

Bruno LLINAS
Auditor
Registered with Aix-en-Provence Regional Institute
Le Diamant Bât B
20 RUE LOUIS REGE
13008 MARSEILLE

EXTERNAL AUDITOR'S REPORTS

GERES
2, COURS MARECHAL FOCH
13400 AUBAGNE

FINANCIAL YEAR: 01/01/2013 - 31/12/2013

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EXTERNAL AUDITOR'S GENERAL REPORT

on the financial statements for the year ended 31st December 2013
for the Ordinary General Meeting on 10th July 2014

Ladies and gentlemen,

In fulfilment of the task assigned to me, I now submit my report on the financial year ended 31st December 2013, which covers:

- The audit of the financial statements of GERES, such as they are enclosed with this report;
- Justification of my assessments;
- The specific checks and information required by law.

The financial statements have been drawn up by your Board of Directors and include the following information:

Balance sheet total	€18,118,742
Total operating income	€9,056,351
Net result	-€127,081

It is my responsibility, on the basis of my audit, to issue an opinion on these statements.

I - Opinion on the financial statements

I carried out my audit in accordance with the professional standards applicable in France. These standards require the implementation of procedures designed to obtain a reasonable assurance that the financial statements do not contain any significant irregularity. An audit entails inspecting, by means of sample checks, the evidence supporting the data in these financial statements. It also involves appraising the accounting rules applied, the significant estimates made in drawing up the financial statements and their overall presentation. I consider that my audit provides a reasonable basis for the opinion expressed hereunder.

I certify that the financial statements are true and fair according to French accounting standards and principles and give a true picture of operations over the past financial year, as well as of the financial situation and assets of the Association at the end of this financial year.

Without calling into question the opinion expressed above, I would draw your attention to the "Additional Information on the Profit and Loss Account", on page 6 of the Annexe of the

financial statements ended 31st December 2013, which clarifies the terms and consequences of a change of accounting method on the expenses accountancy carried out by the field offices.

II – Justification of the assessments

In application of the stipulations of Article L823-9 of the French Code of Commerce as regards the justification of my assessments, I can inform you that these do not call for any particular comment.

Assessments made in this way form part of my audit approach to the financial statements as a whole and have therefore helped me to reach the opinion expressed in the first part of this report.

III – Specific checks and information

In accordance with the professional standards applicable in France, I also carried out the specific checks required by law.

I have no comment to make as to whether the information given in the Board of Directors' report and the documents sent to the members regarding the financial situation and the financial statements is true and in accordance with the financial statements.

MARSEILLE, 20th June 2014

(Signature)

Bruno LLINAS
Auditor

BALANCE SHEET - ASSETS

	ASSETS	2013			2012			Variance	
		Gross	Depreciation & provisions	Net	Gross	Depreciation & provisions	Net	€	%
FIXED ASSETS	INTANGIBLE ASSETS								
	Start-up costs								
	Research and development costs								
	Concessions, patents and similar rights								
	Goodwill (including leasehold right)								
	Other intangible assets	3,024	652	2,372			-	2,372	
	Advances and payments on account								
	TANGIBLE ASSETS								
	Land								
	Buildings								
	Other tangible assets	152,907	108,886	44,021	150,008	85,321	64,687	-20,666	-31.9%
	Current assets								
	Advances and payments on account								
	FINANCIAL ASSETS								
	Holdings accounted for using the equity method								
Other shareholdings	19,673		19,673	1,689		1,689	17,984	1,064.7%	
Receivables from shareholdings									
Other equity securities									
Loans	1,698		1,698				1,698		
Other financial assets				5,801		5,801	-5,801		
TOTAL I	177,303	109,538	67,765	157,498	85,321	72,177	-4,412	-6.11%	
CURRENT ASSETS	INVENTORY AND WORK IN PROGRESS								
	Raw material supplies								
	Work in progress (goods)								
	Work in progress (services)	54,602		54,602				54,602	
	Intermediate and finished products	1,439,130		1,439,130	18,417		18,417	1,420,713	7,714.1%
	Goods			-	899,472		899,472	-899,472	
	Advances and payments on account						-		
	RECEIVABLES								
	Trade receivables								
	Other receivables	15,635,549		15,635,549	7,568,544		7,568,544	8,067,004	106.6%
Investment securities			-						
Liquid assets			-						

	Cash and cash equivalents	890,054		890,054	1,543,926		1,543,926	-653,872	-42.4%
	Prepaid expenses	31,642		31,642	24,241		24,241	7,401	30.5%
	TOTAL II	18,050,977	-	18,050,977	10,054,600	-	10,054,600	7,996,377	79.53%
	Charges spread over several years (III)								
	Bond redemption premiums (IV)								
	Unrealized exchange loss (V)								
	GRAND TOTAL (I + II + III + IV + V)	18,228,280	109,538	18,118,742	10,212,098	85,321	10,126,777	7,991,965	78.92%

BALANCE SHEET - LIABILITIES

	LIABILITIES	2013			2012			Variance	
		Gross	Depreciation & provisions	Net	Gross	Depreciation & provisions	Net	€	%
ASSOCIATION FUNDS	EQUITY								
	Association funds with no right of recovery	404,734		404,734	423,158		423,158	-18,425	-4.4%
	Revaluation differences								
	Reserves								
	Statutory or contractual reserves								
	Regulated reserves								
	Other reserves								
	Profit/loss carried forward								
	EARNINGS FOR THE YEAR (surplus + deficit)	-127,081		-127,081	-18,425		-18,425	-108,656	589.7%
	OTHER ASSOCIATION FUNDS								
	Association funds with right of recovery								
	Capital contributions								
	Legacies and donations								
	Results under control of third-party funders								
	Revaluation differences								
	Investment subsidies on non-renewable assets								
	Regulated provisions								
Ownership right									
TOTAL I	277,653	-	277,653	404,734	-	404,734	-127,081	-31.40%	
	Provisions for risk	1,655,910		1,655,910	917,899		917,899	738,021	80.4%
	Provisions for charges	70,501		70,501	66,573		66,573	3,928	5.9%
	Dedicated funds (operating subsidies)			-					
	Dedicated funds (other resources)	1,640,004		1,640,004	1,930,135		1,930,135	-290,032	-15.0%
	TOTAL II	3,336,415		3,336,415	2,914,597	-	2,914,597	451,817	15.50%

LIABILITIES	Bond loans								
	Loans from credit institutions								
	Miscellaneous loans and financial liabilities				-		-		
	Advances and payments on account								
	Due to suppliers	131,972		131,972	182,921		182,921	-50,949	-27.9%
	Tax and social security liabilities	503,749		503,749	611,606		611,606	-107,857	-17.6%
	Accounts payable								
	Other liabilities	12,005		12,005				12,005	
	Liquid debts								
	Deferred income	13,826,948		13,826,948	6,012,919		6,012,919	7,814,028	130.0%
	TOTAL III	14,474,674	-	14,474,674	6,807,446	-	6,807,446	7,667,228	112.63%
	Unrealized exchange profit (IV)								
	GRAND TOTAL (I + II + III + IV)	18,118,742	-	18,118,742	10,126,777	-	10,126,777	7,991,954	78.92%

PROFIT AND LOSS ACCOUNT

	2013	2012	VARIANCE	
	€	€	€	%
OPERATING INCOME (I)				
Sales of goods for resale				
Sales of goods and services	1,243,764	1,604,056	-360,292	-22.46%
Stock of finished goods and work in progress	940,617	1,887,239	-946,622	-50.16%
Capitalized production costs				
Operating subsidy	5,650,342	5,305,905	344,436	6.49%
Gifts	184,102	217,379	-33,276	-15.31%
Subscriptions	300	320	-20	-6.25%
Legacies and donations				
Write-back of depreciation & provisions and transfer of charges	343,610	1,079,881	-736,271	-68.18%
Carry forward of unused funds from previous years	553,627	144,947	408,680	281.95%
Other income	139,990	308,956	-168,966	-54.69%
TOTAL I	9,056,351	10,548,683	-1,492,332	-14%
OPERATING EXPENSES (II)				
Purchase of goods for resale				
Inventory variation (goods for resale)	364,774	969,350	-604,576	-62.37%
Purchase of raw materials and other supplies				
Inventory variation (raw materials and other supplies)				
Other non-inventory supplies	1,133,447	34,449	1,098,948	3,185.45%
External services	1,440,832	1,023,540	417,292	40.77%
Taxes, duty and similar payments	162,846	153,435	9,411	6.13%
Salaries and pay	2,033,148	1,935,467	97,680	5.05%
Social Security	843,620	779,562	64,058	8.22%
Other personnel costs	1,186,542	128,040	1,058,502	826.69%
Depreciation and provisions				
Fixed assets: depreciation	24,217	23,834	383	1.61%
Provision for risks and charges	1,085,558	1,900,626	-815,068	-42.88%
Commitments against allocated resources	263,495	110,610	152,885	138.22%
Grants made by the Association	792,573	3,378,384	-2,585,812	-76.54%
Other expenses				
TOTAL II	9,331,051	10,437,348	-1,106,297	-11%

1 - OPERATING RESULT (I-II)	-274,700	111,335	-386,035	-347%
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SHARE OF PROFITS FROM JOINT VENTURES				
Allocated gain or transferred loss (III)				
Allocated loss or transferred profit (IV)				

FINANCIAL INCOME				
Income from shareholdings				
Income from securities and other financial fixed assets				
Other interest and similar income	977	415	562	135.51%
Write-back of provisions and transfers of charges				
Realized gains on exchange differences	4,833	1,773	3,060	172.62%
Net income from sale of securities				
TOTAL V	5,810	2,188	3,622	166%

FINANCIAL EXPENSES				
Depreciation and provisions				
Interest and similar charges	1,021	2,615	-1,595	-60.97%
Realized losses on exchange differences	12,499	14	12,485	90,144.48%
Net loss on sale of securities				
TOTAL VI	13,520	2,629	10,890	414%

2 - FINANCIAL PROFIT/LOSS (V-VI)	-7,710	-442	-7,268	1,645%
3 - CURRENT PROFIT/LOSS BEFORE TAX (I-II + III-IV + V-VI)	-282,410	110,893	-393,303	-355%

EXTRAORDINARY INCOME				
Extraordinary operating profit	232,212	738	231,473	31,344.58%
Extraordinary income from capital transactions				
Write-back of depreciation and transfers of charges				
TOTAL VII	232,212	738	231,473	31,345%

EXTRAORDINARY EXPENSES				
Extraordinary operating expenses	158	786	-628	-79.95%
Extraordinary expenses on capital transactions				
Extraordinary depreciation and provisions				
TOTAL VIII	158	786	-628	-80%

4 - EXTRAORDINARY PROFIT/LOSS (VII-VIII)	232,054	-47	232,102	-489,770%
Tax on property income (IX)				
Tax on profits (X)	76,725	129,270	-52,545	-40.65%
TOTAL INCOME (I + III + V + VII)	9,294,373	10,551,609	-1,257,236	-12%
TOTAL EXPENSES (II + IV + VI + VIII + IX+X)	9,421,454	10,570,033	-1,148,580	-11%

INTERMEDIATE BALANCE	-127,081	-18,425	-108,656	590%
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5 - SURPLUS (+) OR DEFICIT (-)	-127,081	-18,425	-108,656	590%
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6 - MEASUREMENT OF CAPITAL CONTRIBUTIONS AND SPECIAL ACCOUNTS				
INCOME				
Commitments towards associations in the network				
Volunteering				
Services in kind		13,525	-13,525	
Gifts in kind				
TOTAL X		13,525	-13,525	
EXPENSES				
Commitments towards associations in the network				
Assistance in kind				
Free provision of goods and services		13,525	-13,525	
Volunteer staff				
TOTAL XI		13,525	-13,525	