

**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: 01/01/2016 - 31/12/2016**

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**EXTERNAL AUDITOR'S GENERAL REPORT**

**on the financial statements for the year ended 31<sup>st</sup> December 2016**  
**for the Ordinary General Meeting on 7<sup>th</sup> July 2017**

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 2016, 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	€12 301 350
Total operating income	€9 918 721
Net result	€271 614

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.

## **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 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, 7<sup>th</sup> July 2017

(Signature)

**Bruno LLINAS**  
Auditor

**BALANCE SHEET - ASSETS**

	ASSETS	Financial year N 2016			Financial year N-1 2015			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	3,568	3,344	6,912	2,186	4,727	- 1,382	- 29,2%
	Advances and payments on account								
	<b>TANGIBLE ASSETS</b>								
	Land								
	Buildings								
	Other tangible assets	160,982	152,483	8,499	155,434	139,115	16,319	-7,820	-47,49%
	Current assets								
	Advances and payments on account								
	<b>FINANCIAL ASSETS (2)</b>								
	Holdings accounted for using the equity method								
	Other shareholdings	156,211		156,211	3,696		3,696	152,515	4126,9%
	Receivables from shareholdings								
	Other equity securities								
Loans									
Other financial assets	11,428		11,428	11,428		11,428	0	0%	
<b>TOTAL I</b>	<b>335,533</b>	<b>156,051</b>	<b>179,482</b>	<b>177,470</b>	<b>141,300</b>	<b>36,170</b>	<b>143,313</b>	<b>396,22%</b>	
<b>CURRENT ASSETS</b>	<b>INVENTORY AND WORK IN PROGRESS</b>								
	Raw material supplies								
	Work in progress (goods)								
	Work in progress (services)	108,642		108,642	46,029		46,029	62,613	136%
	Intermediate and finished products	108,224		108,224	1,253,542		1,253,542	-1,145,318	-91,4%
	Goods								
	Advances and payments on account								
	<b>RECEIVABLES</b>								
	Trade receivables	275,484		275,484				275,484	
	Other receivables	8,544,977		8,544,977	10,049,817		10,049,817	-1,504,840	-15,0%
	Investment securities								
	Liquid assets								
Cash and cash equivalents	3,069,394		3,069,394	2,265,235		2,265,235	804,158	35,5%	
Prepaid expenses (3)	15,147		15,147	27,199		27,199	-12,051	-44,3%	
<b>TOTAL II</b>	<b>12,121,868</b>	<b>-</b>	<b>12,121,868</b>	<b>13,641,823</b>	<b>-</b>	<b>13,641,823</b>	<b>-1,519,955</b>	<b>-11,14%</b>	



	Advances and payments on account								
	Due to suppliers	157,719		157,719	109,684		109,684	48,034	43,8%
	Tax and social security liabilities	404,586		404,586	386,812		386,812	17,774	4,6%
	Accounts payable								
	Other liabilities	155,289		155,289	98,687		98,687	56,602	57,4%
	Liquid debts								
ACCRUAL ACCOUNTS	Deferred income (I)	9,765,095		9,765,095	10,454,817		10,454,817	-689,722	-6,6%
	<b>TOTAL III</b>	<b>10,759,652</b>		<b>10,759,652</b>	<b>11,346,083</b>		<b>11,346,083</b>	<b>-586,431</b>	<b>-5,17%</b>
	Unrealized exchange profit (IV)								
	<b>GRAND TOTAL (I + II + III + IV)</b>	<b>12,301,350</b>	<b>-</b>	<b>12,301,350</b>	<b>13,677,992</b>	<b>-</b>	<b>13,677,992</b>	<b>-1,376,643</b>	<b>-10,06%</b>

(1) Incl. at more than a year	2,771,610			3,594,952
Incl. at less than a year	6,993,485			7,751,131
(2) Incl. outstanding bank overdrafts and banks credit balances	0			0
(3) Incl. participating loans	200,000			200,000

## PROFIT AND LOSS ACCOUNT

	FINANCIAL	FINANCIAL	VARIANCE N/N-1	
	YEAR N 2016	YEAR N-1 2015	€	%
€	€	€		
<b>OPERATING INCOME (I)</b>				
Sales of goods for resale	805,228	415,667	389,561	93,72%
Sales of goods and services	646,616	666,063	-19,447	-2,92%
<b>NET TURN-OVER</b>				
Stock of finished goods and work in progress	70,168	35,356	34,812	98,46%
Capitalized production costs				
Operating subsidy	6,927,844	7,334,153	-406,309	-5,54%
Donations	69,663	83,369	-13,706	-16,44%
Subscriptions	3,485	360	3,125	868,06%
Legacies and gifts				
Write-back of depreciation & provisions and transfer of charges	1,238,803	681,605	557,199	81,75%
Carry forward of unused funds from previous years	118,445	401,202	-282,757	-70,48%
Other income	38,469	52,945	-14,476	-27,34%
<b>TOTAL I</b>	<b>9,918,721</b>	<b>9,670,720</b>	<b>248,001</b>	<b>3%</b>
<b>OPERATING EXPENSES (II)</b>				
Purchase of goods for resale				
Inventory variation (goods for resale)	1,152,873	667,893	484,980	72,61%
Purchase of raw materials and other supplies				
Inventory variation (raw materials and other supplies)				
Other non-inventory supplies	839,958	851,203	-11,245	-1,32%
External services	1,251,015	1,260,457	-9,442	-0,75%
Taxes, duty and similar payments	114,155	111,804	2,351	2,10%
Salaries and pay	1,976,636	1,930,763	45,873	2,38%
Social Security	870,504	826,177	44,326	5,37%
Other personnel costs	704,499	855,877	-151,378	-17,69%
Depreciation and provisions				
Fixed assets: depreciation	14,751	16,374	-1,623	-9,91%
Fixed assets: provisions				
Current assets: provisions				
Provision for risks and charges	20,357	104,843	-84,486	-80,58%
Commitments against allocated resources	258,852	110,761	148,090	133,70%
Grants made by the Association	2,404,253	2,565,693	-161,440	-6,29%
Other expenses	39,255	123,956	-84,701	-68,33%
<b>TOTAL II</b>	<b>9,647,107</b>	<b>9,425,802</b>	<b>221,306</b>	<b>2%</b>
<b>1 - OPERATING RESULT (I-II)</b>	<b>271,614</b>	<b>244,918</b>	<b>26,695</b>	<b>11%</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	7,054	1,212	5,842	482%
Write-back of provisions and transfers of charges				
Realized gains on exchange differences	5,318	15,522	-10,204	-66%
Net income from sale of securities				
<b>TOTAL V</b>	<b>12,372</b>	<b>16,735</b>	<b>-4,362</b>	<b>416%</b>
<b>FINANCIAL EXPENSES</b>				
Depreciation and provisions				
Interest and similar charges	6,508	19,568	-13,060	-66,74%
Realized losses on exchange differences	6,301	1,900	4,401	231,66%
Net loss on sale of securities				
<b>TOTAL VI</b>	<b>12,809</b>	<b>21,468</b>	<b>-8,659</b>	<b>-40%</b>
<b>2 - FINANCIAL PROFIT/LOSS (V-VI)</b>	<b>-436</b>	<b>-4,733</b>	<b>4,297</b>	<b>-91%</b>
<b>3 - CURRENT PROFIT/LOSS BEFORE TAX (I-II + III-IV + V-VI)</b>	<b>271,178</b>	<b>240,185</b>	<b>30,993</b>	<b>-80%</b>

<b>EXTRAORDINARY INCOME</b>				
Extraordinary operating profit	7,118	3,751	3,366	89,74%
Extraordinary income from capital transactions	182		182	
Write-back of depreciation and transfers of charges				
<b>TOTAL VII</b>	<b>7,300</b>	<b>3,751</b>	<b>3,549</b>	<b>95%</b>
<b>EXTRAORDINARY EXPENSES</b>				
Extraordinary operating expenses	1,005	2,410	-1,405	58,30%
Extraordinary expenses on capital transactions				
Extraordinary depreciation and provisions				
<b>TOTAL VIII</b>	<b>1,005</b>	<b>2,410</b>	<b>-1,405</b>	<b>-58%</b>

<b>4 - EXTRAORDINARY PROFIT/LOSS (VII-VIII)</b>	<b>6,295</b>	<b>1,342</b>	<b>4,953</b>	<b>153%</b>
Tax on property income (IX)				
Tax on profits (X)	1,287	0	1,287	
<b>TOTAL INCOME (I + III + V + VII)</b>	<b>9,938,393</b>	<b>9,691,206</b>	<b>247,188</b>	<b>3%</b>
<b>TOTAL EXPENSES (II + IV + VI + VIII + IX+X)</b>	<b>9,662,208</b>	<b>9,449,679</b>	<b>212,528</b>	<b>2%</b>

<b>INTERMEDIATE BALANCE</b>	<b>276,186</b>	<b>241,526</b>	<b>34,659</b>	<b>14%</b>
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<b>5 - SURPLUS (+) OR DEFICIT (-)</b>	<b>276,186</b>	<b>241,526</b>	<b>34,659</b>	<b>14%</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>				