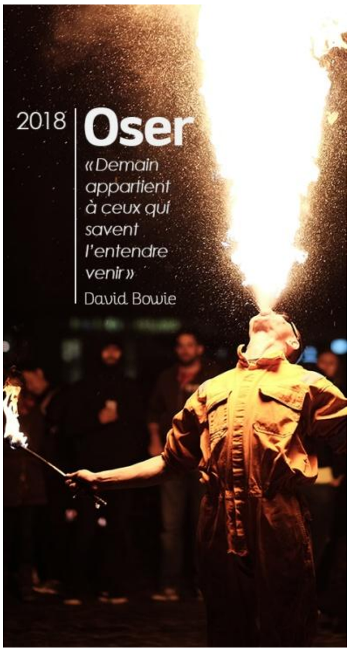
Notice of No Auditor Review
These unaudited interim financial statements of Techni-Modul Engineering Group have not been reviewed by the auditors of Techni-Modul Engineering Group. This notice is being provided in accordance with Section 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations.

TECHNI-MODUL ENGINEERING GROUP

Interim consolidated financial statements
30 September 2018

(expressed in Euro)

ZA DE PERACHE
63114 COUDES
FRANCE



NOTICE OF AUDITOR REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

The Company's external auditors, Grant Thornton, have not performed a review of these interim condensed financial statements.

Serge LUQUAIN
Signed
Chief Executive Officer

December 13, 2018.

SEGECO
SIEGE SOCIAL :
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43700 BRIVES CHARENSAC
04 71 05 38 70 - www.segeco.fr

S.A. au capital de 8 011 889 €
R.C.S LE PUY EN VELAY B 587 350 273
NAF : 6920Z. Société d'expertise comptable inscrite au tableau de l'Ordre de la région de Clermont-Ferrand et Lyon.

SUMMARY

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-I- FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30 September 2018	31 December 2017
NON CURRENT ASSETS		
Goodwill	0	0
Intangible assets	1 469 265	1 828 147
Tangible assets	167 814	177 074
Other non current assets	249 504	247 310
Deferred tax assets	0	0
Total non current assets	**1 886 583**	**2 252 531**
CURRENT ASSETS		
Inventories	75 213	47 684
Accounts receivable	1 272 958	1 561 040
Other receivables and prepaid expenses	740 071	591 688
Cash cash equivalents	718 098	139 628
Total current assets	**2 806 340**	**2 340 040**
Total assets	**4 692 923**	**4 592 571**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 September 2018	31 December 2017
EQUITY		
Share capital	1 683 308	1 480 552
Share premium	0	0
Retained earnings	-1 531 883	-44 375
Net income or loss of the period	-715 603	-1 545 314
Equity attribuable to owners of the parent	**-564 178**	**-109 137**
Non-controlling interests	***-88 836***	***-70 900***
Total equity	**-653 014**	**-180 037**
LIABILITIES		
Convertible bonds	1 507 544	1 685 255
Long term borrowings	1 256 493	1 248 140
Long term provisions	235 804	161 804
Investment subsidies	147 235	181 579
Total non Current Liabilities	**3 147 076**	**3 276 778**
Current debts	49 044	132 944
Short term borrowing	607 154	43 672
Accounts payable and related payable	1 082 676	707 050
Other current liabilities	459 987	612 164
Total current Liabilities	**2 198 861**	**1 495 830**
Total liabilities	**5 345 937**	**4 772 608**
Total equity and liabilities	**4 692 923**	**4 592 571**

CONSOLIDATED STATEMENT OF INCOME

	9 month to 30 September 2018	9 month to 30 September 2017
Revenue	**3 619 881**	**2 748 711**
Purchased raw material and goods	- 950 034	- 743 425
Payroll expenses and social security contributions	- 1 251 409	- 1 533 662
Other purchases and external expenses	- 1 615 912	- 1 357 537
Taxes and related payments	- 45 663	- 63 098
Fixed assets amortization	- 417 585	- 329 276
Provision variations	34 939	307 525
Other expenses	- 37 559	- 56 006
Operating profit	**- 663 342**	**- 1 026 768**
Other operating incomes & expenses	66 767	-
Financial income	-	-
Finance costs	- 133 762	- 112 036
Income tax	- 189	- 895
Net income	**- 730 526**	**- 1 139 699**
Group net income	- 715 603	- 1 123 798
Non controlling interests	- 14 923	- 15 901

OTHER COMPREHENSIVE INCOME	30 September 2018	30 September 2017
Profit for the year	- 730 526	- 1 139 699
Other Comprehensive Income :		
Actuarial gains (losses) on defined benefit plans	-	-
Other Comprehensive Income for the year, net of tax	-	-
of which to be recycled in income statement	-	-
of which not to be recycled in income statement	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**- 730 526**	**- 1 139 699**
Attribuable :		
▪ to owners of the parent	- 715 603	- 1 123 798
▪ to no-controling interests	- 14 923	- 15 901

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

OWNER'S EQUITY For the nine months ended 30 September 2017	Share capital	Share premium	retained earnings	Net incomeor loss	Total group	Non-controlling interests	Total equity
Balance at 31 December 2016	**1 480 552**	**-**	**- 610 683**	**571 080**	**1 440 949**	**- 63 788**	**1 377 161**
Issue of ordinary shares		-	-		-		-
Convertible bonds		-	64 428		64 428		64 428
Dividends					-		-
Allocation earnings			571 080	- 571 080	-		-
Total income of the year				- 1 123 798	- 1 123 798	- 15 901	- 1 139 699
Impact of change in accounting policy					-		-
Other variations			7 382		7 382	-	7 382
Balance at 30 September 2017	**1 480 552**	**-**	**32 207**	**- 1 123 798**	**388 961**	**- 79 689**	**309 272**

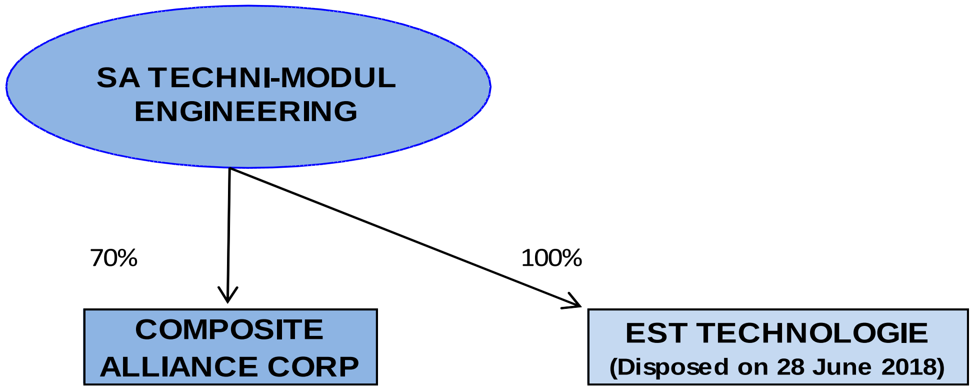
OWNER'S EQUITY For the nine months ended 30 September 2018	Share capital	Share premium	retained earnings	Net incomeor loss	Total group	Non-controlling interests	Total equity
Balance at 31 December 2017	**1 480 552**	**-**	**32 625**	**- 1 545 314**	**- 32 137**	**- 70 900**	**- 103 037**
Impact of change in accounting policy IFRS 15			**- 77 000**		**- 77 000**		**- 77 000**
Balance at 31 December 2017 after IFRS 15	**1 480 552**	**-**	**- 44 375**	**- 1 545 314**	**- 109 137**	**- 70 900**	**- 180 037**
Issue of ordinary shares					-		-
Convertible bonds	202 756		62 244		265 000		265 000
Dividends					-		-
Allocation earnings			- 1 545 314	1 545 314	-		-
Total income of the year				- 715 603	- 715 603	- 14 923	- 730 526
Impact of change in accounting policy					-		-
Other variations			- 4 438		- 4 438	- 3 013	- 7 451
Restated balance at 30 September 2018	**1 683 308**	**-**	**- 1 531 883**	**- 715 603**	**- 564 178**	**- 88 836**	**- 653 014**

CONSOLIDATED STATEMENTS OF CASH FLOWS

OPERATING ACTIVITIES	9 month to 30 September 2018	9 month to 30 September 2017
Consolidated net income	- 730 526	- 1 139 699
Depreciation, amortization and provisions	457 241	21 751
Change in fair value	-	
Gain or loss from the sale of the assets	7 881	- 7 600
Income from equity affiliates	-	
change in working capital requirement	344 546	1 686 853
Changes in inventories	- 27 529	35 389
Changes in trade and other receivable	148 620	2 655 691
changes in trade and other payable	223 455	- 1 004 227
Net cash from operating activities	**79 142**	**561 305**
INVESTING ACTIVITIES		
Acquisition of intangible assets	- 7 382	- 97 080
Acquisition of tangible assets	- 60 555	- 27 121
Proceeds from sale of intangible and tangible assets	19 759	-
Acquisition of financial assets	- 21 359	- 1 495
Proceeds from sale of financial assets	-	-
Acquisition of subdiary, net of cash acquired	10 723	-
Dividends from equity accounted investees	-	-
Net cash used by investing activities	**- 58 814**	**- 125 696**
FINANCING ACTIVITIES		
Proceeds from issue of share capital	265 000	-
Proceeds from issue of convertible bond (Equity part)		64 428
Dividendes paid	-	-
Proceeds from invest subsidies	-	- 7 794
Proceeds from new convertible bonds	87 288	515 676
Proceeds from new borrowings	40 711	-
Repayment of convertible bonds	- 265 000	-
Repayment of borrowings	- 135 584	- 34 990
Partners' current accounts variation	19 329	13 752
Net cash used by financing activities	**11 744**	**551 072**
Effect of exchange rate fluctuations on cash held	- 17 085	-
Net (increase) decrease in cash and cash equivalent	**14 987**	**986 681**
Cash and equivalents, beginning of period	**95 957**	**- 771 016**
Net decrease in cash and cash equivalent	14 987	986 681
Cash and equivalents, end of period	**110 944**	**215 665**

-II- NOTES OF THE CONSOLIDATED COMPAGNIES

-1- LIST OF CONSOLIDATED COMPANIES



The consolidating company

Name	Head office	Département	N° id
SA TECHNI-MODUL ENGINEERING	ZA DE PERACHE 63114 COUDES FRANCE	Puy de Dôme	42129003200034

Fully consolidated subsidiaries :

Nom	Siège	Share number	*shares held	% held	% interest
COMPOSITE ALLIANCE, Corp	1251 AV OF THE AMERICA 3F NEW YORK	2 000	1400	70.00	70.00

Subsidiaries, over which SA Techni-Modul-Engineering (TME) exercises exclusive control, either directly or indirectly, are fully consolidated.

Companies that are not controlled by TME but over which the Group exercises significant influence, as well as joint arrangements (within the meaning of IFRS 11), are accounted for using the equity method.

The minority shareholders' portion is stated in the shareholders 'equity under « minority interest »

-2- MAIN CHANGES IN THE SCOPE OF THE CONSOLIDATION

At the acquisition date:

- identifiable assets, liabilities and contingent liabilities meeting IFRS criteria are recognized at fair value;
- non-current assets classified as held for sale are measured at fair value less costs to sell.

Goodwill is the difference between:

- consideration transferred, plus the value of any non-controlling interests; and
- the fair value of net identifiable assets acquired and liabilities assumed.

EST TECHNOLOGIE has been disposed on 28 June 2018 for 31 000 €. The company net equity amounting to 41 141 € as of December 31, 2017, this has resulted in a loss of 10 141 € posted in the other expenses caption.

-3- METHOD OF TRANSLATING FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The Group's consolidated financial statements are presented in euros.

Translation of foreign subsidiaries' financial statements

The balance sheets of companies whose functional currency is not the euro are translated into euros at the exchange rates effective at the reporting date. Income statement and cash flow statement items are translated at the average exchange rate for the financial year. Foreign currency translation differences are recognized directly in shareholders' equity in the line item "other variations".

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity. Accordingly, they are reported in the entity's functional currency and translated at the exchange rate effective at the reporting date.

Transactions in foreign currencies

Transactions in foreign currencies are recognized at the exchange rates effective at the transaction dates. Assets and liabilities in foreign currencies are translated using the exchange rate effective at the reporting date.

The corresponding foreign currency translation gains and losses are recognized in the income statement, under:

- operating income for commercial transactions;
- financial income and expense for financial transactions.

-4- CLOSING DATE

The consolidated accounts are closed as of 30 September 2018. The duration of the period-ended 30 September 2018 is 9 months.

For the consolidated statement of income, the duration of the comparative 2017 financial period presented is also 9 months.

All consolidated companies close their financial year at 31 December.

These financial statements are the unaudited condensed interim consolidated financial statements (hereafter 'the Interim Financial Statements') of TME, a company registered in France, and its subsidiaries (hereafter 'the Group') for the nine months ended 30 Septembre 2018 (hereafter 'the interim period'). These Interim Financial Statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017 (hereafter 'the Annual Financial Statements'), as they provide an update of previously reported information. They were approved for issue by the Board of Directors on 6 September 2018.

III- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -

I. NATURE OF OPERATIONS

Techni-Modul-Engineering (TME) is specialized in industrial turn-key solutions for the production of composite parts. TME provides custom products and services according to specifications and final applications. TME works closely with their clients to offer support and advice in defining the best practices and solutions for each project.

II. BASIS OF PREPARATION

TME is a company incorporated in France and subject to French laws and regulations governing commercial companies, including the provisions of the French Commercial Code.

Statement of compliance

The Interim Financial Statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group since the Annual Financial Statements.

They have been prepared under the assumption that the Group operates on a going concern basis for the following reasons:

- The forecasted sales of the TME Group are estimated at M€.7,2 for 2018. The main shareholder of the company, Malchemy Corporation (replacing Comtec, please refer to subsequent events), is supporting financially the company and has confirmed in a comfort letter that it will support TME for its financial needs for the twelve coming months (increase of working capital, specific need, etc..)

Seasonality

The Group operates in industries where significant seasonal or cyclical variations in total sales are experienced during the financial year.

Comparative accounts 3Q2017

The 30 September 2017 interim financial statements (Profit and Loss statement) have been prepared in 2018 for the purpose of the 30 September 2018 interim financial statement, this being the first time the company is preparing interim financial statements.

Significant accounting policies

The accounting policies applied in these Interim Financial Statements are the same as those applied in the Annual Financial Statements. Changes in accounting policies will also be reflected in the Group’s Consolidated Financial Statements for the year ending 31 December 2018.

Changes in accounting policies

In 2018, the Group implemented the following new standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2018:

- IFRS 9 ‘Financial Instruments’
- IFRS 15 ‘Revenue from Contracts with Customers’

The Group has also implemented various other minor amendments to existing standards and interpretations, which have no material impact on the Group’s overall results and financial position.

Concerning IFRS 15 and IFRS9, the nature and the effects of the changes most relevant to the Group's financial statements are given below.

IFRS 9 'Financial Instruments'

Effective 1 January 2018 the Group has implemented IFRS 9 'Financial Instruments'. The new standard replaces IAS 39 'Financial Instruments: Recognition and Measurement'. The standard deals with the classification, recognition and measurement (including impairment) of financial instruments and also introduces a new hedge accounting model. The new standard results in an increased volume of disclosure information in the Annual Financial Statements.

The application of IFRS9 had no material impact on TME consolidated financial statements.

IFRS 15 'Revenue from Contracts with Customers'

Effective 1 January 2018 the Group has implemented IFRS 15 'Revenue from Contracts with Customers'. The new standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts'. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized, and also contains new requirements related to presentation. The core principle in the framework is that revenue should be recognized dependent on the transfer of promised goods or services to the customer for an amount that reflects the consideration which should be received in exchange for those goods or services.

The objective of the standard is to provide a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations, and recognizing revenue when or as performance obligations are satisfied.

Specifically, concerning the timing of revenue recognition, revenue associated with each performance obligation identified within a contract is recognized when the obligation is satisfied, i.e. when the control of the promised goods or services is transferred to the customer. To demonstrate that the transfer of goods is progressive and recognize revenue over time, the following cumulative criteria are required:

- The goods sold have no alternative use, and
- The Group has an irrevocable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date, in the event of termination for reasons other than TME's failure to perform as promised.

TME has performed an analysis of the main contracts signed and concluded that for its contracts activity:

- The machines sold have not alternative use since they are designed specifically for each client.
- The Group has an irrevocable right to payment.

TME identified one source of difference between previous rules and IFRS 15 concerning the capitalization of cost incurred for tenders. These costs cannot be activated under IFRS 15. The Group applied the partial retrospective method and the impacts are the following:

- Net equity and net inventories were decreased by K€.77 on the opening balance sheet as of 31 December 2017.
- If IAS18 was still applied in 2018, net profit for 2018 would have been decreased by K€.18.

Future new and revised standards

The Group is currently assessing the potential impacts of the various new and revised standards and interpretations that will be mandatory from 1 January 2019, notably IFRS 16 'Leases'.

The Group is currently assessing the potential effect on the Group's consolidated financial statements of the standards not yet applicable.

III. FIRST-TIME ADOPTION OF IFRS

TME retrospectively applied to its opening balance sheet at 1 January 2016 the accounting principles effective at the reporting date following first-time adoption of IFRS as if these standards had always been applied, barring the accounting choices presented below:

IFRS 1 sets out specific measures for the retrospective treatment of assets and liabilities under IFRS. The main choices adopted by the Group for this purpose are:

- property, plant and equipment and intangible assets: TME has chosen to use historical cost as the basis for reporting property, plant and equipment and intangible assets rather than re-measuring to fair value at the transition date;
  Retirement obligations: actuarial gains and losses recognized as of 1 January 2016 have been recognized under provisions for retirement obligations, with a matching decrease in shareholders' equity. Actuarial gains and losses subsequent to 1 January 2016 are recognized prospectively;
- Foreign currency translation adjustments relating to foreign entities: TME has recognized under "consolidated reserves" all the unrealized gains and losses arising from the translation of its foreign subsidiaries' financial statements at 1 January 2016. The adjustment had no impact on shareholders' equity at 1 January 2016. The translation adjustments will not subsequently be recognized in the income statement when the foreign entities in question are deconsolidated;

The company did not produce any figures regarding the transition from previous Gaap to IFRS owing to IFRS1, since no consolidated financial statements were produced before by the Group. As such, such transition would not be relevant.

IV. PRESENTATION OF FINANCIAL STATEMENTS

Consolidated balance sheet

IAS 1 "Presentation of Financial Statements" provides for the separate presentation of current and non-current items on the balance sheet. Assets and liabilities relating to the operating cycle and those that are due within less than twelve months are presented as current items. All other assets and liabilities are recognized as non-current items.
Deferred tax assets and liabilities are recognized as non-current items.
Non-controlling interests are recorded under shareholders' equity on the consolidated balance sheet.

Consolidated statement of comprehensive income

Revised IAS 1 introduced the notion of comprehensive income, and requires that:

- changes in shareholders' equity resulting from transactions with owners acting in their capacity as owners are presented separately from transactions with non-owners;
- all income and expenses recognized in the reporting period are presented either in a single statement of comprehensive income or in two separate statements, namely: 1/an income statement and 2/a statement of other comprehensive income;
- a subtotal is included indicating whether or not changes recognized in shareholders' equity could, upon finalization, have an impact on the income statement;
- total comprehensive income is presented in the financial statements.

The Group has opted to present comprehensive income in two financial statements: a consolidated income statement and a consolidated statement of comprehensive income.

Consolidated income statement

The Group presents its income statement by type of income.

V. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Euro (“EUR”), which is the Company’s presentation currency and is consistent with the functional currency of Techni-Modul Engineering.

VI. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash on deposit with banks, cash on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with initial maturities of three months or less.

VII. USE OF ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

These assumptions mainly concern:

- Revenue recognition for contracts, which depends on the degree of progress of the project and the expected profit on completion. If necessary, provisions for losses on completion are recorded when it is probable that the total estimated costs of the contract will exceed the total expected revenues of the contract.
- the measurement of the recoverable amount of R&D assets.
- the measurement of deferred tax assets related to tax losses carried-forward.
- the accounting of convertible bonds.

VIII. IMPAIRMENT

When events or changes in the economic environment indicate a risk of impairment of nonfinancial assets, an impairment test is performed to determine whether the carrying amount of the asset or group of assets under consideration exceeds the recoverable amount. In the event that an asset’s carrying amount exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized in the statement of loss. The recoverable amount is the greater of its value in use and its fair value less costs to sell. A previously recognized impairment loss is reversed only if there has been a change in the estimates regarding the recoverable amount, however, any such reversal is limited to the carrying amount that would have been determined (net of depreciation) had no impairment losses been recognized for the asset in prior years.

IX. DEFERRED TAXES

The cumulative deficits of the Group amounted to 3 549 366 Euros.

IAS 12 states that deferred tax assets cannot be accounted for the carry-forward of unused tax losses to the extent it is likely that there will be future taxable profits on which the tax losses can be charged (IAS 12, § 34).

The standard adds that the existence of unused tax losses is a strong indication that taxable future benefits may not be available. Accordingly, when an entity has a history of recent losses, she records an asset of deferred tax in respect of these tax losses insofar as it has sufficient taxable temporary differences or other indications persuasive showing that it will have sufficient taxable profits to impute the tax loss (IAS 12, § 35).

No deferred tax assets were activated in the financial statements of TME as of 31 December 2017 and 30 September 2018, considering the losses incurred in 2017 and 2018, and the level of unused tax losses.

X. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Financial assets include cash and cash equivalents and deposits. Purchases and sales of financial assets are recognized on the settlement date, which is the date on which the asset is delivered to or by the Company. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of initial recognition based on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets either held for trading or designated as such on recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy.
Financial assets classified as fair value through profit or loss are initially recognized and subsequently carried, at fair value, with changes recognized in the statement of loss.
Transaction costs are expensed when incurred. The Company has cash and cash equivalents classified in this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Assets in this category include deposits.

Reclassification of financial assets

Reclassification is only permitted in rare circumstances where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

ii) Financial liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged and fair value for liabilities that are hedged. Non-performance risk, including the Company's own credit risk for financial liabilities, is considered when determining the fair value of financial assets or liabilities, including derivative liabilities.
Financial liabilities primarily consist of Convertible bond loans, loans granted by credit institutions and cash credit.
IAS 32 sets out the Hybrid character of the convertible bond loan (1 500 005 EUR) by distinguishing its inherent debt for 1 304 590 EUR and equity elements for 195 415 EUR.

CONVERTBLE BOND	30 September 2018	31 December 2017
Equity element	195 415	195 415
Inherent debt	1 304 590	1 569 590
Convertible bond loans	**1 500 005**	**1 765 005**

For evaluating the debt part of the convertible bonds, the company used a 8% interest rate which represent the interest rate estimated for the company to obtain a similar debt with the same characteristics.
The equity part was calculated by difference between the issue prices of the convertibles bonds and the debt part.

The two bonds have the following characteristics:

1. Bond loan TRANCHE A : 265 000 € : **Conversion in new shares done the August 31, 2018**
The bonds were issued on 9 December 2016: 11 165 bonds at 23,74 € each. The interest rate on the bonds is 3% per year. The bonds shall be redeemed in full in December 2019 at their face value plus all accrued and capitalized interest. The holders of Convertible bonds may opt to convert all or any of their Convertible bonds into new shares:
   - If the pre-tax income of the audited annual accounts in French Gaap is less than EUR 600,000, conversion shall be made with a ratio of one share of EUR 18,16 nominal value for one Convertible Bond or EUR 23,74. The option may be exercised in connection with the pre-tax income for financial years ending on 31 December 2017, 31 December 2018 and 31 December 2019.
   - Provided that the audited annual accounts of the issuer (TME) for the previous year show a pre-tax income of at least EUR 600,000, the holders of Convertibles bonds shall have to convert all their Convertibles Bonds into new shares of TME. In such case, conversion shall be made with a ratio of "NS" shares of EURO 18,16 for one Convertibles Bond of EUR 23,74, NS shall be determined in accordance with the following formula:: NS = 600 000 / Pre-tax income. **This conversion have been done the August 31, 2018.**

2. Bond loan TRANCHE B : 1 500 005 €
31 915 bonds were issued at 47€ each, the interest rate on the bonds is 3% per year.
The total amount was obtained in three tranches:

- K€.1 000 in December 2016
- K€.100 in January 2017
- K€.400 in March 2017

If and only if the issuer has failed to repay the full amount of the Convertible Bonds on the maturity date, the holders of the Convertible Bonds on the Maturity date (December 2019) may opt at any time after the maturity date to convert all or any of their Convertible Bonds into new shares of the issuer. Conversion shall be made with a ratio of one share of EUR 18,16 for one convertible bond of EUR 47.

XI. NOTES TO THE BALANCE SHEET

i) Intangible assets

INTANGIBLE ASSETS	31 December 2017	variation in scope	Reclas-sifications	Increases	Reductions	30 September 2018
Development projects	3 281 407			-	-	3 281 407
Development projects in progress	-	-		-	-	-
Concessions, patents and similar rights	233 259	- 239		7 382	-	240 402
Gross amount	**3 514 666**	**- 239**	**-**	**7 382**	**-**	**3 521 809**
Research and development expenses	1 459 075			361 818	-	1 820 893
Research and dev expenses in progress	-			-	-	-
Concessions, patents and similar rights	227 443	- 239		4 447	-	231 651
Depreciations	**1 686 518**	**- 239**	**-**	**366 265**	**-**	**2 052 544**
Net intangible assets	**1 828 148**	**-**	**-**	**- 358 883**	**-**	**1 469 265**

Research and development costs

Research costs are expensed in the statement of income when incurred.

Development costs for new projects are capitalized if, and only if:

- the project is clearly identified, and the related costs are separately identified and reliably monitored;
- the project's technical feasibility has been demonstrated and the Group has the intention and financial resources to complete the project and to use or sell the resulting products;
- the Group has allocated the necessary technical, financial and other resources to complete the development;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Development costs that do not meet these criteria are expensed in the financial year in which they are incurred.

Capitalized development projects are amortized over the lifespan of the underlying technology, which is estimated to five years, from the date of the commercial launch.

Following the review of projects performed by the management of the Group, no impairment indicator was found on the projects activated as of 31 December 2017 and 30 September 2018.

The two main projects developed by the Group (86% of development costs activated as of 31 December 2017) are the following:

- R023 : TME has developed a robotized cell able to create a preform made out of dry fiber materials without

operator intervention during the entire cycle. The following functions were developed:
- The unroll of the material and cutting of the different plies
- The lay-up of the plies on the compaction mold
- The control of the fiber orientation by intelligent automation
- The compaction
- The positioning of the sub-preforms on the injection mold

- R025: TME developed a range of standard and custom-designed thermoforming solutions for the fabrication of thermoplastic composites. Complete workstations can be provided including the material transport system, pre-heating ovens, forming presses, tooling and fixtures. The principal advantages of the technology are:
  - Customized solutions
  - Simplicity of use and maintenance
  - Reliable and repeatable performance
  - Accurate material positioning
  - Rapid cycle automated process
  - Heating temperature uniformity
  - Human Machine Interface
  - Completely safe to operate (isolated press)
  - Supervision station: material and mold data base, data acquisition, process monitoring & production traceability

ii) <u>Tangible assets</u>

TANGIBLE ASSETS	31 December 2017	variation in scope	Reclas-sification	Increases	Reductions	30 September 2018
Land	-			-	-	-
Constructions	-			-	-	-
Technical facilities, equipment and industrial tools	224 618	- 40 203		27 525	287	211 653
Other tangible fixed	422 366	- 14 732		32 281	-	439 915
Plants and equipment in progess	-			749	-	749
Gross amount	**646 984**	**- 54 935**	**-**	**60 555**	**287**	**652 317**
Land	-			-	-	-
Constructions	-			-	-	-
Technical facilities, equipment and industrial tools	165 316	- 33 296		13 021	-	145 041
Other tangible fixed	304 594	- 456		35 324	-	339 462
Plants and equipment in progess						
Depreciations	**469 910**	**- 33 752**	**-**	**48 345**	**-**	**484 503**
Net tangible assets	**177 074**	**- 21 183**	**-**	**12 210**	**287**	**167 814**

Property, plant and equipment is primarily comprised of land, buildings and production equipment and is carried at cost, less accumulated depreciation and any accumulated impairment losses, in accordance with the recommended treatment in IAS 16 – Property, plant and equipment.
Each component of an item of property, plant and equipment with a useful life that differs from that of the item as a whole is depreciated separately on a straight-line basis.
The main useful lives are as follows:
- technical facilities, equipment and industrial tools: 3 to 10 years
- other tangible assets: depending on the nature of the asset

Useful lives of items of property, plant and equipment are reviewed periodically and may be adjusted

prospectively if appropriate.
Items of property, plant and equipment are tested for impairment whenever there is an indication they may have been impaired.

Leases
The assets used under leases are recognized in the balance sheet, offset by a financial debt, where the leases transfer substantially all the risks and rewards of ownership to the Group.
Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. The related payments are recognized as an expense on a straight-line basis over the lease term.

Rental expense breaks down	**30 September 2018**	**31 December 2017**
Minimum rentals	109 903	207 204
Sub-lease rentals	-	-
Operating lease commitments break down as follows at September 31, 2018 :	**Minimum payments**	**Minimum payments**
Less than one year	140 305	111 456
Between one and five years	460 244	246 695
Five years and more	-	-
TOTAL COMMITMENTS	**600 548**	**358 151**
Discouting effect	-	-
Discounted minimum payments	600 548	358 151

iii) **Impairment of assets**

In accordance with IAS 36 – Impairment of Assets – the Group assesses the recoverable amount of its long-lived assets as follows:

- For all property, plant and equipment subject to depreciation and intangible assets subject to amortization, the Group carries out a review at each balance sheet date to assess whether there is any indication that they may be impaired. Indications of impairment are identified on the basis of external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value minus costs to sell and value in use:
  - No impairment indicator was found for fixed assets
  - For R&D projects activated, a review was performed to assess that no impairment was necessary as of September 30, 2018.

- Non-amortizable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the asset may be impaired: not applicable for the Group.

iv) Financial assets

FINANCIAL ASSETS	31 December 2017	variation in scope	increase	Diminutions	30 September 2018
Investments in associates	-		-	-	-
other investments (1)	9 000		-	-	9 000
Receivables on shareholders (2)	192 948	-	5 000	-	197 948
other non current financial assets	381		-	-	381
Loans	-		-	-	-
Deposit and guarantees	44 981	-	15 187	17 993	42 175
Gross amount	**247 310**	**-**	**20 187**	**17 993**	**249 504**
			-		
Dépréciation	**-**	**-**	**-**	**-**	**-**
					-
Net financial assets	**247 310**	**-**	**20 187**	**17 993**	**249 504**

(1) Company 2MATCEH TME owns 4% of this company.
(2) SPV FINANCES, this company is 73%-owned by Serge LUQUAIN Chief executive of Techni-Modul Engineering.

v) Current assets

CURRENTS ASSETS	30 September 2018	less 1 year	more 1 year
Inventories and in progress	75 213	75 213	-
Accounts receivable	1 272 958	1 272 958	-
Other receivable and prepaid expenses	740 071	740 071	-
Cash in bank	718 098	718 098	-
total	**2 806 340**	**2 806 340**	**-**

Inventories
Inventories are measured at the lower of acquisition cost and net realizable value.

Accounts receivables and other receivables
Accounts receivables and other receivables are recognized at nominal value.
Receivables that are due within less than one year and/or less than an operating cycle are reported under "Current assets". An allowance for impairment is recognized when their value at the reporting date, based on collection probability, falls below their carrying amount.

Cash in bank
Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and marketable securities traded on organized markets.

vi) Deferred taxes

Deferred taxes, related to temporary differences between the tax basis and accounting basis of consolidated assets and liabilities, are recorded using the balance sheet liability method. Deferred tax assets are recognized

when it is probable that they will be recovered at a reasonably determinable date.
Future tax benefits arising from the utilization of tax loss carry forwards (including amounts available for carry forward without time limit) are recognized only when they can reasonably be expected to be realized.
Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities related to the same unit and which are expected to reverse in the same period of time are netted off.

DEFERRED TAXES	30 September 2018	30 September 2017
Techni-modul engineering	3 256 883	2 089 521
Composite alliance corp	292 483	230 636
total cumulative deferred tax	**3 549 366**	**2 320 157**

vii) Share Capital

Authorized: Unlimited number of common shares
Unlimited number of preferred shares

Issued:	Common Shares Number	Amount
Balance 31 December 2017	81 523	1 480 552 €
Share capital increase	11 165	202 756 €
Balance 30 September 2018	**92 688**	**1 683 308 €**

On August 30, 2018, TME capital was increase by 11 165 shares following the conversion of the Bond loan Tranche A. The 11 165 bonds were converted in 11 165 shares as the pre-tax income was less than EUR 600,000.
The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All common shares issued rank equally with regard to the Company's residual assets subject to the rights of the preferred shares.

viii) Long term provision

LONG TERM PROVISION	31 December 2017	Increase	Decrease	reversal without use	30 September 2018
Litigation provision	11 184	-	-	-	11 184
provision for losses to completion	-	74 000	-	-	74 000
provision for retirement indemnities	150 620	-	-	-	150 620
Provision for risks and charges	**161 804**	**74 000**	**-**	**-**	**235 804**

A provision is recorded when the Group has an obligation to a third party prior to the balance sheet date, and where the loss or liability is likely and can be reliably measured. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis and discounted when due in over a year.

Defined contribution plans

Payments made under defined contribution plans are recorded in the income statement, in the year of payment, and are in full settlement of the Group's liability. As the Group is not committed beyond these contributions, no provision related to these plans has been booked.

In most countries, the Group participates in mandatory general plans, which are accounted for as defined contribution plans.

Defined benefit plans

Defined benefit plans are measured using the projected unit credit method.

Expenses recognized in the statement of income are split between operating income (for service costs rendered during the period) and net financial income/(loss) (for financial costs and expected return on plan assets).

The amount recognized in the balance sheet corresponds to the present value of the obligation, and net of plan assets.

Changes resulting from periodic adjustments to actuarial assumptions regarding general financial and business conditions or demographics (i.e., changes in the discount rate, annual salary increases, return on plan assets, years of service, etc.) as well as experience adjustments are immediately recognized in the balance sheet as a separate component of equity in "Other reserves" and in comprehensive income as "Other Comprehensive Income" /loss.

The amount of commitment to retirement is calculated using individual projections based on a start to retire at the age of 62, considering the average rate of rotation of personnel and expectancy compared to the tables of mortality. It concerns only the French company Techni-Modul Engineering.

PROVISION FOR RETIREMENT INDEMNITIES	September 30, 2018	December 31, 2017
Discount rate	1,40%	1,50%
% executive salary encrease	1,00%	1,00%
% employees salary encrease	1,50%	1,50%
Turn over	average	average
rate of social security expenses	45,00%	45,00%
mortality table	TG05	TG05
Convention collective	metallurgy	metallurgy
Provision at the beginning of the year	**150 620**	**158 361**
Net costs recognized in the statement of income	-	- 10 818
Benefits paid	-	-
Actuarial items recognized in equity	-	3 077
Provision at the end of the year	**150 620**	**150 620**

ix) Net cash position

CASH	30 September 2018	31 December 2017
Short term investment	-	-
Bank cash	718 098	139 628
Overdraft and other short-term bank borrowings	- 607 154	- 43 672
Cash net	**110 944**	**95 956**

x) Maturities of liabilities

MATURITIES OF LIABILITIES	30 September 2018	less 1 year	between 1 and 5 years	more 5 years
Convertible bond loans	1 507 544	-	1 507 544	-
Non current debts /loans granted by credit institution (1)	1 305 537	49 044	1 256 493	-
Long term provisions	235 804	-	-	235 804
Investment subsidies	147 235	45 795	101 440	-
Cash crédit	607 154	607 154	-	-
Accounts payable and related payable	1 082 676	1 082 676	-	-
other current liabilities	459 987	459 987	-	-
TOTAL	**5 345 937**	**2 244 656**	**2 865 477**	**235 804**

(1)Including a loan of COMTEC for more than one year for €950,000.

xi) Equipment subsidies and Credit Tax Research (CIR)

EQUIPMENT SUBSIDIES	31 December 2017	Activation	Amortization	30 September 2018
Other equipment subsidies	33 600	-	6 300	27 300
cir 2014	40 062	-	7 512	32 550
cii 2014	5 585	-	1 118	4 468
cir 2015	83 990	-	15 749	68 242
cir 2015	7 553	-	1 509	6 044
cir 2016	10 789	-	2 157	8 632
Total	**181 579**	**-**	**34 344**	**147 235**

CIR and CII (research tax credit) is obtained by TME each year financing part of its R&D expenses. As part of these R&D expenses are activated in intangible assets, the CIR obtained is recognized in profit at the same rate as development costs activated (5 years).

XII. REVENUE RECOGNITION

The Group's revenues primarily include transactional sales and revenues from contracts.

Transactional sales
Revenue from sales is recognized when the product is shipped and risks and benefits are transferred.

Long-term contracts
Income from long-term contracts is recognized using the percentage of completion method, based on the percentage of costs incurred in relation to total estimated costs of the entire contract.
Losses at completion for a given contract are provided for in full as soon as they become probable. The cost of work-in-process includes direct and indirect costs relating to the contracts.

XIII. SALARIED WORKFORCE

EMPLOYEES	Number 30 September 2018	Number Full year 2017
TECHNI-MODUL ENG	31	37
COMPOSIT ALLIANCE CORP	1	1
EST TECHNOLOGIE		9
Total	**32**	**47**

Personnel expenses :	1 251 409 €	1 997 352 €
Including the Chief executive for	118 253 €	157 670 €

XIV. FINANCIAL RESULT

FINANCIAL RESULT	30 September 2018	30 September 2017
Financial costs		
Loan interests	41 392	24 793
Bond interests	87 288	80 098
bank interest	5 082	7 145
Exchange loss	0	0
Cash discount granted	0	0
TOTAL FINANCIAL COSTS	**133 762**	**112 036**
Financial incomes		
Exchange gain	0	
Other income	0	
TOTAL INCOME COST	**0**	**0**
Net financial costs	**133 762**	**112 036**

XV. SHARE-BASED PAYMENTS

Not applicable for the Group.

XVI. INCOME TAX EXPENSE

INCOME TAX	9 month to 30 September 2018	9 month to 30 September 2017
Résult before income taxe	**- 730 526**	**- 1 139 699**
Income taxes rate	33%	33%
Income taxes theoretical	243 484	376 101
CICE	11 104	16 500
CIR	24 998	29 040
Fiscal losses incurred not actived	- 279 585	- 421 641
Entries income tax untaxed	-	
Other impacts	**- 189**	**- 895**
Income taxes booked	**- 189**	**- 895**

XVII. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

	Carrying Amount	Fair value	30 September 2018 Level 1	Level 2	Level 3
ASSETS					
Financial assets	249 504	249 504	240 504	-	9 000
Marketable securities	-	-	-	-	-
Derivative instruments	-	-	-	-	-
LIABILITIES					
Convertible bonds	1 507 544	1 507 544	-	-	1 507 544

	Carrying Amount	Fair value	31 December 2017 Level 1	Level 2	Level 3
ASSETS					
Financial assets	247 310	247 310	238 310	-	9 000
Marketable securities	-	-	-	-	-
Derivative instruments	-	-	-	-	-
LIABILITIES					
Convertible bonds	- 1 685 255	- 1 685 255	-	-	- 1 685 255
All assets and liabilities					

XVIII. RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS	p&l or balance sheet	9 month to 30 Septembre 2018	Year to 31 December 2017
With SPV FINANCES owned by Serge LUQUAIN Chief executive			
Financial assets	Balance sheet	197 948	192 947
With 2SL-IMMO owned by Serge LUQUAIN Chief executive			
External expenses (Real property lease)	p&l	57 750	77 000
With COMTEC shareholders			
Convertible Bond with interest	Balance sheet	- 1 593 473	- 1 819 452
Long term borrowings with interest	Balance sheet	- 1 100 522	- 1 059 810
Finance cost	p&l	128 043	144 498

XIX. NOTES OF BALANCE SHEET COMMITMENTS

Bank	Guarantee	Montant
Banque Nuger	Holdback	37 572
Banque Nuger	bank guarantee BPI France	50% of financial commitment line

XX. AUDITOR FEES

AUDITOR FEES	9 month to 30 September 2018	Year to 31 December 2017
TECHNI-MODUL ENG	6 000	7 965
COMPOSIT ALLIANCE CORP	-	-
EST TECHNOLOGIE	-	-
CONSOLIDATED FINANCIAL STATMENTS	155 500	-
Total	**161 500**	**7 965**

XXI. STATEMENT OF CASH FLOWS

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, net of bank overdrafts and facilities.

XXII. SEGMENT INFORMATION

The Group has only one business.

XXIII. SUBSEQUENT EVENTS

- On October 2018, Comtec the main shareholder of TME sold most of its participation to Malchemy Corporation Limited, which is also owned by Mr Zhang, which remains the main final shareholder of TME.
  TME is now owned by :
  - Malchemy Corporation : 55% of the capital
  - SPV : 43% of the capital. The main shareholder of SPV is Serge Luquain, the CEO of TME.

  Malchemy Corporation confirmed in a comfort letter that it will support TME for its financial needs for the twelve coming months.

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