

**Auditor's report of specified financial information  
for group audit purposes**

Group : CG Power and Industrial Solutions Limited  
Year end: **March 31, 2020**  
Name of component: **CG SERVICE SYSTEMS FRANCE**  
Currency : Euros

To: Management

As requested in the instructions dated March 6, 2020, we have audited, for the purpose of consolidation of the company Crompton Greaves Limited, the accompanying specified financial information regarding CG SERVICE SYSTEMS FRANCE ("CGSS") as of March 31, 2020 and for the twelve months period then ended.

This specified financial information was established under the responsibility of the management and based on the information available and in the evolving context of the Covid-19 pandemic. This information not being intended to be sent to the shareholders, haven't been approved by the board of Directors.

The specified financial information has been prepared for purposes of providing information to CG Power and Industrial Solutions Limited to enable it to prepare the group financial statements. The specified financial information has been prepared in accordance with French accounting principles. Nevertheless, the specified financial information is not a complete set of financial statement in accordance with French accounting principles and is not intended to present fairly, in all material respects the financial position of CGSS as of March 31, 2020. The specified financial information may, therefore, not be suitable for another purpose.

Our responsibility is to express an opinion on the specified financial information based on our audit. We conducted our audit in accordance with the professional standards applied in France. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and the basis of preparation of the financial information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the specified financial information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company preparation and presentation of the specified financial information 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 component's internal control.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the accompanying specified financial information of CGSS as of March 31, 2020 and for the period then ended have been prepared, in all material respects, in accordance with French accounting principles.

### **Basis for opinion**

#### ***Emphasis of Matter***

We draw your attention to the following matter:

The company has a trade receivable amounting to 321 K€ with the group company CG Electric Systems Hungary Zrt. This trade receivable includes 16 invoices, each of it overdue from at least one year. We have understood this company is not in financial position to pay these receivables due to working capital constraints but this company is considered as solvent by the management. In this context no depreciation for doubtful account has been booked at year end.

#### ***Material Uncertainty Related to Going Concern***

The accompanying financial information have been prepared assuming that the Company will continue as a going concern. Nevertheless, the Company has suffered significant losses from its operations with the Belgium companies in bankruptcy CG Holdings Belgium NV and CG Power Systems Belgium NV. CGSS has significant outstanding debts with these companies and its subsidiaries, and is in a weak financial position. In this context, there is a substantial doubt concerning the going concern of the company. Nevertheless at that date, the management consider the going concern is not disrupted allowing to issue an unqualified opinion.

This report is intended solely for the information and use of the management in conjunction with the audit of the group financial statements of CG Power and Industrial Solutions Limited and should not be used by anyone for any other purpose.

Paris, June 8, 2020

INTERNATIONAL AUDIT COMPANY

François Caillet



**SAS CG SERVICE SYSTEMS FRANCE**  
**BALANCE SHEET - ASSETS**

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Période du 01/04/2019 au 31/03/2020

Présenté en Euros

Edité le 05/06/2020

ASSETS	Current year 31/03/2020 (12 months)				Past year 31/03/2019 (12 months)	
	Brut	Depr.& prov.	Net	%	Net	%
Uncalled capital (0)						
<b>Fixed assets</b>						
Preliminary expenses						
Research and development expenses						
Concessions, patents and similar rights						
Goodwill						
Other intangible fixed assets	8 870,42	8 870,42			662,40	0,04
Advances and prepayments on intangible fixed assets						
Land						
Buildings						
Industrial fixtures, fittings, plant machinery and equipment	570 547,81	519 410,88	51 136,93	2,98	67 932,38	3,92
Other tangible fixed assets	152 364,98	150 380,80	1 984,18	0,12	4 105,68	0,24
Fixed assets in progress						
Advances and prepayments						
Long-term investments by "equivalence method"						
Other interest ownership						
Receivables related to interest ownership						
Capitalized securities						
Loans						
Other fixed assets	27 034,36		27 034,36	1,57	34 130,18	1,97
<b>TOTAL (I)</b>	<b>758 817,57</b>	<b>678 662,10</b>	<b>80 155,47</b>	<b>4,67</b>	<b>106 830,64</b>	<b>6,16</b>
<b>Current assets</b>						
Raw materials and supplies	151 710,16	38 901,24	112 808,92	6,57	126 369,93	7,29
Work in progress of goods	63 088,18		63 088,18	3,68	63 230,93	3,65
Work in progress of services						
Semi-finished and finished goods						
Goods held for resale						
Advances and down-payments to suppliers						
Trade and related accounts	1 303 651,39	143 113,66	1 160 537,73	67,61	1 166 480,25	67,26
<b>Other receivables</b>						
. Debtors suppliers	40 062,73		40 062,73	2,33	52 249,89	3,01
. Staff	12 216,76		12 216,76	0,71	12 416,76	0,72
. Payroll taxes	4 451,47		4 451,47	0,26		
. State, profit tax					32 332,00	1,86
. State, turnover tax	65 919,87		65 919,87	3,84	78 418,63	4,52
. Other	9 480,39		9 480,39	0,55	33 367,35	1,92
Called but unpaid capital						
Investment securities						
Cash Instruments						
Cash	162 509,55		162 509,55	9,47	60 445,21	3,49
Prepaid expenses	5 262,42		5 262,42	0,31	2 104,04	0,12
<b>TOTAL (II)</b>	<b>1 818 352,92</b>	<b>182 014,90</b>	<b>1 636 338,02</b>	<b>95,33</b>	<b>1 627 414,99</b>	<b>93,84</b>
Charges to be spread over several periods (III)						
Premium for redemption of bonds (IV)						
Unrealized exchange losses (V)						
<b>TOTAL ASSETS (0 à V)</b>	<b>2 577 170,49</b>	<b>860 677,00</b>	<b>1 716 493,49</b>	<b>100,00</b>	<b>1 734 245,63</b>	<b>100,00</b>

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SAS CG SERVICE SYSTEMS FRANCE  
**BALANCE SHEET - EQUITY AND LIABILITIES**

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Période du 01/04/2019 au 31/03/2020

Présenté en Euros

Edité le 05/06/2020

<b>EQUITY AND LIABILITIES</b>	Current year 31/03/2020 (12 months)	Past year 31/03/2019 (12 months)
<b>Shareholders' equity</b>		
Share capital ( paid-up capital : )	880 000,00	880 000,00
Premiums arising from shares issues, from merger	51,27	50,74
Revaluation		
Legal reserve	20 000,00	20 000,00
Statutory reserve	1,17	1,15
Regulated reserves		
Other reserves		
Retained (profits / losses) brought forward merger	-507 637,93	-237 969,21
	-29,56	-13,71
<b>Net income or loss of the tax year</b>	<b>-123 439,58</b>	<b>-269 668,72</b>
	-7,18	-15,54
Subsidies of investment		
Regulated provisions		
<b>TOTAL (I)</b>	<b>268 922,49</b>	<b>392 362,07</b>
	15,67	22,62
Proceeds from the issuance of "participating titles"		
Conditional advances		
<b>TOTAL (II)</b>		
<b>Provisions for liabilities and charges</b>		
Reserves for contingencies		80 000,00
Provisions for charges		4,61
<b>TOTAL (III)</b>		<b>80 000,00</b>
		4,61
<b>Loans and debts</b>		
Convertible debenture loans		
Other debenture loans		
Bank borrowing and bank overdrafts		
. Bank borrowing		
. Bank overdrafts		
<b>Other financial borrowing and debts</b>		
. Miscellaneous	200 000,00	200 000,00
. Partners	11,65	11,53
Advances and down-payments for work in progress	67 967,20	54 838,99
Trade notes and related accounts payable	855 039,63	760 455,33
	3,96	3,16
	49,81	43,85
<b>Tax payable and social liabilities</b>		
. Staff	128 900,77	132 864,39
. Payroll taxes	62 737,46	78 153,30
. State, profit tax	3,65	4,51
. State, turnover tax		
. State, guaranteed bonds	114 333,54	34 552,15
. Other taxes	6,66	1,99
Liabilities on fixed assets and related accounts		
Other debts	18 592,40	1 019,40
	1,08	0,06
Prepaid income		
<b>TOTAL (IV)</b>	<b>1 447 571,00</b>	<b>1 261 883,56</b>
	84,33	72,76
Unrealized exchange gains (V)		
<b>TOTAL LIABILITIES (I à V)</b>	<b>1 716 493,49</b>	<b>1 734 245,63</b>
	100,00	100,00

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## INCOME STATEMENT

Période du 01/04/2019 au 31/03/2020

Présenté en Euros

Edité le 05/06/2020

INCOME STATEMENT	Current year 31/03/2020 (12 months)	Past year 31/03/2019 (12 months)	Variation absolute (12 / 12)	%				
	France	Export	Total	%	Total	%	Variation	%
Sales of goods								
Sales of manufactured goods								
Sales of manufactured services	3 021 033,82		3 021 033,82	100,00	3 177 368,66	100,00	-156 335	-4,91
<b>Net turnover</b>	<b>3 021 033,82</b>		<b>3 021 033,82</b>	<b>100,00</b>	<b>3 177 368,66</b>	<b>100,00</b>	<b>-156 335</b>	<b>-4,91</b>
Stored production			-193,15	-0,00	33 807,33	1,06	-34 000	-100,56
Capitalized production								
Operating subsidies			1 817,94	0,06	5 597,05	0,18	-3 780	-67,53
Recaptures on depreciations and reserves, expense transfer			80 000,00	2,65	680,85	0,02	79 320	N/S
Other operating income								
<b>Total operating income</b>			<b>3 102 658,61</b>	<b>102,70</b>	<b>3 217 453,89</b>	<b>101,26</b>	<b>-114 795</b>	<b>-3,56</b>
Purchase of goods (including customs duties)								
Variation on inventory (goods)								
Purchase of raw materials and other supplies (including customs duties)			385 066,44	12,75	328 858,54	10,35	56 208	17,09
Variation in inventory (raw materials and supplies)					10 280,82	0,32	-10 280	-100,00
Other purchases and external expenses			1 368 801,66	45,31	1 629 243,93	51,28	-260 442	-15,98
Taxes and assimilated payments			37 215,88	1,23	49 954,08	1,57	-12 739	-25,49
Salaries and wages expenses			947 991,69	31,38	1 019 556,79	32,08	-71 565	-7,01
Social security expenses			337 843,26	11,18	344 341,55	10,84	-6 498	-1,88
Operating allowances on fixed assets : depreciation allowances			22 114,35	0,73	28 292,82	0,89	-6 178	-21,83
Operating allowances on fixed assets : reserve allowances								
Operating allowances on current assets : reserve allowances								
Operating allowances for contingencies : reserve allowances			129 083,46	4,27	80 000,00	2,52	49 083	61,35
Other expenses			-0,54	0,00	-25,68	0,00	25	-100,00
<b>Total operating expenses</b>			<b>3 228 116,20</b>	<b>106,85</b>	<b>3 490 502,85</b>	<b>109,86</b>	<b>-262 386</b>	<b>-7,51</b>
<b>OPERATING RESULT</b>			<b>-125 457,59</b>	<b>-4,14</b>	<b>-273 048,96</b>	<b>-8,58</b>	<b>147 591</b>	<b>54,05</b>
Attributed income or transferred loss								
Suffered loss or transferred profit								
Financial income from interest ownership								
Other holdings and capitalized receivables								
Other interest and assimilated income					1 560,75	0,05	-1 560	-100,00
Recaptures on provisions and expense transfer								
Profits on foreign exchange					36,02	0,00	-36	-100,00
Net gains on sales of portfolio securities								
<b>Total financial income</b>					<b>1 596,77</b>	<b>0,05</b>	<b>-1 596</b>	<b>-100,00</b>
Financial allowances for depreciations and provisions								
Interests and assimilated expenses					153,62	0,00	-153	-100,00
Loss on foreign exchange								
Net loss on sales of portfolio securities								
<b>Total financial expenses</b>					<b>153,62</b>	<b>0,00</b>	<b>-153</b>	<b>-100,00</b>
<b>FINANCIAL RESULT</b>					<b>1 443,15</b>	<b>0,05</b>	<b>-1 443</b>	<b>-100,00</b>
<b>Ordinary result before tax</b>			<b>-125 457,59</b>	<b>-4,14</b>	<b>-271 605,81</b>	<b>-8,54</b>	<b>146 148</b>	<b>53,81</b>
Extraordinary operating gains			2 108,01	0,07	1 987,09	0,06	121	6,09
Extraordinary capital gains								
Recaptures on reserves and expense transfers								
<b>Total extraordinary income</b>			<b>2 108,01</b>	<b>0,07</b>	<b>1 987,09</b>	<b>0,06</b>	<b>121</b>	<b>6,09</b>
Extraordinary operating losses			90,00	0,00	50,00	0,00	40	50,00
Extraordinary capital losses								

## INCOME STATEMENT

Période du 01/04/2019 au 31/03/2020

Présenté en Euros

Edité le 05/06/2020

INCOME STATEMENT ( next )	Current year 31/03/2020 (12 months)	Past year 31/03/2019 (12 months)	Variation absolute (12 / 12)	%
Depreciation and reserve extraordinary allowances				
<b>Total extraordinary expenses</b>	<b>90,00</b>	<b>50,00</b>	<b>40</b>	<b>80,00</b>
<b>EXTRAORDINARY RESULT</b>	<b>2 018,01</b>	<b>1 937,09</b>	<b>81</b>	<b>4,18</b>
Profit sharing scheme				
Income tax				
<b>Total Income</b>	<b>3 104 766,62</b>	<b>3 221 037,75</b>	<b>-116 271</b>	<b>-3,80</b>
<b>Total expenses</b>	<b>3 228 206,20</b>	<b>3 490 706,47</b>	<b>-262 500</b>	<b>-7,51</b>
<b>NET RESULT</b>	<b>-123 439,58</b>	<b>-269 668,72</b>	<b>146 229</b>	<b>54,23</b>
	<i>Loss</i>	<i>Loss</i>		
Including leasing of furnitures				
Including leasing of real estate				