax (note 10)	(2,974.69)	-
	(4,759.50)	-
NET PROFIT (LOSS) FOR THE YEAR	8,570.87	(20,306.31)

See accompanying notes to financial statements

Statement of Change in Equity for the year ended December 31, 2015 and 2014

(amounts in Brazilian reais)

	<u>Capital</u>	<u>Accumulated Losses</u>	<u>Total</u>
Balance at 31st December 2013	1,478,962.00	(1,414,159.00)	64,803.00
Loss for the year	-	(20,306.31)	(20,306.31)
Balance at 31st December 2014	1,478,962.00	(1,434,465.31)	44,496.69
Profit for the year	-	8,570.87	8,570.87
Balance at 31st December 2015	<u><u>1,478,962.00</u></u>	<u><u>(1,425,894.44)</u></u>	<u><u>53,067.56</u></u>

See accompanying notes to financial statements

Cash flow statement for the year ended December 31, 2015 and 2014

(amounts in Brazilian reais)

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATIONS		
Profit (Loss) for the year	8,570.87	(20,306.31)
(Increase) Decrease of asset accounts		
Accounts receivable	31,900.00	(27,762.80)
Tax credit	-	5,054.85
Travel expenses advance to management	(8,350.37)	17,554.37
Increase (Decrease) of liability accounts		
Accounts payable	6,045.57	1,000.00
Labour accruals	(1,482.92)	25.43
Provision for income tax and social contribution	4,654.65	(1,322.55)
Taxes	(5,463.08)	1,010.24
Net cash flow from operation	35,874.72	(24,746.77)
CASH FLOW ASSOCIATED WITH FINANCING		
Expenses paid by manager	(31,454.33)	31,454.33
Amount reimbursed to manager	-	-
Net cash from finance operations	(31,454.33)	31,454.33
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,420.39	6,707.56
CASH AND CASH EQUIVALENTS		
At the beginning of year	15,390.90	8,683.34
At the end of year	19,811.29	15,390.90
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,420.39	6,707.56

See accompanying notes to financial statements

Notes to financial statements for the year ended December 31, 2015

(amounts in Brazilian reais)

1. OPERATIONAL CONTEXT

The Reliance do Brasil Indústria e Comércio de Produtos Têxteis, Químicos, Petroquímicos e Derivados Ltda. (Reliance Brazil) is a limited company, constituted under the Brazilian legislation. The Company's business are (a) the promotion of sales of textiles products, chemical, petrochemical and their derivatives produced by associated companies; (b) consultancy in the areas of textiles products, chemical and petrochemical, importing and the exportation of telecommunications products; and (c) the investment in other companies in Brazil or abroad as a shareholder or quotaholder.

a) Relevant information - Change in business core

In 2015, Reliance Brazil changed its core business and stopped promoting the business of the Group, to become a support platform for the sales representative of the Group, who operates by his own in the region. Reliance Brazil as a support platform contracts consulting services for strategy, market research, information on business environment of different markets to be prospected by the sales representative, and legal support. For this support Reliance Brazil charges Recron (Malaysia) Sdn. Bhd. service fees. In 2015, one invoice was issued and the amount was received in 2016.

Because of this relevant change in business strategy, the 2015 financial statements are not comparable with those of 2014.

2. FINANCIAL STATEMENTS PRESENTATION

The financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC), as well as the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

All references to the Pronouncements of the CPC shall also be understood as references to the corresponding IFRS Pronouncements, and vice versa, and it should be noted that, in general, the early adoption of revisions or new IFRSs is not available in Brazil.

3. ACCOUNTING POLICIES

The main accounting policies adopted in preparing these financial statements are described below:

a) Cash and cash equivalent

Cash and cash equivalents are presented at fair value.

b) Accounts receivable from related party

The balance refers to support services receivable in the following year, and balances with management. Any bad debt is considered for the constitution of a provision. Management believes that there is no risk of doubtful accounts.

c) Impairment of assets

Fixed assets and other noncurrent assets are assessed annually by the Management to identify evidence of impairment. If necessary, an impairment charge is recognized. Likewise, if the potential loss is reversed the allowance is reduced or eliminated.

d) Current liability

It is stated at the amount due, including, when applicable, accrued charges.

e) Foreign currency translation

i) Functional and presentation currency

The financial statements of Reliance Brazil are presented in Brazilian reais, which is its functional currency and the presentation currency of these financial statements.

3. ACCOUNTING POLICIES (CONTINUED)**ii) Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Income Statement “Foreign exchange results and Exchange variation on transactions”.

f) Operations

Revenue and expenses are registered when incurred.

g) Contingent liabilities

Provisions are recognized when Reliance Brazil has a present obligation, legal or not, and formalized as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made.

4. ACCOUNTS RECEIVABLE FROM RELATED PARTY

Reliance Brazil is a subsidiary of Recron (Malaysia) Sdn. Bhd., and gives support to the sales representative for the region. The services described in note 1 are carried out on terms, conditions and prices negotiated and agreed between the parties.

In 2015, the invoices issued by Reliance Brazil against Recron (Malaysia) Sdn. Bhd. totalled R\$ 47,400.00 (R\$ 362,495.57 in 2014).

As on 31st December, the balance in accounts receivable with its related party was as follows:

	<u>2015</u>	<u>2014</u>
Recron (Malaysia) Sdn. Bhd.	47,400.00	79,300.00
Current account with sales representative	8,350.37	-
	<u>55,750.37</u>	<u>79,300.00</u>

a) Economic dependence

Recron (Malaysia) Sdn. Bhd. is the only customer of Reliance Brazil and Reliance Brazil is entirely dependent on this contract.

5. LABOUR ACCRUALS

Balance consists of an accrued labour charge on Management fees.

6. TAX PAYABLE

The stated balance for 2015 refers to the Service Tax calculated on Service Revenue and is related to services rendered in December, with due date in the following January. The balance of 2014, was related to the services rendered to the Group before the business core was changed.

7. PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION

Note 10 explain how income tax and social contribution are calculated. The balance amount shown here refers to the balance to be paid in the first quarter of 2016.

8. CAPITAL

As on 31st December 2015 and 2014, the subscribed capital of R\$ 1,600,000.00 consists of 1,600,000 quotas with a nominal value of R\$ 1.00 each, that belongs to Recron (Malaysia) Sdn. Bhd and Reliance Global Business BV, as shown below. The unpaid capital of R\$ 121,038.00 will be paid until January 7, 2017.

8. CAPITAL (CONTINUED)

	2015		2014	
	Quotas	Value	Quotas	Value
Paid capital				
Recron (Malaysia) Sdn. Bhd.	1,478,962	1,478,962.00	1,478,962	1,478,962.00
Total paid in capital	1,478,962	1,478,962.00	1,478,962	1,478,962.00
Unpaid capital				
Reliance Global Business B.V.	10	10.00	10	10.00
Recron (Malaysia) Sdn. Bhd,	121,028	121,028.00	121,028	121,028.00
Total unpaid capital	121,038	121,038.00	121,038	121,038.00
Total capital	1,600,000	1,600,000.00	1,600,000	1,600,000.00

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
Management fees	-	72,000.54
Outsourced services (note 9.a)	26,893.00	26,705.29
Travel expenses	1,057.65	94,700.97
School	-	93,481.00
Telephone and communication expenses	-	26,212.32
Medical assistance	-	25,942.00
Lease	3,408.00	3,220.00
Other	636.38	14,239.12
	31,995.03	356,501.24

a) Outsourced services

Refers to services provided by third parties relating to accounting, auditing and legal assistance, and other.

10. INCOME TAX AND SOCIAL CONTRIBUTION

Income tax is calculated at the rate of 15% of basis for calculation of income tax, plus 10% on the amount of profit exceeding R\$ 240 thousand. Social Contribution is calculated at the rate of 9% on the same basis for calculation.

	2015	2014
Profit (Loss) for the year, before income tax	13,330.37	-
Non-deductible expenses	10,500.00	-
Accumulated losses compensation - 30% of Profit for the year	(3,999.11)	-
Basis for calculation of income tax and social contribution	19,831.26	-
Social contribution on income - 9% of basis for calculation	1,784.81	-
Income tax - 15% of basis for calculation	2,974.69	-
Income tax and social contribution for the year	4,759.50	-