

AESA AIR ENGINEERING

**Société Anonyme à Directoire et Conseil de Surveillance
régie par les articles L. 225-57 à L. 225-93 du Code de commerce
78, Faubourg des Vosges
68800 THANN**

AUDIT'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31st March 2020



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Year ended 31st March 2020

Gentlemen, shareholders,

In compliance with your request and as Chartered Accountants of the company AESA AIR ENGINEERING, we conducted a contractual audit of consolidated financial statements for the year begun 1st April 2019 and ended 31st March 2020, as attached to this report.

These financial statements have been prepared by the Management in accordance with French accounting rules and principles. Our role is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Subject to certification of the subsidiary's financial statements by their auditors, in our opinion, the consolidated financial statements give a true and fair view of the financial position, of the assets and liabilities and of the result of the group made of the entities included in the consolidation in accordance with the accounting rules and principles applicable in France.

Our opinion is established under reserve of the note 27, mentioned in the audit report, that stipulates the following : After financial statements closing the executive board of AESA France took a decision to file an administrative receivership request with an observation period for finding a potential buyer. In this respect, financial statements have been prepared on the going concern basis. But if commercial court refuses to provide a favorable solution to this request and decides to initiate legal liquidation, this decision would put into question the principle of the going concern.

Eckbolsheim, June 26th, 2020



**AESA Air Engineering
S.A.**

**AU CAPITAL DE 585 000 €
SIEGE SOCIAL : 78 Faubourg des Vosges
68800 THANN
RCS MULHOUSE : B328 946 645**

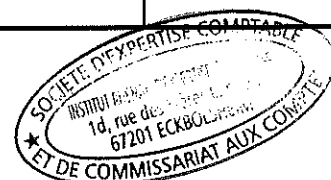
**CONSOLIDATED FINANCIAL STATEMENTS 31/03/2020
COMPTES CONSOLIDES
AU 31 MARS 2020**

CONSOLIDATED BALANCE SHEET – AESA BILAN CONSOLIDES

Unit : 1 000 Euros

ASSETS / ACTIF	03.2020	03.2019
<u>Fixed assets / Actif immobilisé</u>	469	427
Goodwill - Ecart d'acquisition		
Intangible assets - Immobilisations incorporelles	64	
Tangible assets - Immobilisations corporelles	388	412
Financial assets - Immobilisations financières	18	15
Equity method investments - Titres mis en équivalence		
<u>Currents assets / Actif circulant</u>	2 122	3 679
Inventories & work in progress - Stock et en cours	675	577
Receivables - Clients et comptes rattachés	996	2 250
Other receivables miscellaneous assets - Autres créances et comptes de régularisation	316	619
Securities - Valeurs mobilières de placement	31	65
Liquid funds (Cash & Bank) - Disponibilités	105	169
TOTAL DE L'ACTIF	2 592	4 105

LIABILITIES & OWNERS' EQUITY / PASSIF	03.2020	03.2019
<u>Shareholders' equity / Capitaux Propres (Part du Groupe)</u>	-1 714	-412
Subscribed capital - Capital	585	585
Share premium - Primes d'émission		
Consolidated reserves - Réserves consolidées	-1 179	-1 275
Net income - Résultat consolidé	-1 270	128
Other Reserves - Autres réserves	150	150
<u>Minority interest - Intérêts minoritaires</u>		0
<u>Conditional advance - Avance conditionnée</u>	200	200
<u>Contingent liabilities - Provisions pour risques et charges</u>	170	167
<u>Liabilities - Dettes</u>	3 936	4 150
Long-term liabilities - Emprunts et dettes financières	35	6
Trades accounts payable - Fournisseurs et comptes rattachés	2 400	2 623
Other liabilities - Autres dettes, comptes rattachés et régul	1 501	1 520
<u>Accruals - Comptes de régularisation</u>		
TOTAL DU PASSIF	2 592	4 105



INCOME STATEMENTS / COMPTE DE RESULTAT

Unit : 1 000 Euros

	03.2020	03.2019
Sales - Chiffres d'affaires	5 101	11 080
Changes in finish goods inventory - Production stockée	242	95
Other operating income - Autres produits d'exploitation	8	249,426
Operating grant - Subventions d'exploitation	6	5
Cost of goods sold - Achats consommés	-3 199	-2 956
Others operating expenses -Autres achats et charges externes	-1 690	-5 963
Personnel expenses - Charges de personnel	-1 512	-1 732
Temporary employee -Personnel extérieur	-63	-201
Taxes - Impôts et taxes	-60	-197
Others operating expenses - Autres charges d'exploitation	-6	-135
<u>EBITA - EBE</u>	-1 173	246
Depreciation and provision -Dotations aux amortissements et aux provisions	-116	-60
Reversal of a provision - Reprises sur provisions et amortissements	17	46
<u>Operating result before interest - Résultat d'exploitation</u>	-1 272	232
Net interest income -Charges et produits financiers	1	-107
<u>Operating result - Résultat courant des entreprises intégrées</u>	-1 271	125
Non-operating Result - Charges et produits exceptionnels	14	5
Income Taxes - Impôts sur les résultats	-13	-2
<u>Net Profit - Résultat net des entreprises intégrées</u>	-1 270	128
Equity accounted -Quote-part dans les résultats des entreprises mises en équivalence		
Amortization of goodwill - Dotations aux amortissements des écarts d'acquisition		
<u>Net profit before minority interests - Résultat net de l'ensemble consolidé</u>	-1 270	128
Minority profit - Intérêts minoritaires		
<u>Net profit - Résultat net (Part du Groupe)</u>	-1 270	128
Basic earnings per share - Résultat par action (en €)	-25,40	2,56
Diluted earnings per share - Résultat dilué par action (en €)	-25,40	2,56



CASH FLOW STATEMENT (indirect method)
TABLEAU DES FLUX DE TRESORERIE SELON LA METHODE INDIRECTE A PARTIR DU RESULTAT
NET DES ENTREPRISES INTEGREES

Unit: 1 000 €uros

	03.2020	03.2019
<u>Cash flows from operating activities - Flux de trésorerie liés à l'activité</u>		
Net Profit - Résultat net des sociétés intégrées	-1 270	128
Effect of non-cash transaction - Elimination des charges et produits sans incidence sur la trésorerie ou non liés à l'activité :		
Depreciation and provision - Amortissements et provisions à caractère de réserve	84	57
Change in deferred taxes - Variation des impôts différés		
Net profit/ loss from the disposal of fixed assets - Plus-Values de cession, nettes d'impôt (+ = perte , - = produit)		
Marge brute d'autofinancement des sociétés intégrées	-1 186	185
Equity methode income (Dividend) - Dividendes reçus des sociétés mises en équivalence		
Working capital requirements : - Variation du besoin en fonds de roulement lié à l'activité :		
Changes in inventories - variation des stocks	-98	-59
Changes in trade receivables - variation des créances clients	1 253	1 336
Change in other receivables - variation des autres créances	304	147
Change in trade payables variation - des dettes fournisseurs	-223	-710
Change customer deposits - variation des acomptes clients	264	-889
Changes in other liabilities - variations des autres dettes	-282	-108
Changes in (partner's) current account - variation des comptes courants d'associés		
Effect of change in scope of consolidation - variation due au changement de périmètre		
	1 218	-283
Total Operating activities - Flux nets de trésorerie généré par l'activité	32	-98
<u>Cash flows from investing activities - Flux de trésorerie liés aux opérations d'investissement</u>		
Payments for investments in tangible an intangible assets - Acquisition d'immobilisations	-56	-39
Proceed from sale of equipment - Cession d'immobilisations, nettes d'impôt		4
Effect of change in scope of consolidation - Incidence des variations de périmètre		
Total Investing activities - Flux de trésorerie liés aux opérations de financement	-56	-35
<u>Cash flow from financing activities - Flux de trésorerie liés aux opérations de financement</u>		
Dividend paid to Company's shareholders - Dividendes versés aux actionnaires de la société mère		
Dividend paid to minority interests - Dividendes versés aux minoritaires des sociétés intégrées		
Change in shareholders' Equity - Variation des capitaux propres		
Additions to long-term borrowings - Emissions d'emprunts	29	6
Conditional advance - Avance conditionnée		
Repayment of borrowings - Remboursements d'emprunts		
Total Financing activities - Flux nets de trésorerie lié aux opérations de financement	29	6
Change in cash an cash equivalents - Variation de trésorerie	6	-127
Cash and Cash equivalents at beginning of period - Trésorerie d'ouverture	233	289
Effect of exchange rate changes - Incidence des variations de cours des devises	-103	71
Cash and Cash equivalents at end of period - Trésorerie de clôture	135	233



VARIATION OF EQUITY

Unit : 1000 Euros	Capital	Share	Consolid.	Net	Others				Equity
					Realisable	Revalu	Control	Total	
Situation 31/03/2018	585	0	-1 441	66	29	150	0	179	-611
Result 2018			65	-65					0
Result 2019				128					128
Ajust. sit. Year-1					0			0	0
Other variations (1)			71					0	71
Situation 31/03/2019	585	0	-1 304	129	29	150	0	179	-412
Result 2019			128	-128					0
Result 2020				-1 270					-1 270
Ajust. sit. Year-1					0			0	0
Other variations (1)			-33					0	-33
Situation 31/03/2020	585	0	-1 209	-1 269	29	150	0	179	-1 714

(1) Effect of exchange rate changes

Note 1: INFORMATIONS ABOUT THE AUDIT RULES

These consolidated financial statements are established with the French rules and principles issued (CRC 99-02.)

Note 2: INFORMATIONS ABOUT THE CONSOLIDATION PERIMETER

On March 31st 2020, the consolidation perimeter is constituted with the following legal entities:

New entities integrated

None

Entities integrated with the global integration rules

	<u>% direct</u>	<u>% indirect</u>	<u>%</u>	<u>Address</u>
	<u>interest</u>	<u>interest</u>	<u>Integration</u>	
AESA Air Engineering PVT Ltd	100,00%		100,00%	357 FIE Industrial Estate PATPARGANJ, 110092 New Delhi INDIA
AESA Air Engineering Pte Ltd	100,00%		100,00%	25 International Business Park #02.09 - 609916 Singapour
AESA Air Engineering Ltd China	100,00%		100,00%	3/FI. Building N°1 - Fu Tong Industrial Park - 518103 Shenzen - CHINA

Entities out of the perimeter - Dissolution

None

Note 3: INFORMATIONS ABOUT THE COMPARISON OF THE ACCOUNTS

The evolution of the perimeter has not affected the comparison of the accounts from one year to the other.



Note 4: ACQUISITION ADJUSTMENTS

Variation table

GROSS VALUE	31.03.2019	Exchange Variation	Acquisitions	Sales	Shifting	31.03.2020
R&D costs						
Concessions, patents	1 157	0	0	0		1 157
Goodwill			90			90
Other						
Down payments						
TOTAL	1 157	0	90	0	0	1 247
DEPRECIATIONS	31.03.2019	Exchange Variation	Increase	Decrease	Shifting	31.03.2020
R&D costs						
Concessions, patents	1 157	0		0		1 157
Goodwill			26			26
Other						
Down payments						
TOTAL	1 157	0	26	0	0	1 183
NET VALUE	31.03.2019	Exchange Variation	VN	VNC	Shifting	31.03.2020
R&D costs						
Concessions, patents	0	0	0	0	0	0
Goodwill			64			64
Other						
Down payments						
TOTAL	0	0	64	0	0	64

VN = Net Variation

VNC = Book value of the sold parts

The intangible assets are booked with their acquisition value. The depreciation is made with linear rules:

- Software : 1- 3 years
- Other intangible assets : 4-10 years

Note 6 : TANGIBLE ASSETS (unit: 1 000 Euros)

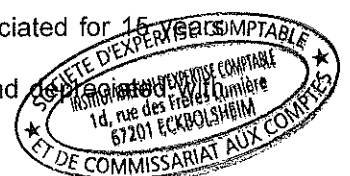
The company has made a revaluation of the assets on the 31/12/2004 following the new accounting rules national and international.

This revaluation was made one part of the building based on an expertise report from 2003 with integration of his today rent value.

About the other liabilities they don't have a significant book value. The building is depreciated for 15 years starting the 01/01/2006.

A new revaluation of this building has been made for an amount of 150 000 €, depreciated for 15 years starting the 01/07/2007.

The other tangible assets are booked with their acquisition cost or production cost and depreciated with linear rules depending on the utilization period foreseen :



- Other tangible assets: 2 - 5 years
- Machinery and tools: 3- 10 years
- Transport equipment: 1- 4 years
- Office and computer equipment: 1- 7,5 years
- Furniture: 10 years

The lease contracts in the group are not reprocess in the liabilities because they are not significant.

Variation table

Unité: 1 000 Euros

GROSS VALUE	31.03.2019	Exchange variation	Shifting	Acquisitions	Sales	31.03.2020
Land	172					172
Building	938					938
Arrangement	480			22		502
Plants, machineries and tools	52					52
Others	278	-9		16	18	267
Capital work in progress	32					32
Down payments	0					0
TOTAL	1 951	-9	0	38	18	1 962
DEPRECIATIONS	31.03.2019	Exchange Variation	Shifting	Increase	Decrease	31.03.2020
Land	0					0
Building	801			42		843
Arrangement	425			11		436
Plants, machineries and tools	47			1		49
Others	266	-8		6	17	246
Assets WIP	0					0
Down payments	0					0
TOTAL	1 539	-8	0	60	17	1 574
NET VALUE	31.03.2019	Exchange Variation	Shifting	VN	VNC	31.03.2020
Land	172	0	0	0	0	172
Building	136	0	0	-42	0	94
Arrangement	55	0	0	11	0	65
Plants, machineries and tools	4	0	0	-1	0	3
Others	12	-1	0	10	1	21
Assets WIP	32	0	0	0	0	32
Down payments	0	0	0	0	0	0
TOTAL	412	-1	0	-23	1	388

VN = Net value

VNC = Book value of the sold parts



Note 7 : FINANCIAL ASSETS (unit: 1 000 Euros)

The financial assets are built of:

- . the shares in entities not consolidated for the acquisition price, of deduction if needed, of a depreciation if this value is less than the utilities value.
- . the debtors or the payment of warranty for their face value under deduction, if needed, of a depreciation in function of the risk.

Variation Table

GROSS VALUE	31.03.2019	Change of perimeter	Exchange variation	Acquisitions	Sales	31.03.2020
Equity interest	0					0
Loans	0					0
Others	15			3		18
TOTAL	15	0	0	3	0	18
DEPRECIATIONS	31.03.2019		Ex. V.	Increase	Decrease	31.03.2020
Equity interest	0					0
Loans	0					0
Others	0					0
TOTAL	0	0	0	0	0	0
NET VALUE	31.03.2019		Ex. V.	VN	VNC	31.03.2020
Equity interest	0				0	0
Loans	0				0	0
Others	15	0	0	3	0	18
TOTAL	15	0	0	3	0	18

VN = Net Value

VNC = Book value of the sold parts

Note 8: SHARES IN EQUIVALENCE

Nothing

Note 9: STOCKS AND WORKS IN PROGRESS (unit: 1 000 Euros)

The raw materials and the consumables are evaluated on their acquisition value, and the outgoings with FIFO rules.

The workings in progress are evaluated on their production costs.

The stocks are depreciated if their negotiation value is less than the book value.

	31.03.2020	31.03.2019
Raw materials and consumables	410	523
Working in progress	418	176
Depreciation	-153	-123
TOTAL	675	577



Note 10 : RECEIVABLES (unit: 1 000 €uros)

The receivables are evaluated on their face value. They will be depreciated in function of the risk of non payment. The receivables in exchange money, except Euro area, are converted in Euro on the exchange rate of the last exchange rate, the realizable exchanges are booked in result.

	31.03.2020	31.03.2019
Gross Value	1 165	2 418
Depreciation	-168	-168
Net Value	<u>996</u>	<u>2 250</u>

Note 11: OTHER DEBTORS AND REGULARISATION ACCOUNTS (unit: 1 000 €uros)

	31.03.2020	31.03.2019
Suppliers down payments	106	215
Staff and Social agencies	7	3
VAT	72	69
Other taxes	77	67
Other debtors	42	248
Depreciation of debtors		-10
Income to receive		1
Charges booked on several years		
Charges booked in advance	11	26
TOTAL	<u>316</u>	<u>619</u>

Note 12: LIQUID FUNDS (cash and bank) (unit: 1 000 €uros)

The securities are booked for their acquisition costs. The book value of the securities is adjusted on their realizable value if it is less.

	31.03.2020	31.03.2019
Securities (gross value)	31	65
Securities (depreciation)		
Bank	103	167
Cash	2	2
TOTAL	<u>136</u>	<u>233</u>

Note 13: SHAREHOLDERS EQUITY

On March 31st 2020, the shareholder equity is built of 50 000 shares.



Note 14: MINORITY INTERESTS

None

Note 15: DEPRECIATIONS FOR RISKS AND CHARGES (unit: 1 000 Euros)

	31.03.2019	Exchange variation	Perimeter Variation	Increase	Decrease	31.03.2019
Provisions for disputes	0					0
Provisions for warranty	0					0
Provisions for pensions	167			2		169
Provision for acquisitions adj. Negative	0					0
Other provision for risks and charges	0	0				0
	167	0	0	2	0	170

The provision is done on actual basis as per the law in France.

Note 16: AMOUNTS OWED TO CREDIT INSTITUTION (unit: 1 000 Euros)

	31.03.2020	31.03.2019
By credit institution (mortgage of building)		
Cash credit	29	
Others	6	6
Net value	35	6

Note 17: TRADE CREDITORS AND RELATED ACCOUNTS (unit: 1 000 Euros)

The debts in foreign money, except the Euro zone, are changed in Euros based on the last exchange rate. The exchange variations are booked in the result.

	31.03.2020	31.03.2019
Suppliers of goods	1 734	1 419
Bills payable		
Cost on jobs in force	667	1 204
Cost to be paid		
	2 400	2 623



Note 18: OTHER CREDITORS (unit: 1 000 Euros)

	31.03.2020	31.03.2019
Staff	214	375
Suppliers of goods (safeguarding procedure)		
Medical insurance	24	22
Medical insurance (safeguarding procedure)		
Taxes	21	198
Taxes (safeguarding procedure)		
Down payment from customers	696	479
Others	530	445
Others (safeguarding procedure)		
Costs to be paid	15	
TOTAL	1 501	1 520

Note 19: DELAYED TAXES (unit: 1 000 Euros)

The delayed taxes are determined on the bases of the difference between the consolidated value and the fiscal value of the fixed assets and current assets with the rule of the variable report.

Break down assets and liabilities delayed taxes

	31.03.2020	31.03.2019
Delayed taxes of assets	0	0
Delayed taxes of liabilities	0	0
	0	0
Split of		
Tax loss carryforwards	0	0
Temporary difference	0	0
	0	0



Note 20: STATEMENT OF PAYMENTS (unit: 1 000 €uros)

	Total	less than 1 year	more than 1 year	
*Debtors				
Financial assets	18			18
Trade debtors	996	996		
Other debtors	316	316		
	1 330	1 312		18
	Total	less than 1 year	1 to 5 years	more than 5 years
*Creditors				
Amount owned to credit institute	29	29		
Trade creditors	2 400	2 400		
Other sundry creditors	1 500	1 500		
	3 929	3 929	0	0

Note 21: PROFIT AND LOSS ACCOUNT (unit: 1 000 €uros)

SOCIAL INFORMATION	31.03.2020	31.03.2019
a) Staff costs		
Salaries	1 199	1 302
Other social charges	314	429
Other staff charges		
Temporary employee	63	201
Staff costs	1 576	1 932
b) Middle staff per category		
Managerial staff	5	6
Middle management	12	14
Employees	13	10
Erectors	11	14
In training		
Middle staff per category	41	44

SPLITTING OF CHARGES	31.03.2020	31.03.2019
Depreciation of fixed assets	-84	-57
Depreciation of current assets	-30	
Take over of current assets depreciation	17	
Provision on profit and loss depreciation	-2	-6
Take over on profit and loss depreciation		
	-99	-63



Note 22: NET FINANCIAL RESULT (unit: 1 000 Euros)

The financial result is principally constituted of profit on securities and discounts got or given also interests of loan.

The foreign money, except the Euro zone, are changed in Euros based on the last exchange rate.

	31/03/2020	31/03/2019
Financial profit	106	23
Financial charges	-106	-130
Financial result	1	-107
Discount obtained		
Exchange profit		
Others	3	3
Take over provision	32	1
Discount given		
Interest on loan	-23	-39
Other bank interests		
Exchange losses	-11	-68
Others		-3
Financial result	1	-107

Note 23: EXTRAORDINARY RESULT (unit = 1 000 Euros)

The extraordinary profit and losses include not only the elements who are not related to the current activity of the company, but also these who have an exceptional character do to their amounts.

	31.03.2020	31.03.2019
Extraordinary profits	23	55
Extraordinary losses	-9	-50
Extraordinary result	14	5



Note 24: INFORMATION ABOUT THE INCOME TAX (unit = 1 000 Euros)**. Splitting between delayed and to be paid taxes 31.03.2020 31.03.2019**

Tax to be paid France		
Tax to be paid Italy		
Tax to be paid Singapore	-1	-2
Tax to be paid China	0	0
Tax to be paid Hong-Kong		
Tax to be paid India	-11	0
	<u>-12</u>	<u>-2</u>

Note 25: GEOGRAPHIC INFORMATION**Turn over split up to geographic market**

	31.03.2020	31.03.2019
France	711	462
EU / without EU	4 389	10 618
TOTAL	<u>5 101</u>	<u>11 080</u>

Split up of operating result

	31.03.2020	31.03.2019
France	-797	46
Outside	-475	186
TOTAL	<u>-1 272</u>	<u>232</u>

Note 26: EVENTS AFTER THE CLOSURE OF THE BOOKS

Affected by the economic slowdown related to government measures taken in the context of the COVID-19 crisis at the end of the first quarter of 2020, the company continued its activity taking recourse to partial unemployment. It is impossible to precisely measure the negative impact of the COVID-19 crisis on the result of the accounting years 2020 and 2021, but this crisis is considered as an important contributory factor to financial difficulties, led to the decision of administrative receivership request, taken by the executive board.

Note 27: ACTIVITIES NOT FOLLOWED

After financial statements closing the executive board of AESA France took a decision to file an administrative receivership request with an observation period for finding a potential buyer. In this respect, financial statements have been prepared on the going concern basis. But if commercial court refuses to provide a favorable solution to this request and decides to initiate legal liquidation, this decision would put into question the principle of the going concern.



Note 28: OFF-BALANCE SHEET COMMITMENTS

	31.03.2020	31.03.2019	31.03.2018
Bank guarantees given for warranty	49	76	168
Leasing			0
Others (mortgage / building / rental deposit)	73	81	36

Note 29 : SALARIES OF THE MANAGEMENT

Amounts not given.

