

**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: 01/01/2015 - 31/12/2015**

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**EXTERNAL AUDITOR'S GENERAL REPORT**

**on the financial statements for the year ended 31<sup>st</sup> December 2015**  
**for the Ordinary General Meeting on 9<sup>th</sup> July 2016**

Ladies and Gentlemen,

In fulfilment of the task assigned to me by your Ordinary General Meeting, I now submit my report on the financial year ended 31<sup>st</sup> December 2015, which covers:

- The audit of the financial statements of GERES, such as they are enclosed with this report;
- The 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	€13,677,993
Total operating income	€9,670,720
Net result	€241,526

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 verifying, by means of sample checks, or other selection methods, the elements justifying the amounts and information given in these financial statements. It also involves appraising the accounting rules applied, the agreed significant estimates and the overall presentation of the financial statements. I consider that the elements that I have gathered are sufficient and appropriate to provide a basis for my opinion.

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 questioning the opinion expressed hereinabove, I draw your attention on the elements of the Annex 1a mentioned in the Additional Information relating to the Balance Sheet, concerning a change in the method relating to the recording of the dedicated funds.

## **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 inform you that the dedicated funds correspond with the amount of grants or similar income, unspent at the end of the financial year, whose usage commitment is taken with the third parts who have awarded these grants and similar income.

In this case, the allocation of the resources to dedicated funds, which was essentially linked with your activities in Cambodia region, and with the obligation of re-employing the proceeds from the corresponding Carbon credits sale into projects linked with this region, has been modified and generalised, in order to allow an identical distribution of the yearly profits of the regions, partly into funds dedicated to specific activities to be realised and partly into profits directly allotted to the Association.

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, 9<sup>th</sup> July 2016

(Signature)

**Bruno LLINAS**  
Auditor

**BALANCE SHEET - ASSETS**

	ASSETS	Financial year N 2015			Financial year N-1 2014			Variance N/N-1	
		Gross	Depreciation & provisions	Net	Gross	Depreciation & provisions	Net	€	%
<b>FIXED ASSETS</b>	<b>INTANGIBLE ASSETS</b>								
	Start-up costs								
	Research and development costs								
	Concessions, patents and similar rights								
	Goodwill (including leasehold right) (1)								
	Other intangible assets	6,912	2,186	4,727	3,024	1,257	1,768	2,959	167.4%
	Advances and payments on account								
	<b>TANGIBLE ASSETS</b>								
	Land								
	Buildings								
	Other tangible assets	155,434	139,115	16,319	154,520	123,670	30,850	-14,531	-47.1%
	Current assets								
	Advances and payments on account								
	<b>FINANCIAL ASSETS (2)</b>								
	Holdings accounted for using the equity method								
	Other shareholdings	3,696		3,696	6,391		6,391	-2,696	-42.2%
	Receivables from shareholdings								
	Other equity securities								
Loans									
Other financial assets	11,428		11,428	-		-	11,428		
<b>TOTAL I</b>	<b>177,470</b>	<b>141,300</b>	<b>36,170</b>	<b>163,935</b>	<b>124,926</b>	<b>39,009</b>	<b>-2,839</b>	<b>-7.28%</b>	
<b>CURRENT ASSETS</b>	<b>INVENTORY AND WORK IN PROGRESS</b>								
	Raw material supplies								
	Work in progress (goods)								
	Work in progress (services)	46,029		46,029	10,674		10,674	35,356	331.2%
	Intermediate and finished products	1,253,542		1,253,542	1,921,435		1,921,435	-667,893	-34.8%
	Goods								
	Advances and payments on account								
	<b>RECEIVABLES</b>								
	Trade receivables								
	Other receivables	10,049,817		10,049,817	14,977,326		14,977,326	-4,927,509	-32.9%
	Investment securities								
	Liquid assets								
Cash and cash equivalents	2,265,235		2,265,235	588		588	2,264,647	385,163.8%	
Prepaid expenses (3)	27,199		27,199	42,233		42,233	-15,034	-35.6%	
<b>TOTAL II</b>	<b>13,641,823</b>	<b>-</b>	<b>13,641,823</b>	<b>16,952,257</b>	<b>-</b>	<b>16,952,257</b>	<b>-3,310,434</b>	<b>-19.53%</b>	



	Advances and payments on account								
	Due to suppliers	109,684		109,684	188,865		188,865	-79,181	-41.9%
	Tax and social security liabilities	386,812		386,812	438,630		438,630	-51,818	-11.8%
	Accounts payable								
	Other liabilities	98,687		98,687	95,157		95,157	3,530	3.7%
	Liquid debts								
ACCRUAL ACCOUNTS	Deferred income (1)	10,454,817		10,454,817	12,856,525		12,856,525	-2,401,707	-18.7%
	<b>TOTAL III</b>	<b>11,346,083</b>		<b>11,346,083</b>	<b>14,041,982</b>		<b>14,041,982</b>	<b>-2,695,899</b>	<b>-19.20%</b>
	Unrealized exchange profit (IV)								
	<b>GRAND TOTAL (I + II + III + IV)</b>	<b>13,677,993</b>	<b>-</b>	<b>13,677,993</b>	<b>16,991,266</b>	<b>-</b>	<b>16,991,266</b>	<b>-3,313,273</b>	<b>-19.50%</b>

(1) Incl. at more than a year	3,594,952	8,062,860
Incl. at less than a year	7,751,131	5,979,122
(2) Incl. outstanding bank overdrafts and banks credit balances	0	462,806
(3) Incl. participating loans	200,000	0

## PROFIT AND LOSS ACCOUNT

	FINANCIAL YEAR N 2015	FINANCIAL YEAR N-1 2014	VARIANCE N/N-1	
	€	€	€	%
<b>OPERATING INCOME (I)</b>				
Sales of goods for resale	415,667	187,308		
Sales of goods and services	666,063	933,795	-267,732	-28.67%
<b>NET TURN-OVER</b>				
Stock of finished goods and work in progress	35,356	577,240	-541,885	-93.88%
Capitalized production costs				
Operating subsidy	7,334,153	7,490,250	-156,097	-2.08%
Donations	83,369	83,873	-504	-0.60%
Subscriptions	360	460	-100	-21.74%
Legacies and gifts				
Write-back of depreciation & provisions and transfer of charges	681,605	248,551	433,053	174.23%
Carry forward of unused funds from previous years	401,202	1,130,171	-728,969	-64.50%
Other income	52,945	42,532	10,414	24.48%
<b>TOTAL I</b>	<b>9,670,720</b>	<b>10,694,181</b>	<b>1,251,820</b>	<b>-10%</b>
<b>OPERATING EXPENSES (II)</b>				
Purchase of goods for resale				
Inventory variation (goods for resale)	667,893	138,863	529,030	380.97%
Purchase of raw materials and other supplies				
Inventory variation (raw materials and other supplies)				
Other non-inventory supplies	851,203	892,686	-41,483	-4.65%
External services	1,260,457	1,420,713	-160,256	-11.28%
Taxes, duty and similar payments	111,804	106,531	5,273	4.95%
Salaries and pay	1,930,763	2,219,753	-288,990	-13.02%
Social Security	826,177	1,031,230	-205,052	-19.88%
Other personnel costs	855,877	1,087,882	-232,005	-21.33%
Depreciation and provisions				
Fixed assets: depreciation	16,374	21,464	-5,090	-23.71%
Fixed assets: provisions				
Current assets: provisions				
Provision for risks and charges	104,843	635,490	-530,647	-83.50%
Commitments against allocated resources	110,761			
Grants made by the Association	2,565,693	2,862,422	-296,729	-10.37%
Other expenses	123,956	289,695	-165,739	-57.21%
<b>TOTAL II</b>	<b>9,425,802</b>	<b>10,706,729</b>	<b>1,391,688</b>	<b>-12%</b>
<b>1 - OPERATING RESULT (I-II)</b>	<b>244,918</b>	<b>-12,548</b>	<b>139,868</b>	<b>-2,052%</b>

<b>SHARE OF PROFITS FROM JOINT VENTURES</b>				
Allocated gain or transferred loss (III)				
Allocated loss or transferred profit (IV)				

<b>FINANCIAL INCOME</b>				
Income from shareholdings				
Income from securities and other financial fixed assets				
Other interest and similar income	1,212	1,484	-272	-18%
Write-back of provisions and transfers of charges				
Realized gains on exchange differences	15,522	2,202	13,320	605%
Net income from sale of securities				
<b>TOTAL V</b>	<b>16,735</b>	<b>3,687</b>	<b>13,048</b>	<b>586%</b>
<b>FINANCIAL EXPENSES</b>				
Depreciation and provisions				
Interest and similar charges	19,568	5,482	14,087	256.97%
Realized losses on exchange differences	1,900	2,631	-732	-27.81%
Net loss on sale of securities				
<b>TOTAL VI</b>	<b>21,468</b>	<b>8,113</b>	<b>13,355</b>	<b>165%</b>
<b>2 - FINANCIAL PROFIT/LOSS (V-VI)</b>	<b>-4,733</b>	<b>-4,426</b>	<b>-307</b>	<b>7%</b>
<b>3 - CURRENT PROFIT/LOSS BEFORE TAX (I-II + III-IV + V-VI)</b>	<b>240,185</b>	<b>-16,974</b>	<b>139,561</b>	<b>-2,045%</b>

<b>EXTRAORDINARY INCOME</b>				
Extraordinary operating profit	3,751	21,612	-17,861	-82.64%
Extraordinary income from capital transactions				
Write-back of depreciation and transfers of charges				
<b>TOTAL VII</b>	<b>3,751</b>	<b>21,612</b>	<b>-17,861</b>	<b>-83%</b>
<b>EXTRAORDINARY EXPENSES</b>				
Extraordinary operating expenses	2,410	2,311	98	4.26%
Extraordinary expenses on capital transactions		1,349		
Extraordinary depreciation and provisions				
<b>TOTAL VIII</b>	<b>2,410</b>	<b>3,660</b>	<b>98</b>	<b>4%</b>

<b>4 - EXTRAORDINARY PROFIT/LOSS (VII-VIII)</b>	<b>1,342</b>	<b>17,952</b>	<b>-17,959</b>	<b>-87%</b>
Tax on property income (IX)				
Tax on profits (X)	0	-27,259	27,259	
<b>TOTAL INCOME (I + III + V + VII)</b>	<b>9,691,206</b>	<b>10,719,480</b>	<b>-1,256,633</b>	<b>-10%</b>
<b>TOTAL EXPENSES (II + IV + VI + VIII + IX+X)</b>	<b>9,449,679</b>	<b>10,691,243</b>	<b>-1,350,976</b>	<b>-12%</b>

<b>INTERMEDIATE BALANCE</b>	<b>241,526</b>	<b>28,237</b>	<b>94,343</b>	<b>755%</b>
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<b>5 - SURPLUS (+) OR DEFICIT (-)</b>	<b>241,526</b>	<b>28,237</b>	<b>94,343</b>	<b>755%</b>
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<b>6 - MEASUREMENT OF CAPITAL CONTRIBUTIONS AND SPECIAL ACCOUNTS</b>				
<b>INCOME</b> Commitments towards associations in the network Volunteering Services in kind Gifts in kind				
<b>TOTAL X</b>				
<b>EXPENSES</b> Commitments towards associations in the network Assistance in kind Free provision of goods and services Volunteer staff				
<b>TOTAL XI</b>				