

2010/2011  
ANNUAL REPORT



**G.E.A.**

TOLL COLLECTION SYSTEMS



GRENOBLOISE D'ELECTRONIQUE ET D'AUTOMATISMES



## SUPERVISORY BOARD

Mr Serge ZASLAVOGLU, Chairman  
Mrs Jeannine ZASLAVOGLU, Vice-chairman  
Mr Henri CYNA  
Mr Louis-Michel ANGUE  
Mr Pierre GUILLERAND  
Mr Roland ROC

## MANAGING BOARD

Mr Serge-Alexis ZASLAVOGLU  
Mr Grigori ZASLAVOGLU

## AUDITORS

Grant Thornton,  
represented by Mr François CAYRON  
42, avenue Georges Pompidou  
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## HEAD OFFICE

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## COMMUNICATIONS

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## FINANCIAL APPENDIX

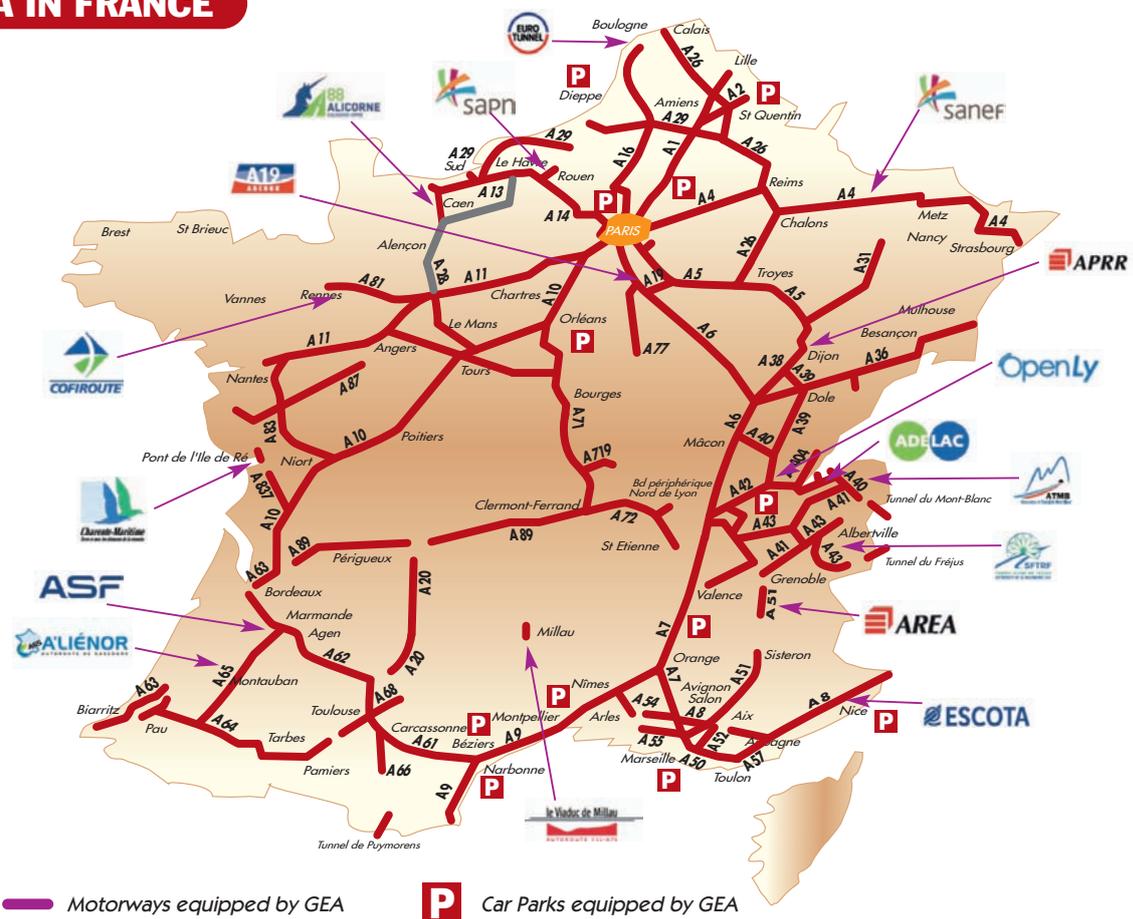
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## GEA WORLDWIDE



More than 10,000 Toll Collection Terminals worldwide.

## GEA IN FRANCE



## MESSAGE FROM THE PRESIDENT OF THE SUPERVISORY BOARD



In 2010/2011, fortieth year of trading, GEA produced a record of nearly €68 million and further improved its results. It was also named "Business of the Year" by the Chamber of Commerce and Industry of Grenoble and the Presence Magazine.

The last fiscal year was also marked by several technical, operational and commercial successes. The first 30 km/h non-stop systems as well as our first 130 km/h Free-Flow system were deployed to the satisfaction of our customers.

In the export field, numerous projects were commissioned in countries as diverse as Great Britain, Brazil, Jamaica, Tunisia and Russia. Several foreign customers also renewed orders during the financial year.

Present in over 30 countries worldwide with more than 10,000 toll terminals in use, GEA also remains very active in the French market

where we have continued to supply nearly all motorway companies and signed several significant new contracts.

The confidence of our customers has resulted in the maintenance of our order book at a record value of €74 million on 30th September 2011.

Since that date several new contracts have been secured, both in France and abroad for a minimum total of €20 million which could rise to over €35 million.

With a financial structure that is further enhanced with now nearly €41 million fund equity, a net cash position of more than €39 million and no debt, GEA faces the future with confidence and audacity.

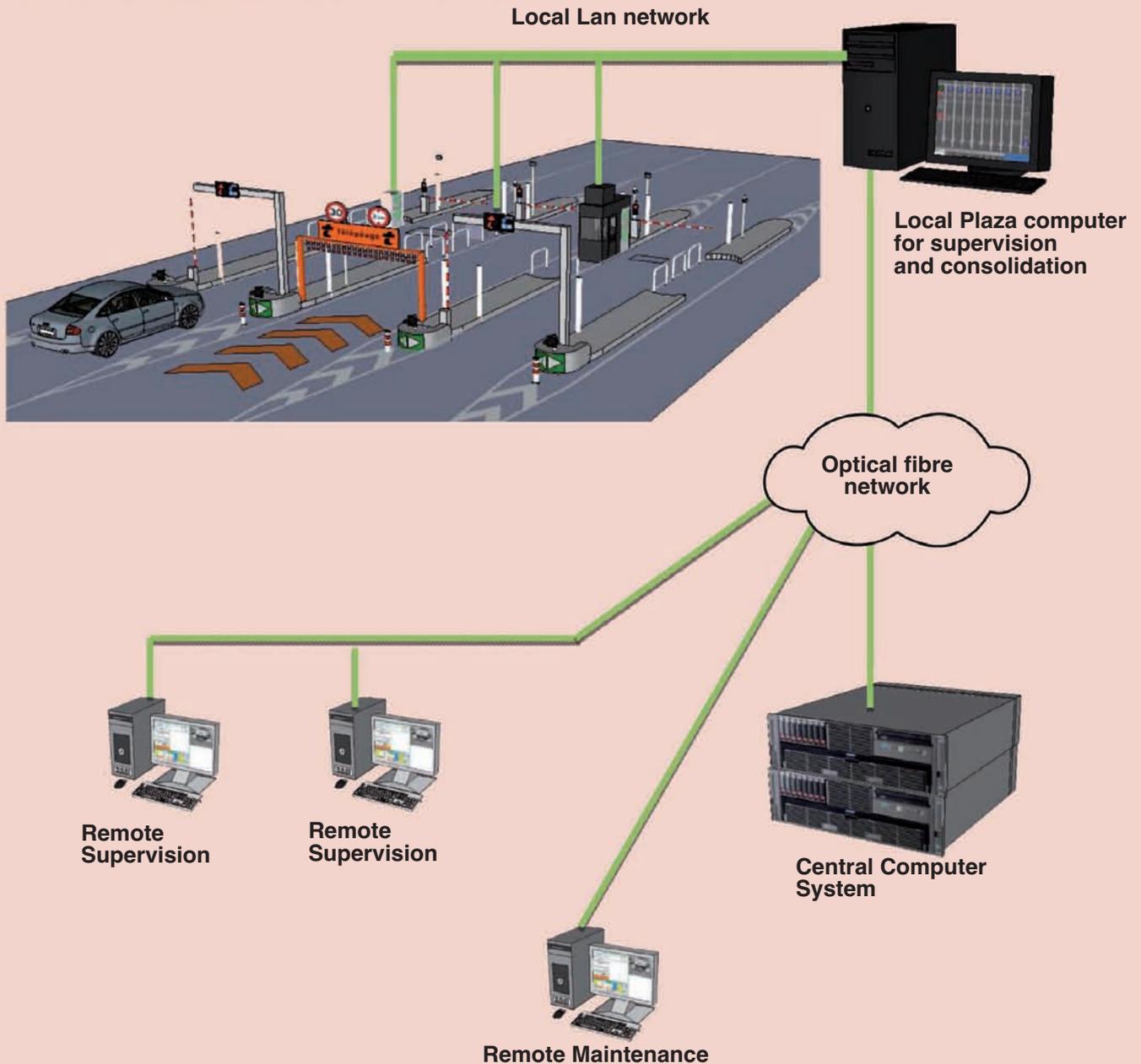
By ensuring our financial independence, the strength of our balance sheet allows us to consider our future development with serenity, both in the fields of research into innovative products and in the business development of new export markets.

All these successes are the result of a strategy of continuity and a permanent policy of continuous investment in research and development. They are above all and foremost, the result of the efforts, quality of work and cohesion of our employees. They deserve all our thanks.

Serge Zaslavoglou

# ORGANISATION OF DATA COLLECTION AND TRANSMISSION NETWORK

## CHANNELED TOLL SYSTEM



Fitted with a central processing unit, toll terminals at user level manage various lane peripherals (automatic vehicle classification systems, traffic signals, barriers, electronic tolling antennas etc.)

Transaction data and traffic information are collected in real time and stored before being centralised and consolidated through local networks.

These local plaza computers communicate with a central computer via optical fibre networks.

## COMPUTER AND ELECTRONIC TOLLING CONTROL SYSTEM

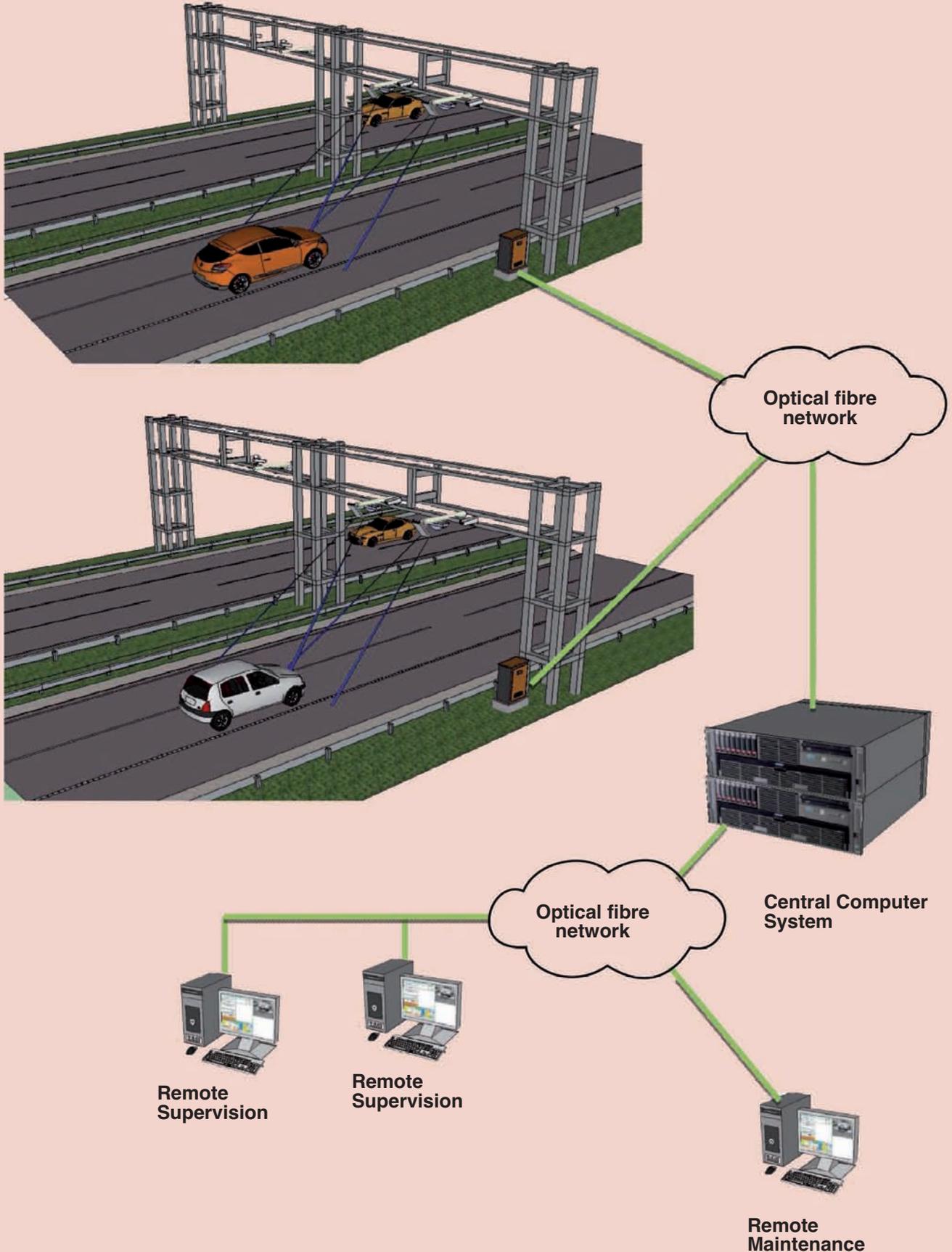
### At the financial level:

- Prevents fraud
- Manages money flow (Revenue of more than 8 billion Euros in France in 2011).

### At the technical level:

- Processes all means of payment
- Generates traffic statistics
- Automates toll collection
- 1.3 billion transactions in 2011 (nearly 563 million of which in Electronic Toll Collection)

### FREE FLOW ELECTRONIC TOLL COLLECTION





## AN EXPANDING BUSINESS: AUTOMATED TOLL PLAZAS

**GEA** offers a comprehensive range of equipment which allows its clients to automate their revenue collection either partially or entirely.

With more than 150 fully automated toll plazas in service in France, GEA is at the forefront of technology in this field.

Internationally, several customers have also chosen GEA for all or part of their equipment with automation in Denmark, Sweden, Spain, Brazil, Asia (Malaysia, Thailand, and China) and in North Africa.

- ✓ Automatic toll lanes accepting all means of payment (Multi-Payment Machines)
- ✓ Automatic vehicle classification systems.
- ✓ Audio and video systems providing real-time remote assistance to patrons (data and digital image transmission over high-speed networks)
- ✓ Integration of contactless smart card payment systems
- ✓ Electronic Toll Collection (ETC) systems compliant with the European standard CEN TC 278:
  - Within the scope of the TIS (Télépéage Inter-Sociétés - Inter-Company ETC) tolling scheme for the French motorway operators, GEA has:



- Supplied and implemented more than 700 DSRC antennas
  - Produced a rapid (50 km/h) Electronic Toll Collection System under TIS technology with automatic incident detection by video image analysis (AID)
  - Completed the TIS ETC software integration (cars and light trucks) for nearly French motorway operators (light vehicles and HGVs)
- Internationally, GEA has installed several ETC systems in Sweden, Denmark, Brazil, Croatia, Spain, and in Asia.
  - GEA has developed and produced its own mobile microwave on-board units (OBU) and its own DSRC road-side antennas  
GEA OBUs were chosen by the main OBU distributors (SANEF, ASF, AREA, ATMB, AXXES DKV, EUROTOLL, ESCOTA, ACESA, AUTEMA, SERVIABERTIS).
  - Thanks to its efforts in research and development, GEA has an ETC Free Flow system. The first 130 km / h Free Flow systems were commissioned during the year on the A65 (Langon-Pau).
  - As part of the “Grenelle Environmental Forum”, GEA designed, together with its clients, and deployed, the non-stop Tolling System in order to reduce CO<sup>2</sup> emissions.



GEA named Company of the Year in December 2010 by the Chamber of Commerce and Industry of Grenoble and the Presence Magazine.

## CAR PARK ACCESS AND TOLL CONTROL SYSTEMS

**GEA** developed a complete line of equipment for car parks in the context of a first contract with the VINCI group in 2001.

- ✓ Entry lane terminals
- ✓ Intermediary lanes for access to private areas
- ✓ Exit lane terminals
- ✓ Pedestrian access control terminals
- ✓ Automatic payment machines
- ✓ Manual payment machines
- ✓ Car park supervision servers
- ✓ Central computer systems

Since then, the VINCI Group has entrusted GEA with the construction of all the equipment for its car parks at La Défense (Paris region).

The VINCI Group, world leader in construction and associated services, operates more than 1,700 car parks in 15 countries, including over 600 in France i.e. 1.2 million car spaces.

- GEA has also obtained the confidence of other customers, notably:
  - ✓ Marseille City Council
  - ✓ Q-Park
  - ✓ SAEMES (City of Paris)
  - ✓ CHU (City of Grenoble)
  - ✓ Aeronautic and Space Museum of Le Bourget
  - ✓ City of Saint Ouen
  - ✓ City of Tremblay
- During the past few years GEA has also developed a parking maintenance activity at the request of its main customers.
- GEA has also developed and installed new systems for secured lorry parks for the VINCI, EIFFAGE and ABERTIS groups.



## GEA SENIOR EXECUTIVES AND HUMAN RESSOURCES



**Alexis ZASLAVOGLOU**  
Chairman of the Managing Board,  
Research and Development  
Manager



**Grigori ZASLAVOGLOU**  
Managing Director,  
Company Secretary



**Hassane TANOUKHI**  
Project Director



**Olivier MANNECHEZ**  
Software Development  
Manager



**François-Xavier OTT**  
Strategy, Marketing and Sales  
Director



**Philippe THOREAU**  
Commercial Director

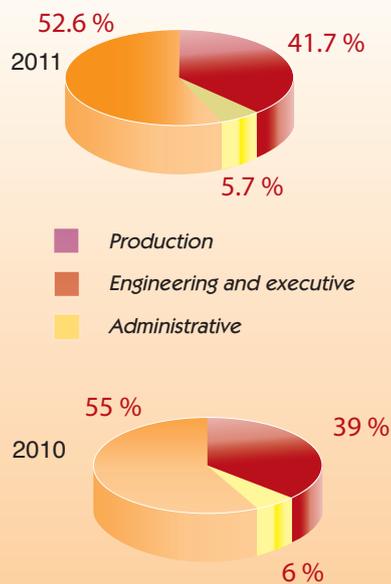


**Jean LARRANG**  
Commercial Director  
(American Region)

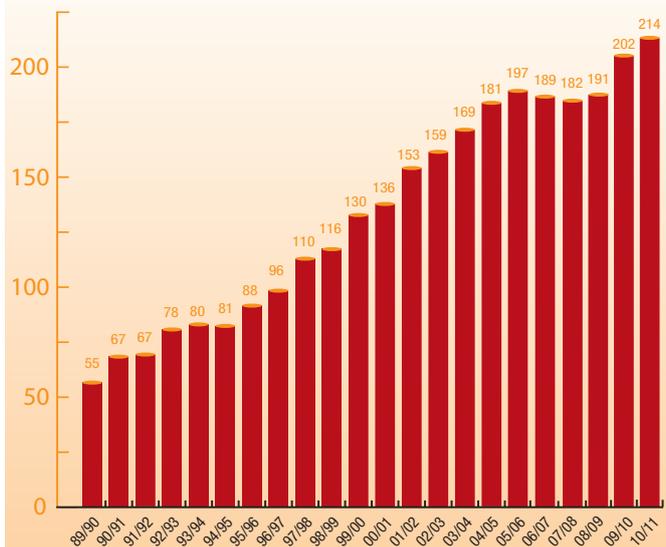
On 30th September 2011 GEA staff totalled 211 (206 the previous year) distributed as follows:

- Engineering and executive:	88
- Administrative:	12
- Production:	111
	<hr/>
	211

**STAFF DISTRIBUTION IN TERMS OF PERCENTAGE**



**EVOLUTION OF AVERAGE STAFF NUMBERS**

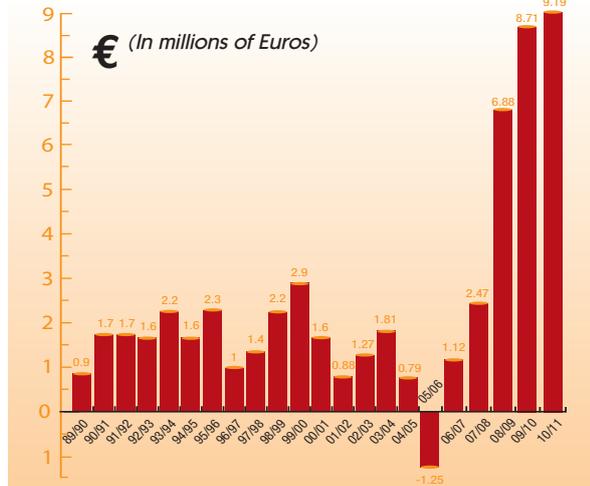


## KEY FIGURES

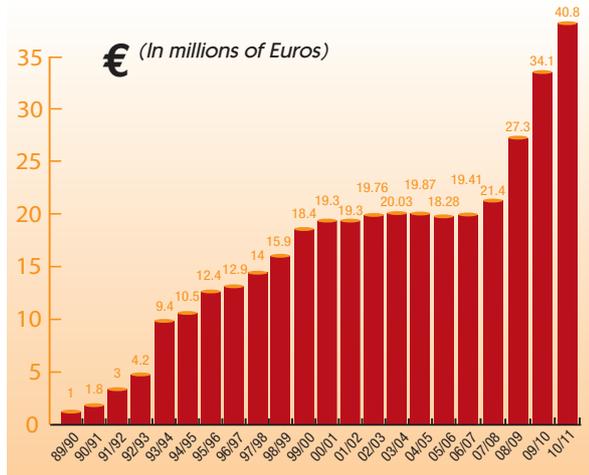
### EVOLUTION OF TURNOVER



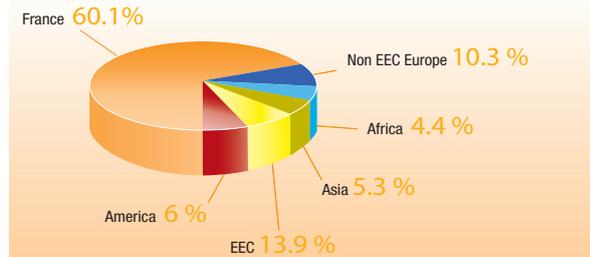
### EVOLUTION OF NET RESULT



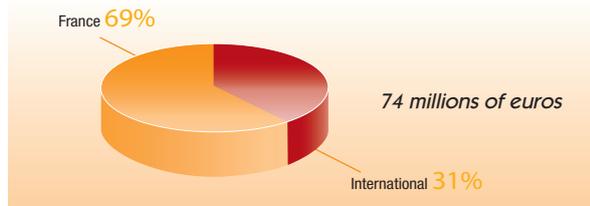
### EVOLUTION OF SHAREHOLDER'S EQUITY



### TURNOVER DISTRIBUTION



### ORDER BOOK AS OF 30/09/11



## THE STOCK MARKET

GEA shares (code ISIN: FR0000053035) are quoted on the Euronext Paris Eurolist C.



Evolution of the stock-market price and number of shares traded.

GEA share price

Number of shares traded

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# MANAGEMENT REPORT ON OPERATIONS FOR THE FINANCIAL YEAR ENDED 30th SEPTEMBER 2011

Ladies and Gentlemen,

We have gathered you together for our Annual Ordinary Meeting to report to you on our Company's business during the fiscal year ended on 30th September 2011 and to submit for your approval the annual financial statements for the said fiscal year.

First of all, we would like to state that the financial statements that are being presented to you, as approved by the Managing Board and submitted to the Supervisory Board, contain no changes, either in the presentation of the accounts or the valuation methods compared to those of the previous year.

Are appended to this report:

- In accordance with the provisions of Article R. 225-102 paragraph 2 of the Commercial Code, a table showing the financial results of the company over the last five years,
- In accordance with the provisions of Article L. 225-100 paragraph 7 of the Commercial Code, a summary table of current delegations granted by the general meeting of shareholders in the Managing Board in the field of capital increases, in application of Articles L. 225-129-1 and L. 225-129-2 of the Commercial Code.

We will now present the different items of information stipulated by the regulations.

## I - ACTIVITY AND RESULTS

### 1) Situation and Activity during the Financial Year

The sales revenue on 30th September 2011 totalled €70,604,925 compared to €60,516,653 for the previous financial year.

Total operating income, taking into account both the variation in the works in progress (- €2,660,926) and the write-backs of provisions and expense transfers (+ €269,842) amounts to €68,213,841 compared to €67,288,270 on 30th September 2010.

In France, GEA continued provision and renewal of toll equipment to nearly all motorway companies.

Leader in toll collection automation, the company began deploying during the past financial year the new 30 km/h Non-Stop electronic toll system aiming to reduce CO<sub>2</sub> emissions as part of the implementation of the "Grenelle Environmental Forum".

GEA also commissioned its first 130 km/h Free-Flow systems on the A65 Langon-Pau motorway. The main French motorway companies have also retained GEA to adapt their tolling systems to the international EMV standard for the reading of smart cards.

The year was also marked by the signing of a strategic major 5-year contract for an amount which could reach €37 million with the ASF motorway company (Autoroutes du Sud de la France - VINCI Group).

Finally GEA was chosen by VINCI PARK SERVICES to provide equipment for its car parks in the towns of Fontainebleau and Orleans.

Internationally the company has successfully completed several projects, particularly in Great Britain (Tyne Tunnel at Newcastle), Brazil, Jamaica (Bouygues Group), Tunisia (M'Saken-Sfax motorway) and Russia (St. Petersburg ring road).

GEA has also signed several contracts in China, the Philippines and Croatia during the year.

The 'Autoroutes du Maroc' motorway company also placed its confidence in GEA for renewal of motorway toll equipment between Rabat and Casablanca, El Jadida-Casablanca and Rabat-Tangier. GEA has also been awarded the contract for the maintenance of its tolling hardware and software.

Finally, the Bouygues Group has chosen GEA to supply the tolling system for a new section of the Trans Jamaican motorway.

Operating costs amounted to €53,028,474 (compared to €52,889,870 for the preceding year) including:

- Depreciation allowance and provisions during the year of €665,055
- Payroll for €9,870,194 and the related social expenses amounting to €4,317,189

The financial year shows an operating profit of €15,185,367 compared to €14,398,400 for the previous year.

This increase is the result of an optimal use of the company's integrated production structure.

Financial income and expenses totalled €573,619 and €155,987 respectively compared to €222,360 and €95,397 the previous financial year.

After taking into account an exceptional loss of €143,844, profit sharing with employees of €1,367,456, corporate income tax amounting to €4,761,395, together with the social contribution of €137,762, the net result came to €9,192,542 compared to €8,719,366 for the previous year.

## 2) Developments of stockholders' equity and overdraft

Stockholders' equity amounted to 40.87 million euros on 30<sup>th</sup> September 2011 compared to 34.14 million euros on 30<sup>th</sup> September 2010.

Bank debt is zero and the company has not signed any lease contracts.

## 3) Payment deadlines

Schedule of remaining debts to vendors at 30<sup>th</sup> September 2011:

	Unmatured debt						Outstanding debt	
	Less than 30 days		30 to 60 days		More than 60 days			
	At 30/09/11	At 30/09/10	At 30/09/11	At 30/09/10	At 30/09/11	At 30/09/10	At 30/09/11	At 30/09/10
Total debt to suppliers (in K€)	3,103	5,484	2,340	1,936	4	0	306	0

#### **4) Foreseeable Developments and Prospects for the Future**

Thanks to the large installed base and technological advance, GEA intends to pursue the development of its activity, particularly through the automation of tolling.  
As at 30th September 2011, the order book stood at €74 million, 31% of which were international orders

#### **5) Events Occurring Since the End of the Fiscal Year**

The company continued its activity normally since 30th September 2011.

#### **6) Research and Development Activities**

The company has continued its research and development programme over the past financial year; none of the expenses incurred in this context were converted into fixed assets.

#### **7) Share Buy Back**

On 25th March 2011, the Managing Board was authorised to purchase its own shares on the Stock Market in accordance with Article L.225-209 of the Commercial Code with the aim of stabilising the price of the company share through systematic counter tendency intervention, or otherwise the delivery of shares as payment or exchange in operations of external growth or share cancellation, and under the following conditions:

- Maximum buying price: €100 per share
- Maximum number of shares to be acquired: 10% of total shares

The purchase program was published through a press release sent to the Autorité des Marchés Financiers and made available on ActusNews dated 18th March 2011.

These operations were carried out under a liquidity contract in accordance with the AMAFI Charter of Ethics agreed with an investment service provider. (Liquidity contract concluded 11th July 2005 between the company and the brokerage firm EXANE BNP PARIBAS, renewed tacitly and which has continued to be implemented during the year).

Under the liquidity contract, 24,761 shares were acquired during the year at an average price of €58.58 and 24,968 shares were sold at an average price of €57.09.  
The amount of commissions under the liquidity contract was 12,033 euros excluding VAT for the financial year, of which 2,500 euros excluding VAT were flat rate brokerage fees.

The Managing Board, pursuant to the authorisation granted by the General Meeting held on 25th March 2010 superseding that of 26th March 2009, decided on 25th March 2011 to reduce the capital of the company by an amount of 8,944 euros through the cancellation of 4,472 shares of a nominal value of €2 each, bringing the total number of shares of the company to 1,195,528.

Following this capital reduction, the general meeting of 25th March 2011 decided a capital increase amounting to 8,944 euros, through reserve incorporation, which had the effect of leaving fixed at 2.4 million euros the amount of company capital.

The capital of the company is now divided into 1,195,528 shares of a nominal value of €2.0075 each.

The mention of the nominal value, creating fractions, has been removed from the by-laws of the company.

At the close of the last three financial years:

**On 30th September 2011**, the company held 2,088 shares (0.17% of its capital) for a value of €124,800.

**On 30th September 2010**, the company held 6,767 shares (0.56% of its capital) for a value of €176,115.

**On 30th September 2009**, the company held 5,267 shares (0.43% of its capital) for a value of €94,087.

## 8) Miscellaneous

The company is not under any obligation to produce its accounts to IFRS standards.

However, it has introduced some of the preferential methods of CRC 99-03 regulation, which could apply to GEA's activity in order to come closer to international accounting standards.

Each year since 2004, the company has thus accounted for a provision corresponding to the company's engagements concerning personnel retirement contributions.

Also, as of the financial year 2005/2006, the company has applied CRC 2004-06 regulations concerning the definition, accounting and evaluation of assets and CRC 2002-10 concerning the depreciation of assets.

## II - SUBSIDIARIES, SHARE HOLDING

(Articles L.233-6, L.233-7 and L.247-1 of the Commercial Code)

### 1) Subsidiaries (+50% and +66.66% of the capital)

None

### 2) Share Holding (5%, 10%, 20%, 33.33% and 50 %)

None

## III - RECIPROCAL SHARE HOLDING

No investment of this order was held by our Company during the past financial year, which would have required an alienation of shares described in Article R.233-19 of the Commercial Code.

## IV - DEGREE OF EXPOSURE TO RISK FACTORS

A review of risks was conducted and no other significant risks have been identified other than those listed below:

## **1) Technological risk factors:**

### **Prevention of technological risks**

The company's activities do not come under the provisions of article L.925-102-2 of the Commercial Code relating to installations shown in the list set out in section IV of article L.515-8 of the Environmental Code.

### **New product launches**

Proficiency in equipment design, manufacture and deployment phases ensures a high safety margin for GEA in terms of deadlines. Similarly, this proficiency in conjunction with the quality policy developed within the company reduces breakdown risks to a minimum.

### **Sub-contractor skills**

For reasons of economic effectiveness, the company sub-contracts a fairly small and highly targeted proportion of its production and installation work. The company also strives to ensure at least two sub-contracting sources for the same type of service.

### **Staff skills**

The company is continuing its expansion by concentrating on on-going product innovation, maintaining product quality and providing support services, all of which require a highly qualified and stable workforce. Workforce stability has been clearly asserted since the company was established.

### **Dependence on Key Personnel**

The Company is well structured enough to not be significantly exposed to this risk.

### **Environmental Risks**

Company production does not give rise to pollution risks, either during manufacture or storage.

## **2) Business risk factors:**

### **Advent of new competitors**

To the best of our knowledge, there have been no new competitors in GEA's field of business this year.

### **Falling prices**

GEA works in a competitive market, which may lead to price pressure. Furthermore, GEA may be compelled to offer occasional strategic business gestures, especially in order to enter new export markets.

### **Counterfeiting**

There is a marginal risk of counterfeiting given the on-going technological developments and level of service associated with the sale of this type of product.

### **Customer risks (credit risk and / or matching)**

The customer risk is low given the quality of contracting parties, in particular in France (public sector companies or private sector companies operating concessions).

Abroad, GEA strives to obtain payment by means of firm letters of credit confirmed by a French bank. Furthermore, when significant credit is granted to a customer, GEA usually requests a bank security to guarantee payment.

### 3) Financial risk factors:

#### Exchange rate risks

As in previous years, wherever possible, coverage of exchange rate risk factors has been ensured through forward contracts.

The company also occasionally uses COFACE's cover systems.

As of 30th September 2011 PLN cover (Polish Zloty): Forward sale of PLN 7,083,284 (K€1,608).

#### Interest rate risks

None

#### Commodity risk

None

#### Dilution and takeover risks

The founders and directors hold a clear majority of the voting rights inside the company, which provides protection against hostile public offers.

#### Fluctuations in company shares

##### (Shares and other investments risks)

Since it was listed on the stock market in 1994, GEA has used legal provisions to intervene on the market to regularise its share price against the trend without exception, such interventions being carefully measured.

These took the form of a liquidity contract signed with a specialist brokering company which acts according to the code of practice laid down by the AMF (Autorité des Marchés Financiers).

In the 2010/2011 financial year, the GEA share price varied between €44.34 at the lowest (on 05/10/2010) and €78.50 at the highest (on 01/06/2011).

### 4) Legal and tax risk factors:

#### Disputes

Because of its activities in France and abroad, it may be subject to diverse litigation. GEA has taken out various insurance policies which are adapted to its business activity:

- Legal Liability insurance policies (premium: €59,022; cover: €8,000,000 before delivery and €4,000,000 afterwards, deductible: from 0 to €30,000 according to damage)
- Comprehensive and Business Interruption Loss Insurance (premiums: €103,760 cover: gross margin for the business interruption loss policy, new reinstatement value as well as the reimbursement of the BME after an expert's report, deductibles: none).
- Transported Goods (premiums: €5,327; cover: value of the equipment; deductibles: variable).
- Car Fleet (premiums: €27,929; cover: unlimited for legal liability and value after expert for comprehensive cover; deductibles: none in limited liability and variable according to vehicle type).
- Air Insurance (premiums: €16,158; cover: fuselage cover depending on the type of aircraft, legal liability non transported persons 3 to 7 million euros depending on the type of aircraft, passengers' legal liability €114,500, pilot €152,450).

**Tax and company risk factors**

The company fulfils its tax and social security obligations.

**Intellectual property**

Not applicable.

**5) Liquidity risk:**

Equity amounted to €40.87 million on 30th September 2011 compared with 34.14 million on 30th September 2010.

Bank debt is nil and the company has not entered into any lease contract.

On 30th September 2011 the Company had €39.4 millions of net cash. Cash is invested in money market funds or accounts without capital risk.

**6) Operational Risks:**

In terms of internal control, the company has endeavoured to establish the means it deems best suited to its company profile whose shares are listed on a regulated market, and its French and international activity.

Current business is supervised by members of the Managing Board with a management team consisting of 6 Directors and a Company Secretary:

Mr Tanoukhi, Project Director  
Mr Alexis Zaslavoglou, Research and Development Director  
Mr Mannechez, Software Applications Director  
Mr Ott, Strategy Marketing and Sales Director  
Mr Thoreau, Commercial Director  
Mr Larrang, Commercial Director (American Region)  
Mr Grigori Zaslavoglou, Company Secretary

The Managing Board with its management team oversees operations to prevent and monitor any kind of risks to the company, whether or not linked to the activity; while risks of a more financial character are supervised by Mr Grigori Zaslavoglou, Company Secretary.

Significant commercial offers are validated by at least one member of the Managing Board before being sent to customers. Similarly all contracts are signed by a member of the Board, or with its written permission.

The accounting and financial functions, and management control during the year were assumed by the Company Secretary under the authority of the Managing Board and assisted by an Accounting and Treasury Department composed of 8 people. The Chief Accountant, acting under the authority of the Company Secretary and in accordance with company accounting procedures, ensured the correct and complete invoice record of customers and suppliers.

Accounting function resources are reviewed annually and were found to still be adapted to the size and activity of the company.

Purchases are made for firm projects. Stocks and work in progress are subject to an annual comprehensive physical inventory and a six monthly review. Payments to suppliers are subject to validation by the Purchase Department and / or project managers concerned. A final review before payment is made by a member of the Managing Board.

The policy for the coverage of financial risks of any nature as well as the signing of commitments was monitored, under the supervision of the Managing Board, by the Company Secretary. Financial investments were made on instruction from the Company Secretary, who was also responsible for all company relations with the banks.

As part of the choice made by the company to use bank debt as little as possible, and given the importance and permanence of the treasury, internal financing and cash was controlled by the Company Secretary. He also oversaw periodic checks between cash and accounting and ensured the correction of any anomalies. On each financial closing the Board was informed of the company treasury situation.

The Company Secretary also oversaw the production of financial statements and finalised them with the Chartered Accountant after audit by the External Auditor.

Judicial and tax functions are generally outsourced to specialised firms.

The accounting and management system rests on an internal information system that is backed up by the regular assistance of a chartered accountant, to whom payroll processing is outsourced.

The Managing Board ensures that information conservation requirements, data and processing for the establishment of accounting and financial statements are met.

Accounts are reconciled twice a year.

Forecasts are made annually and revised at the end of each half-year.

The organisation in place thus facilitates comprehensive bookkeeping monitoring, correct evaluation of transactions and the production of accounting and financial data according to accounting standards in effect and accounting rules and methods implemented by the company. The Board has been informed of these principles, approved by the Managing Board and reviewed by the External Auditors. Any change in accounting principle is, where applicable, the subject of consultation with the External Auditor and of information to the Board.

Financial information is controlled by the Auditor in connection with audits and in accordance with current standards.

The establishment of the results, the balance sheet, financial position and annexes are explained to the Board at each published financial closing.

Financial and accounting information is subject to regular publication to shareholders and the financial community under the authority of the Company Secretary and according to a schedule established with the support of an outside legal counsel.

The company has also complied with information obligations resulting from implementation of the Transparency Directive in the Monetary and Financial Code and which have been imposed with effect from 20th January 2007. It will continue to do its best in the application of the regulations.

The internal control procedures are to:

- ensure that the acts of management or the execution of operations as well as the behaviour of individuals follow the guidelines given to company activities by its governing organs, by applicable laws and regulations, and by the internal rules and standards of the company
- verify that the accounting, financial and management information transmitted to the company's organs accurately reflects the company's situation
- prevent the risk of error and fraud within the company
- ensure the safeguarding and protection of assets

Internal control, like any system of control cannot provide absolute assurance that risks are completely eliminated and can only provide reasonable assurance regarding the achievement of objectives.

## **V - SOCIAL INFORMATION**

On 30th September 2011 GEA's total staff was 211.

GEA had no particular difficulties in recruiting.

Overtime was worked on an occasional basis due to temporary activity peaks of installation or commissioning phases on different work sites.

GEA also employed temporary staff due to absent employees and temporary activity peaks for a total of 6,657 days for the financial year 2010/2011.

GEA switched to a 35-hour working week at the beginning of 2000.

Some employees chose to work part-time at their own request; part-time being mostly 4/5th time connected to parental leave or other part-time work.

Salaries represented €9,870,194 for the financial year compared to €8,983,518 for the previous financial year.

Social security charges amounted to €4,317,189 compared to €3,988,352 for 2009/2010.

There is no performance agreement in GEA nor is there a company savings scheme.

GEA paid the sum of €1,367,456 in legal participation for the financial year.

Equal opportunities between men and women appear to be respected within the company, no special measures were taken during the past year and the general policy of equal treatment will be continued.

A collective agreement at company level was concluded during the year.

GEA is subject to the agreements of the Metallurgy Industry.

The working environment and conditions are monitored periodically by GEA's Committee for Health and Safety at Work.

Training programmes were carried out in line with the training plan submitted to the Employees' Representative Council and in accordance with the needs which appeared during the financial year. They resulted in an assessment also submitted to the Employees' Representative Council, which made no comments. As part of its training procedures, the company has incorporated the guidelines of the Act N° 2004-391 of 4th May 2004 relating to continuous training and has in particular informed its employees of their individual training rights.

On 30th September 2011 the corresponding total obligation of the company represents 20,387 hours.

GEA endeavours to employ disabled people (4 workers on 30th September 2011).

In 2011, GEA paid €35,085 to the Fund for the professional integration of disabled people.

GEA subcontracts a relatively small and targeted part of its production and installation work for economic efficiency.

## VI - SHARE HOLDING

### **1) Identity of the Shareholders owning more than a twentieth, a tenth, three twentieths, a fifth, a quarter, a third, half or two-thirds eighteen twentieths or nineteen twentieths of the Registered Capital or voting rights, and/or who have passed these levels during the financial year (article L.233-7.1 of the Commercial Code):**

Shareholders	Number of shareholders		Voting rights thresholds	
	N	N-1	N	N-1
Mr Serge ZASLAVOGLOU	+1/3	+1/3	+1/2	+1/2
CM-CIC Private Capital	-1/20	- 1/20 then + 1/20		

On 29th October 2010 the company CM-CIC Private Capital acting for the funds which it manages said to have gone below the 5% threshold of GEA capital after the sale of shares on the market and was now holding 59,705 shares, i.e. 4.98% of capital and 3.68% of voting rights.

No shareholders agreement is known to the company.

The shares included in a registered account for more than four years have a double voting right.

### **2) Subscription, Purchase or Placing in Security by the Company of its own Shares for the Employee Profit Sharing Scheme**

We hereby inform you that in compliance with the clauses in article L.225-211 of the Commercial Code, no purchase or sale of company shares was made as per articles L.225-208 of the Commercial Code in the past financial year.

The transactions carried out on the company's stock pursuant to Article L.225-209 of the said Code are recalled above in Chapter I §6, with the aim of stabilising the share price of the company share through systematic counter tendency intervention.

### 3) Options for Subscriptions or Purchase of Shares Granted to the Company Employees

No operations as described in the articles L.225-184 of the Commercial Code and 174-20 of the decree were made during the last financial year.

### 4) Proportion of capital held by the employees at the end of the financial year

In compliance with the provisions of Article L.225-102 of the Commercial Code, we would like to point out that the employees of the company do not possess any shares in the company that fall within the scope of a company savings plan provided for by Articles L.443-1 to L.443-9 of the Labour Code or a company open-end investment fund governed by Chapter III of Law No. 88-1201 of 23rd December 1988 concerning mutual asset funds investing in securities and bearing on the creation of receivable pools.

In this regard, we remind you that during the past year, as part of the legal periodical obligation for consultation of shareholders (Article L.225-129-6 paragraph 2 of the Code trade), the general meeting of 25th March 2011 was asked to rule on an increase in capital reserved for employees participating in a business savings plan in accordance with Articles L.3332-18 and L.3332-24 of the Labour Code, involving an amount of €72,000. This resolution was not adopted.

## VII - STOCK MARKET VALUE

GEA shares were listed on the secondary market of the Paris Stock Exchange on 21st June 1994, at the offer price of 120 French Francs (€18.29).

It is currently listed on Eurolist Paris, Compartment C.

On 19th January 2012, the title was trading at €60.80 and on this basis, the market capitalisation of "GEA" was €72.68 million.

## VIII - PROPOSAL FOR PROFIT ALLOCATION

We propose to allocate the profits for the fiscal year amounting to .....€9,192,542.07 to which has been added the sum of .....€10,734.00 which figures in the "Retained earnings" and corresponds to unpaid dividends (shares detained by the company itself) i.e. a total of:.....€9,203,276.07 in the following manner:

- A sum of .....€2,630,161.60 is distributed to shareholders as a dividend, provided that, in the event that during of the payment the company owns some of its own shares, the profit corresponding to the unpaid dividends in respect of such shares will be allocated to "Retained earnings".

- The balance of .....€6,573,114.47 will be transferred to the ordinary reserve.

The dividend returned on each share shall thus be set at .....€2.20

This dividend, from which the social taxes of 13.5% will be deducted (CSG, CRDS, social charge and additional contribution to this charge) will be paid by the company CACEIS Corporate Trust - 14 rue Rouget de Lisle 92130 ISSY LES MOULINEAUX, as of the date of the annual general meeting.

This dividend is eligible for individual shareholders who are tax residents in France, who fulfill the conditions referred to in Article 10, I and III to XVII of the 2008 Finance Act No. 2007-1822 of 24th December 2007, for abatement under 2° of Article 158-3 of the Tax Code.

In accordance with the provisions of this Act, the shareholders who have had this deduction made to their dividend can choose to submit this income to a standard deduction discharge of 21%.

This option must be taken up with CACEIS Corporate Trust at the latest on cashing the dividend. It is irrevocable and cannot be exercised at a later date.

Furthermore we inform you of the sums distributed as dividends for the last three financial years:

Financial Year	Income eligible for the deduction		Income not eligible for the deduction
	Dividends	Other distributed incomes	
2007/2008	€960,000.00	/	/
2008/2009	€1,920,000.00	/	/
2009/2010	€2,400,000.00	/	/

**IX - NON TAX-DEDUCTIBLE EXPENSES**

In accordance with the provisions of articles 223 quarter et quinquies of the General Tax Code, we advise you that the accounts for the financial year include the sum of €13,024, which corresponds to non-tax deductible expenditure (article 39-4 of the General Tax Code).

**X -ASSESSMENT OF THE DIRECTORS' FEES TO BE ALLOCATED TO THE SUPERVISORY BOARD MEMBERS**

We hereby propose that you set the Directors' Fees for members of the Supervisory Board to an overall sum of €40,000 for the current financial year.

**XI - AUTHORISATION TO THE MANAGING BOARD TO MAKE STOCK MARKET CHANGES TO COMPANY SHARES**

In accordance with the provisions of article L.225-209 of the Commercial Code, we request that you decide whether to grant the Managing Board the authority to purchase its own company shares.

For this purpose you are presented with a detailed purchasing programme such as has been drawn up by the Managing Board which you can read and which will be part of a special resolution and subject to your vote.

## **XII - INFORMATION ON COMPANY PARTNERS AND EXECUTIVES**

### **List of company mandates:**

We remind you that following the adoption by the company of a mode of management by a Managing Board and Supervisory Board, the members of the Supervisory Board appointed by the Extraordinary General Meeting of 15th November 2007 are the following:

- Mr Serge ZASLAVOGLU
- Mr Louis-Michel ANGUE
- Mr Henri CYNA
- Mr Pierre GUILLERAND
- Mr Roland ROC
- Mrs Jeannine ZASLAVOGLU

The Supervisory Board meeting the same day appointed Mr Serge ZASLAVOGLU, President of the Supervisory Board and Mrs Jeannine ZASLAVOGLU, Vice Chairman of the Supervisory Board.

Members of the Supervisory Board are appointed for a term of six years and may be re-elected.

The mandates of Mr Serge Alexis ZASLAVOGLU, Chairman of the Managing Board, and Mr Grigori ZASLAVOGLU, Managing Director, were renewed on 25th March 2011 by the Supervisory Board.

Members of the Managing Board are appointed for the duration of four years and can be re-elected. They can be dismissed by the Supervisory Board.

The age limit for the exercise of duties for a member of the Managing Board is 75 years.

The Managing Board is invested with extensive powers to act on behalf of the company in all circumstances within the limit of the objectives and subject to those attributed by law to the Supervisory Board and Shareholder's Meeting.

The Managing Board cannot determine or authorise the issuing of bonds.

In accordance with the provisions of Article L.225-102-1 of the Commercial Code, listed hereafter are the Offices and positions held in all companies by each of the Members of the Boards:

### **1/ Mr Serge ZASLAVOGLU, President of the Supervisory Board**

Number of GEA shares held: 405,938 corresponding to 811,784 voting rights.

#### **Other positions**

- Manager of the real estate company "SCI DE CANASTEL"
- Manager of the real estate company "KALISTE"
- Manager of the real estate company "EPSILON"
- Manager of the real estate company "SCI SANTA CRUZ"
- Manager of the limited liability company (SARL) DEA

**2/ Mr Louis-Michel ANGUE, Member of the Supervisory Board**

Number of GEA shares held: one corresponding to 2 voting rights

**Other positions:** None

**3/ Mr Henri CYNA, Member of the Supervisory Board**

Number of GEA shares held: 350 corresponding to 400 voting rights.

**Other positions:** None

**4/ Pierre GUILLERAND, Member of the Supervisory Board**

Number of GEA shares held: 10 shares corresponding to 20 voting rights

**Other positions:** Member of the supervisory board of the company PGO

**5/ Roland ROC, Member of the Supervisory Board**

Number of GEA shares held: 51 shares corresponding to 52 voting rights

**Other positions:** None

**6/ Jeannine ZASLAVOGLU, Vice-Chairman of the Supervisory Board**

Number of GEA shares held: 1,600 shares corresponding to 1,600 voting rights

**Other positions:** None

**7/ Mr Serge Alexis ZASLAVOGLU, President of the Managing Board**

Number of GEA shares held: 21,800 shares corresponding to 29,900 voting rights

**Other positions:** None

**8/ Mr Grigori ZASLAVOGLU, Managing Director**

Number of GEA shares held: 26,700 shares corresponding to 34,700 voting rights

**Other positions:**

- Manager of the GEA branch in the Ivory Coast
- Manager of the GEA branch in Greece
- Manager of the GEA branch in Tunisia

**Compensation of company executives**

Pursuant to the provisions of Article L.925-102-1, sub-paragraph 3 of the Commercial Code, we will render account hereafter of the total compensation and benefits of any kind paid during the past fiscal year to each company representative and will also indicate the commitments of any kind made by the Company for the benefit of its company executives, corresponding to compensation items, allowances, or benefits likely to be owed for their responsibilities, as well as the methods of determining these commitments, namely

- Mr Serge Alexis ZASLAVOGLU: €208,041.28 as follows:

Type of remuneration	Financial Year 2010/2011		Financial Year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Expenses reimbursement	€8,041.28	€8,041.28	€8,118.31	€897.67
Benefit in kind (in a personal use of the company aircraft)	None	None	None	None
Remuneration as Chairman of the Supervisory Board	€100,000	€75,000	€100,000	€75,000
Attendance fees	€10,000	€10,000	€10,000	€10,000
Income for specific missions	€90,000	€90,000	€90,000	€90,000
<b>TOTAL</b>	<b>€208,041.28</b>	<b>€183,041.28</b>	<b>€208,118.31</b>	<b>€175,897.67</b>

- Mr Serge Alexis ZASLAVOGLU: €334,699.93 as follows:

Type of remuneration	Financial Year 2010/2011		Financial Year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Gross fixed annual salary, paid holidays and seniority premium under the employment contract	€103,666.31	€103,666.31	€78,467.72	€78,467.72
Variable salary under the employment contract according to the level of business of the company	€147,853.38	€147,853.38	€112,457.98	€112,457.98
Variable pay according to the operating result of the company under the Board mandate (President of the Managing Board)	€40,000	€24,000	€40,000	€24,000
Expenses reimbursement	€23,753.24	€23,753.24	€28,625.93	€28,625.93
Benefit in kind (in a personal use of the company aircraft)	€19,427	€0.00	€6,481	€0.00
Specific Advantages for termination or change of function (deferred pay, severance and pension obligations, termination without cause real and serious or loss of employment due to a public offer)	None	None	None	None
<b>TOTAL</b>	<b>€334,699.93</b>	<b>€299,272.93</b>	<b>€266,032.63</b>	<b>€243,551.63</b>

- Mr Henri CYNA: €9,902.73 as follows:

Type of remuneration	Financial Year 2010/2011		Financial Year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
Benefit in kind (in a personal use of an ETC Badge)	€78.09	€78.09	€101.70	€101.70
Reimbursement of expenses	€3,824.64	€3,824.64	€0	€0
<b>TOTAL</b>	<b>€9,902.73</b>	<b>€9,902.73</b>	<b>€5,501.70</b>	<b>€5,501.70</b>

- **Mr Louis-Michel ANGUE:** €6,000 as follows:

Type of remuneration	Financial Year 2010/2011		Financial Year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
<b>TOTAL</b>	<b>€6,000</b>	<b>€6,000</b>	<b>€5,400</b>	<b>€5,400</b>

- **Monsieur Pierre GUILLERAND:** €6,000 as follows:

Type of remuneration	Financial Year 2010/2011		Financial Year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
<b>TOTAL</b>	<b>€6,000</b>	<b>€6,000</b>	<b>€5,400</b>	<b>€5,400</b>

- **Mr Roland ROC:** €6,000 as follows:

Type of remuneration	Financial Year 2010/2011		Financial Year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
<b>TOTAL</b>	<b>€6,000</b>	<b>€6,000</b>	<b>€5,400</b>	<b>€5,400</b>

- **Mrs Jeannine ZASLAVOGLU:** €6,000 as follows:

Type of remuneration	Financial Year 2010/2011		Financial Year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
<b>TOTAL</b>	<b>€6,000</b>	<b>€6,000</b>	<b>€5,400</b>	<b>€5,400</b>

- **Mr Grigori ZASLAVOGLU:** €182,123.31 as follows:

Type of remuneration	Financial Year 2010/2011		Financial Year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Gross fixed annual salary, paid holidays and seniority premium under the employment contract	€79,051.71	€79,051.71	€74,598.85	€74,598.85
Variable salary under the employment contract according to the level of business of the company	€36,963.28	€36,963.28	€28,114.43	€28,114.43
Variable pay according to the operating result of the company under the Board mandate (President of the Managing Board)	€40,000	€24,000	€40,000	€24,000
Expenses reimbursement	€670.32	€670.32	€8,860.29	€0.00
Benefit in kind (in a personal use of the company aircraft)	€25,438	€0.00	€26,162	€0.00
Specific Advantages for termination or change of function (deferred pay, severance and pension obligations, termination without cause real and serious or loss of employment due to a public offer)	None	None	None	None
<b>TOTAL</b>	<b>€182,123.31</b>	<b>€140,685.31</b>	<b>€177,735.57</b>	<b>€126,713.28</b>

### **XIII - SUMMARY OF OPERATIONS PERFORMED ON THE SHARES OF THE COMPANY BY EXECUTIVES DURING THE YEAR**

None

### **XIV - RENEWAL OF THE DIRECTORS' AND AUDITORS' MANDATES**

1/ The mandates of the members of the Supervisory Board shall end in the year 2013, after the Annual Ordinary Shareholders' Meeting.

2/ The mandates of the members of the Managing Board ended in the year 2011, after the Annual Ordinary Shareholders' Meeting.

The Supervisory Board at its meeting held after the Ordinary General Meeting of 25th March 2011, has renewed the mandates of Members of the Managing Board Serge ZASLAVOGLU Alexis and Mr. Grigori ZASLAVOGLU for a further period of four years.

3/ The mandates of the Statutory Auditors shall end after the Annual Ordinary Shareholders' Meeting deciding on the financial statements for the fiscal year ending on 30th September 2011.

In this regard, we propose to renew the mandate of the company "GRANT THORNTON "As a statutory auditor, and that of society" INSTITUTE MANAGEMENT AND ACCOUNTING - IGEC "as deputy Statutory Auditor, for a period of six years at the next annual general meeting

### **XV - OBSERVATIONS FROM THE EMPLOYEES REPRESENTATIVE COUNCIL**

We hereby state that the employees' representative council convened on 20th January 2012 had no observations to make regarding the accounts of the past financial year, as authorised by the provisions of article L.432-4 of the French Labour Code.

### **XVI - CONVENTIONS STIPULATED BY ARTICLES L.225-79-1, L.225-86 and L.225-90-1 OF THE COMMERCIAL CODE**

We hereby request that you approve the agreements and commitments stipulated by above mentioned articles, duly authorised by the Company Supervisory Board during the financial year.

Your Statutory Auditor has been informed of these agreements and commitments that it will cover in its special report, it being specified that we have informed it, on the other hand, in accordance with Article R.225-59 of the Commercial Code, of the agreements described in Article L.225-87 of the said Code bearing on current operations and signed under normal conditions.

## **XVII - AUDIT BY THE STATUTORY AUDITOR**

In compliance with legal and regulatory provisions, the Statutory Auditor's reports are available for consultation.



We hope that the preceding propositions will receive your approval and that you will be willing to approve the resolutions being submitted to you.

The Managing Board

## RESULTS (AND OTHER TYPICAL ELEMENTS) OF THE COMPANY DURING THE LAST FIVE FINANCIAL YEARS

(in euros)

NATURE OF THE ITEMS	Financial year 2006/2007	Financial year 2007-2008	Financial year 2008-2009	Financial year 2009-2010	Financial year 2010-2011
<b>I - CAPITAL AT THE END OF THE FINANCIAL YEARS</b>					
Registered capital	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
N° of ordinary shares	1,200,000	1,200,000	1,200,000	1,200,000	1,195,528
N° of shares with priority dividend (with voting right)	0	0	0	0	0
Max. Number of shares to be created in the future	0	0	0	0	0

<b>II - OPERATIONS AND RESULTS OF THE FINANCIAL YEARS</b>					
Turnover	39,441,303	42,091,245	55,439,150	60,516,653	70,604,925
The result before tax, employee profit sharing and depreciation allowances and provisions	1,475,529	4,779,293	11,961,805	15,258,007	16,284,707
Tax on profits	153,871	1,544,301	3,601,778	4,598,045	4,899,157
Sum due for the profit sharing scheme for the financial year	0	538,035	1,014,850	1,225,742	1,367,456
Result after taxes, profit, sharing and depreciation allowances and provisions	1,125,663	2,471,136	6,889,362	8,719,366	9,192,542
Profit distributed	480,000	960,000	1,920,000	2,400,000	2,630,162

<b>III - PROFITS PER SHARE</b>					
Result after taxes, profit sharing but before depreciation allowances and provisions	1.10	2.25	6.12	7.86	8.38
Result after taxes, profit sharing and depreciation allowances and provisions	0.94	2.06	5.74	7.27	7.69
Dividend allocated per share	0.40	0.80	1.60	2.00	2.20

<b>IV - PERSONNEL</b>					
Average workforce employed during the financial year	189	182	191	202	214
Total amount of salaries paid	8,001,388	7,862,371	8,665,607	8,983,518	9,780,194
Amount of sums paid for fringe benefits during the financial year (social security, social works, etc.)	3,438,788	3,410,168	3,690,986	3,988,352	4,317,189

## **TABLE OF VALID DELEGATIONS GRANTED BY THE GENERAL MEETING OF SHAREHOLDERS TO THE MANAGING BOARD IN THE FIELD OF CAPITAL INCREASES PURSUANT TO ARTICLE L.225-100 PARAGRAPH 7 OF THE COMMERCIAL CODE.**

Date of the General Assembly	Purpose of the Delegation	Duration of validation of the delegation	Date of use of the delegation, if any	Terms of use of delegation
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None

## **REPORT OF THE SUPERVISORY BOARD To the Annual General Shareholders' Meeting of 27<sup>th</sup> March 2012**

Ladies and Gentlemen,

We would like to remind you that in application of Article L.225-68 of the Commercial Code, the Supervisory Board must present its comments on the annual financial statements approved by the Managing Board to the Annual Shareholders' General Meeting, as well as on the Management Report submitted to the meeting.

We specify that the annual financial statements for the fiscal year ending on 30th September 2011 and the Management Report were provided to the Supervisory Board within the deadlines set out in the legal and regulatory provisions.

The financial statements for the said fiscal year reveal the following main items:

- Balance sheet total: €68,319,163
- Revenues: €70,604,925
- Result of the financial year: €9,192,542 profit

We have no specific comments to make, neither concerning the Management Board Report nor the financial statements for the fiscal year ending on 30th September 2011.

Completed in MEYLAN  
19th January 2011  
The Supervisory Board

# **STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

## **For the financial year closed as at 30th September 2011**

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 30th September 2011 on:

- the audit of the accompanying financial statements of the company GEA
- the justification of our assessments
- the specific verifications and information required by law

These financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

### **1 Opinion on the financial statements**

We conducted our audit in accordance with the professional standards applicable in France, those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements.

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at September 30th, 2011 and of the results of its operations for the year then ended, in accordance with French accounting principles.

### **2 Justification of assessments**

In accordance with the requirements of article L.823-9 of the French Commercial Code, relating to the justification of our assessments, we bring to your attention the following matter:

The method of revenue recognition is described in the note 2 i) of the notes on the financial statements.

Based in our assessment of the rules and accounting principles applicable by your company, we checked the accounting method and its correct application.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### **3 Specific verifications and information**

We have also performed in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no comments on:

- the fair presentation and conformity with the financial statements of the information given in the Management Board's report, and in the documents addressed to the shareholders concerning the financial position and the financial statements
- the fair information given in the Management Board's report relating to the salaries and benefits paid to Corporate Officers concerned and the engagement granted to them on the occasion of the arrival, suspension or change of duties or subsequently to it

In accordance with the law, we verified that the Management Board's report contained the appropriate disclosures as to the identity of the shareholders and votes.

Lyon, 30th January 2012

The statutory auditor  
**Grant Thornton**  
**French member of Grant Thornton International**

François Cayron  
Partner

# BALANCE SHEET

## For the years ended 30<sup>th</sup> September 2011 and 2010

(Currency: Euros)

ASSETS		30/09/11	30/09/10	Note
<b>CURRENT ASSETS</b>				
Liquid assets	39,414,722	31,556,633	10	
Accounts receivable	14,921,807	17,030,273	9	
Advances to suppliers	0	0		
Inventory	12,116,184	14,212,825	8	
Prepaid expenses	404,799	668,187	9	
<b>TOTAL CURRENT ASSETS</b>	<b>66,857,512</b>	<b>63,467,918</b>		
<b>FIXED ASSETS</b>				
Long term investments		161,698	204,665	5
Property, plant and equipment		1,271,391	1,331,076	4
Intangible assets		28,562	27,143	3
<b>TOTAL FIXED ASSETS</b>		<b>1,461,651</b>	<b>1,562,884</b>	
<b>TOTAL ASSETS</b>		<b>68,319,163</b>	<b>65,030,802</b>	
<b>CURRENT LIABILITIES</b>				
Accounts payable		7,955,434	11,076,098	13
Advances from customers		222,608	0	
Taxes and social security payable		5,540,508	6,807,319	13
Short-term loans		4,408	11,840	
Deferred revenue		11,593,680	11,327,032	13
<b>TOTAL CURRENT LIABILITIES</b>		<b>25,316,638</b>	<b>29,222,289</b>	
<b>LONG-TERM LIABILITIES</b>				
Long-term loans		0	0	
Estimated liabilities		2,130,512	1,665,189	12
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>2,130,512</b>	<b>1,665,189</b>	
<b>SHAREHOLDERS' EQUITY</b>				
Share capital		2,400,000	2,400,000	11
Share premium		2,927,021	2,927,021	11
Legal reserve		240,000	240,000	11
Other reserve		0	0	11
Retained earning		26,101,716	19,848,887	11
Amount carried forward		10,734	8,050	11
Net income		9,192,542	8,719,366	11
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>40,872,013</b>	<b>34,143,324</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>68,319,163</b>	<b>65,030,802</b>	

## INCOME STATEMENT

### For the years ended 30th September 2011 and 2010

(Currency: Euros)

	30/09/11	30/09/10	Note
Sales and other operating revenue	68,213,841	67,288,270	16
Operating expenses	-52,363,419	-52,175,015	19
Depreciation, provisions	-665,055	-714,855	20
Operating income	15,185,367	14,398,400	
Net Financial Items	417,632	126,963	
Net Extraordinary Items	-143,844	17,789	21
Profit sharing	-1,367,456	-1,225,742	
Taxation	-4,899,157	-4,598,044	18
<b>NET INCOME</b>	<b>9,192,542</b>	<b>8,719,366</b>	

The accompanying notes are an integral part of these balance sheets and statements of income.

# CASH FLOW STATEMENT

## For the years ended 30<sup>th</sup> September 2011 and 2010

(In thousand Euros)

	sept-11	sept-10
<b>OPERATING ACTIVITIES</b>		
Net income	9,193	8,719
Depreciation, amortization and provision	882	716
Profit or loss on disposal of assets	-162	-24
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>9,912</b>	<b>9,411</b>
Change in accounts receivable	2,372	-1,520
Change in inventories and work in progress	2,097	-8,745
Change in account payable	-3,898	5,229
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>10,482</b>	<b>4,375</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions of fixed assets	-360	-514
Disposal of fixed assets	168	30
Net investments	-192	-484
Net financial investments	-36	-76
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>	<b>-228</b>	<b>-560</b>
<b>FINANCING ACTIVITIES</b>		
Capital increase	0	0
Dividends paid	-2,389	-1,920
New short-term loans	0	0
Reduction in long term debts	0	0
Change in current account	0	0
<b>NET CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>	<b>-2,389</b>	<b>-1,920</b>
<b>NET CHANGE IN BANK DEPOSITS</b>	<b>7,865</b>	<b>1,895</b>
BANK DEPOSITS AT 1 <sup>ST</sup> OCTOBER	31,546	29,651
<b>BANK DEPOSITS AT 30<sup>TH</sup> SEPTEMBER</b>	<b>39,412</b>	<b>31,546</b>

# NOTES ON THE FINANCIAL STATEMENTS

(Amounts given in Euros)

30<sup>th</sup> September 2011

GEA is a French manufacturer of toll collection equipment

## Note n° 1: Significant Events of the Year

No significant event occurred during the year.

## Note n° 2: Accounting Principles

The financial statements have been prepared in accordance with the following principles generally accepted in France:

- Going concern
- Consistency principle
- Accrual basis of accounting

All accounting values have been assessed according to the historical cost principle.

No exception to generally accepted accounting principles has been made.

### a) Intangible Assets

Depreciation is provided on the straight-line method for the estimated useful life:

- Software: 12 months

Research and development expenditures are charged to profit and loss account.

### b) Tangible Assets

Tangible assets are valued at their historical cost.

Depreciation is provided on the straight-line and declining balance methods for financial accounting purposes over the following estimated useful lives :

- Machinery and equipment: 3 to 10 years
- Fixtures 5 to 15 years
- Transportation equipment 1 to 15 years
- Office equipment 1 to 10 years

### c) Investments

Investments are valued at acquisition cost. Depreciation is provided for the difference between acquisition cost and the fair value.

The fair value is assessed on the owner's equity, the expected profitability and business prospects.

**d) Payable and Receivable Trade Accounts**

They are valued at historical cost. If necessary, depreciation is provided for doubtful accounts.

**e) Inventories and Goods in Progress**

Raw materials are valued on a FIFO basis. Goods in progress are valued at the lower cost between production cost and liquidation price. It includes raw materials and direct labour costs together with general expenses related to production, except for financial expenses.

**f) Short Term Investment**

Financial investments concern mutual funds as well as quoted shares. Mutual funds are valued on a FIFO basis. If necessary, depreciation is provided for the difference between acquisition and the fair value. Quoted shares are valued at the financial year-end price.

**g) Foreign currency operations**

Payable and receivable accounts are valued according to the corresponding foreign currency value on closing day. The difference generated by this conversion is seen on the balance sheet as unrealised exchange gains and losses. Depreciation is provided for possible loss. Covered accounts are valued at coverage cost.

**h) Turnover**

The turnover is constituted of the amounts to be invoiced to clients according to contractual agreements (specifications).

The invoicing is completed according to the work in progress, via succeeding situations.

Other works are recognised as goods in progress.

**i) Profit Margin**

The profit margin on long-term contracts is recognised when works are completed.

**j) Pension Commitments**

Pension commitments are accounted based on the retirement allowances defined by the collective agreement including social charges. The provision corresponds to the updated allowances that would be allocated to the 65-year-old staff considering the expectation of life and the turnover rate estimated for each employee.

Commitments are calculated according to the INSEE table of 2003-2005.

### Note n° 3: Intangible Assets

	Sept-11	Sept-10
Intangible assets	28,562	27,143

Intangible assets include software.

### Note n° 4: Tangible Assets

The company owns the following property and equipment:

	Sept-11	Sept-10
Machinery and equipment	106,535	126,233
Fixtures	267,711	259,329
Transportation equipment	718,428	781,691
Other assets	178,717	163,823
Assets in progress	0	0
<b>TOTAL</b>	<b>1,271,391</b>	<b>1,331,076</b>

### Note n° 5: Shares and Investments

	Sept-11	Sept-10
Shares	0	0
GEA shares	128,786	176,116
Other investments	36,898	28,549
<b>TOTAL</b>	<b>165,684</b>	<b>204,665</b>
Depreciation	-3 986	0
<b>TOTAL</b>	<b>161,698</b>	<b>204,665</b>

### Note n° 6: Investment Companies' Shares

Investment companies' shares are composed of 2,088 G.E.A. shares. The selling value as at 30th September 2011 is €124,800 for an accounting value of €128,786.

During the year, 4,472 GEA shares were cancelled by a capital decrease and a reduction of retained earnings

### Note n° 7: Related company disclosures

No share in a related company appears in the assets.

### Note n° 8: Inventory and Goods in Progress

	Sept-11	Sept-10
Raw materials and spare parts	4,582,749	4,163,360
Raw materials depreciation provision	65,453	118,925
Goods in progress	7,598,888	10,168,390
<b>TOTAL</b>	<b>12,116,184</b>	<b>14,212,825</b>

### Note n° 9: Trade and Other Debtors

	Sept-11	Sept-10
Trade debtors	14,209,567	16,308,575
Other debtors	712,240	721,698
	14,921,807	17,030,273
Less: allowance for doubtful accounts	0	0
	14,921,807	17,030,273
Prepaid expenses	404,799	668,187
<b>TOTAL</b>	<b>15,326,606</b>	<b>17,698,460</b>

### Note n° 10: Liquid Assets

Liquid assets are composed of securities as well as cash and bank deposits:

	Sept-11	Sept-10
Securities	1,904,803	1,940,884
Cash and bank deposits	37,509,919	29,615,749
<b>TOTAL</b>	<b>39,414,722</b>	<b>31,556,633</b>

### Note n° 11: Shareholder's Equity

The share capital is divided into 1,195,528 shares, worth €2.0075 each (after capital decrease explained note n°6 and capital increase of the same amount).

Shares held for over 4 years become double-voting.

### Note n° 12: Estimated Liability

	Sept-11	Sept-10
Provision for guarantee on domestic and export works	728,899	620,747
Provision for foreign exchange risk	278,037	0
Provision for pension commitment	1,123,575	1,044,442
<b>TOTAL</b>	<b>2,130,511</b>	<b>1,665,189</b>

### Note n° 13: Trade and Other Creditors due within One Year

	Sept-11	Sept-10
Trade creditors	7,589,186	10,942,165
Other liabilities	366,248	133,933
Other creditors including taxation and social security	5,540,508	6,807,319
<b>TOTAL</b>	<b>13,495,942</b>	<b>17,883,417</b>
Prepaid receivables	11,593,680	11,327,032

### Note n° 14: Accrued Liabilities

	Sept-11	Sept-10
Trade creditors	1,836,336	3,522,738
Tax and payroll	4,200,999	4,055,484
Other creditors	355,886	136,652
<b>TOTAL</b>	<b>6,393,221</b>	<b>7,714,874</b>

### Note n° 15: Commitments

Forward exchange coverage

KPLN	7,083	K€ : 1,608
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Off - balance sheet assets:  
Bank guarantee: 9,486 K€

### Note n° 16: Information by Business Activity and Area

	France	Export	Turnover
Production	41,532,139	25,522,078	67,054,218
Services	937,517	2,613,190	3,550,707
<b>TOTAL</b>	<b>42,469,656</b>	<b>28,135,268</b>	<b>70,604,925</b>

### Note n° 17: Information on Staff

	Sept-11	Sept-10
Wages and salaries	9,870,194	8,983,518
Social security	4,317,189	3,988,352
<b>TOTAL</b>	<b>14,187,383</b>	<b>12,971,870</b>

- Number of employees:

	Sept-11	Sept-10
Management	91	84
Employees	120	122
<b>TOTAL</b>	<b>211</b>	<b>206</b>

### Note n° 18: Income Tax

	Income	Income Tax
Operating income	15,602,999	-4,853,719
Profit sharing	-1,367,456	-
Extraordinary items	-143,844	-45,438
<b>Net income</b>	<b>14,091,699</b>	<b>-4,899,157</b>

### Note n° 19: Operating expenses

Operating expenses include the following:

	Sept-11	Sept- 10
Cost of sales	29,649,106	30,936,576
Payroll	14,187,383	12,971,870
Tax expenses	1,148,040	1,126,169
Other operating expenses	7,378,890	7,140,400
<b>TOTAL</b>	<b>52,363,419</b>	<b>52,175,015</b>

### Note n° 20: Depreciation and Provision Expenses

	Sept-11	Sept- 10
Depreciation on intangible assets	84,058	112,694
Depreciation on tangible assets	328,259	294,070
Allocation to provision for raw materials depreciation	65,453	118,925
Allocation to provision for doubtful accounts	0	0
Allocation to provision for guarantee on domestic and export works	108,152	6,818
Allocation to provision for pension commitment	79,133	182,348
<b>TOTAL</b>	<b>665,055</b>	<b>714,855</b>

### Note n° 21: Extraordinary items

Extraordinary items (profit)	15,069
Extraordinary items (loss)	-42,912
Net profit on tangible assets sale	162,037
Depreciation other contingency provision	-278,037
<b>TOTAL</b>	<b>-143,844</b>

## Note n° 22: Subsidiaries and Investments

Subsidiaries	Capital	Interest percentage	Shares gross value	Loans and advances	Turnover	Cashed in dividends
	Reserves and carry forward in local currency		Shares net value in €	Guaranties and backings in €	Net income in €	
Total Subsidiaries			0			
GEA Share			128,786			
Total securities (Gross value)			124,800			

## Note n° 23: Cash Flow Charts

Cash is defined by the company as the total of:

- Inflows values
- Demand deposits in the banks
- Cash accounts
- Short term securities, net with valuation allowance if necessary

Short term securities are very liquid investments, the value of which is not supposed to change in a significant manner.

The cash flow chart is shown according to the indirect method, from the net benefit.

# CORPORATE GOVERNANCE

## **Supervisory Board Chairman's report regarding the rules governing the preparation and organisation of the Board of Directors' work, and the internal control procedures established by the company**

Ladies and Gentlemen,

This report, which supplements that of the Managing Board, sets forth the rules and administrative modalities governing the preparation and organisation of the Supervisory Board's work during the financial year, as well as the internal control procedures established by the company, pursuant to the provisions of article L. 225-68 of the Commercial Code.

To write this report, we referred to AFEP-MEDEF amended by the recommendations of 6th October 2008 and we relied on the AMF Reference Guide on internal control for small and mid-caps available on the AMF website [www.amf-france.org](http://www.amf-france.org)

During its meeting on 25th March 2011 the Supervisory Board decided to waive rule 19 of the AFEP-MEDEF maintaining employment contracts of Managing Board members upon renewal of their mandates. The Council took the view that it was in the interest of the company, both operationally and financially, not to forego skills exercised by the Managing Board members under their employment contracts.

## **I- RULES GOVERNING THE PREPARATION AND ORGANISATION OF THE SUPERVISORY BOARD'S WORK**

### **- Composition of the Board and application of the principle of balanced representation of men and women within it.**

As a result of adopting a method of management of the company with a Managing Board and a Supervisory Board, the Supervisory Board members appointed by the Extraordinary General Meeting on 15th November 2007 are as follows:

- Mr Serge ZASLAVOGLU
- Mr Louis-Michel ANGUE
- Mr Henri CYNA
- Mr Pierre GUILLERAND
- Mr Roland ROC
- Mrs Jeannine ZASLAVOGLU

In accordance with the provisions of Article L. 226-9-1 of the Commercial Code, resulting from Act No. 2011-103 of January 27th 2011 and effective thereafter, on 19th January 2012 the Supervisory Board deliberated about the steps envisaged to feminize its composition for a more balanced representation.

### **- Organisation and working of the Supervisory Board**

The term of office is 6 years and the number of members over 75 may not exceed one third of the total members.

Each member must own at least one GEA share.

The number of Board members associated with the company by an employment contract cannot exceed one third of the members in office. No member of the Supervisory Board is bound to the Company by a contract of employment.

The Supervisory Board meeting the same day appointed Mr Serge ZASLAVOGLU, President of the Supervisory Board and Mrs Jeannine ZASLAVOGLU, Vice Chairman of the Supervisory Board

The mandates of Mr Serge Alexis ZASLAVOGLU, Chairman of the Managing Board, and Mr Grigori ZASLAVOGLU, Managing Director, were renewed on 25<sup>th</sup> March 2011 by the Supervisory Board.

During the 2010/2011 financial year the Supervisory Board met five times:

- On 26<sup>th</sup> November 2010 it examined the Managing Board report for the fourth quarter of fiscal year 2009/2010.

- On 19<sup>th</sup> January 2011 it examined the accounts of the previous year and the annual report of the Managing Board, the activity of the first quarter of fiscal year based on the report of the Managing Board, the agreements referred to in Article L.225-86 of the Commercial Code and the Chairman's report on the conditions of preparation and organisation of work of the Supervisory Board and internal control. The Supervisory Board considered the various risks that the company could be facing and heard and appreciated the protective measures used by the Managing Board. It has developed its report based on the report of the Managing Board and on the accounts for the year 2009/2010. The Board also reviewed a draft of a capital increase of €8,944 as part of the cancellation of shares of the same amount and a proposed capital increase for employees in accordance with Article L 225 - 129-6 of the Commercial Code. It also considered a plan to remove the reference to the nominal value of the action in the articles of association of the company.

- On 25<sup>th</sup> March 2011 it decided on the distribution of attendance fees among Board members, authorised an agreement referred to in Article L.225-86 of the Commercial Code, renewed the mandates of Managing Board members and examined their remuneration.

- On 31<sup>st</sup> May 2011 it considered the second quarter report of the Managing Board, the forecast documents prepared by the Managing Board, the half-yearly financial report of the Managing Board.

- On 12<sup>th</sup> August 2011 it considered the activity report of the Managing Board of the third quarter and authorised two conventions referred to in Article L.225-86 of the Commercial Code.

#### **- Evaluation of work of the Supervisory Board**

During the past fiscal year, the members of the Supervisory Board examined their practices regarding corporate governance, especially procedures for work preparation and organisation, and assessed the adequacy of the organisation in relation to the assignment.

The aim was to apply the recommendations set forth by the new economic regulations laws as well as by the VIENOT and BOUTON reports, found to be compatible with the company's size and business volume.

The Supervisory Board judged that it was not necessary to put in place self-assessment rules, given the existing relations among the members of the Board (6 members, including 4 independent members who were not part of the Chairman's immediate family); it nevertheless regularly discussed, informally, the quality of the work and how to improve it.

**- Limitations to the Managing Board's powers set by the Supervisory Board**

Members of the Managing Board are appointed for four years and can be re-elected. They may be removed, by the Supervisory Board if necessary. The age limit for performing duties of Board member is 75 years. The Managing Board is vested with powers to act in all circumstances on behalf of the company within the limits of the company purpose and subject to powers granted by law to the Supervisory Board and at shareholders meetings. The Managing Board is not entitled to decide or authorise the issuing of bonds.

**II- INTERNAL CONTROL PROCEDURE****- Objectives of Internal Control**

The purposes of internal control procedures are:

- To ensure that the acts of management or the execution of operations, as well as the behaviour of individuals, fall within the scope of the orientations of the company's activities determined by its governing organs, by the law and regulations applicable and by the values, standards and internal rules established in the company
- To verify that the accounting, financial and managerial information transmitted to the company's social organs gives a truthful picture of the company's situation
- To avoid risks of error and fraud within the company
- To preserve and protect the assets

An internal control, as is the case with any control system, does not provide an absolute guarantee of total elimination of risks, but gives only a reasonable assurance that the objectives are met.

The main risks (including factors which may impact in the case of a public offer) to which the company is exposed are described in Title IV of the management report on operations for the year ended 30/09/11, published within the annual financial report on 31st January 2012 and available on the company website. The management of these risks is also described at title IV of the report.

Information on the capital structure is covered at title VI of the management report.

**- Summary Description of the General Organisation of the Internal Control Procedures**

Regarding internal control procedure itself, the company has endeavoured to establish the means that are most appropriate to the company profile whose shares are listed on a regulated market, and to its French and international business.

Current business is supervised by members of the Managing Board with a management team consisting of 6 Directors and a Company Secretary:

- Mr Tanoukhi, Project Director
- Mr Alexis Zaslavoglou, Research and Development Director
- Mr Mannechez, Software Applications Director
- Mr Ott, Strategy Marketing and Sales Director
- Mr Thoreau, Commercial Director
- Mr Larrang, Commercial Director (American Region)
- Mr Grigori Zaslavoglou, Company Secretary

The Managing Board with its management team oversees operations to prevent and monitor any kind of risks to the company, whether or not linked to the activity; while risks of a more financial character are supervised by Mr Grigori Zaslavoglou, Company Secretary.

Significant commercial offers are validated by at least one member of the Managing Board before being sent to customers. Similarly all contracts are signed by a member of the Board, or with its written permission.

The accounting and financial functions, and management control during the year were assumed by the Company Secretary under the authority of the Managing Board and assisted by an Accounting and Treasury Department composed of 8 people. The Chief Accountant, acting under the authority of the Company Secretary and in accordance with company accounting procedures, ensured the correct and complete invoice record of customers and suppliers.

Accounting function resources are reviewed annually and were found to still be adapted to the size and activity of the company.

Purchases are made for firm projects. Stocks and work in progress are subject to an annual comprehensive physical inventory and a six-monthly revue.

Supplier Payments are subject to validation by the Purchase Department and / or project managers concerned. A final inspection before payment is made by a member of the Managing Board.

The policy for the coverage of financial risks of any nature as well as the signing of commitments was monitored by the Company Secretary under the supervision of the Managing Board. Financial investments were made on instruction from the Company Secretary, who also assumed the whole of the company relations with the banks.

As part of the choice made by the company to use bank debt as little as possible, and given the importance and permanence of the treasury, internal financing and cash was controlled by the Company Secretary. He also oversaw periodic checks between cash and accounting and ensured the correction of any anomalies. On each financial closing the Board was informed of the company treasury situation.

The Company Secretary also oversaw the production of financial statements and finalised them with the Chartered Accountant after audit by the External Auditor.

#### **- Judicial and Tax Functions**

Judicial and tax functions are generally outsourced to specialised firms.

#### **- Internal control procedures related to accounting and financial information**

The accounting and management system rests on an internal information system that is backed up by the regular assistance of a chartered accountant, payroll processing being outsourced to the latter.

The Managing Board ensures that information conservation requirements, data and processing for the establishment of accounting and financial statements are met.

Accounts are reconciled twice a year.

Forecasts are made annually and revised at the end of each half-year.

The organisation in place thus facilitates comprehensive monitoring of the bookkeeping, correct evaluation of transactions and the production of accounting and financial data according to accounting standards in effect and accounting rules and methods implemented by the company.

The Supervisory Board has validated these principles which have been approved by the Managing Board and reviewed by the External Auditors. Any change in accounting principle is, where applicable, the subject of consultation with the External Auditor and of information to the Board.

Financial information is controlled by the Auditor during audits in accordance with current standards.

The establishment of the results, the balance sheet, financial position and annexes are explained to the Supervisory Board at each published financial closing.

Financial and accounting information is subject to regular publication to shareholders and the financial community under the authority of the Company Secretary and according to a schedule established with the support of an outside legal counsel.

The company has also complied with information obligations resulting from implementation of the Transparency Directive in the Monetary and Financial Code and which have been imposed with effect from 20th January 2007. It will continue to strive on the application of these regulations.

### **III- RULES RELATING TO THE PARTICIPATION OF SHAREHOLDERS TO THE GENERAL ASSEMBLY**

There are no special conditions regarding the participation of shareholders in the general meeting. The modalities of participation are those defined by law and provisions in articles of association of the company relating thereto (Article 33).

### **IV- PRINCIPLES AND RULES ADOPTED BY THE SUPERVISORY BOARD TO DETERMINE THE REMUNERATION AND BENEFITS OF ANY KIND GRANTED TO BOARD MEMBERS**

At the 21st December 2007 meeting, the Supervisory Board gave Mr Cyna, one of its members, the mission of studying and proposing remuneration for company Board Members, based on opinion and expertise of firms in this field, where needed.

Mr Cyna therefore contacted Boyden and Hewitt for this mission, and they have submitted their findings.

Based on these independent outside recommendations, Mr Cyna submitted proposals to the Supervisory Board, which adopted them at its meeting on 24th January 2008.

Remuneration of company Board Members was the following during the financial year:

- Mr Serge ZASLAVOGLU: €208,041.28 as follows:

Type of remuneration	Financial year 2010/2011		Financial year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Expenses reimbursement	€8,041.28	€8,041.28	€8,118.31	€897.67
Benefit in kind (in a personal use of the company aircraft)	None	None	None	None
Remuneration as Chairman of the Supervisory Board	€100,000	€75,000	€100,000	€75,000
Attendance fees	€10,000	€10,000	€10,000	€10,000
Income for specific missions	€90,000	€90,000	€90,000	€90,000
<b>TOTAL</b>	<b>€208,041.28</b>	<b>€183,041.28</b>	<b>€208,118.31</b>	<b>€175,897.67</b>

- Mr Serge Alexis ZASLAVOGLU: €334,699.93 as follows:

Type of remuneration	Financial year 2010/2011		Financial year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Gross fixed annual salary, paid holidays and seniority premium under the employment contract	€103,666.31	€103,666.31	€78,467.72	€78,467.72
Variable salary under the employment contract according to the level of business of the company	€147,853.38	€147,853.38	€112,457.98	€112,457.98
Variable pay according to the operating result of the company under the Board mandate (President of the Managing Board)	€40,000	€24,000	€40,000	€24,000
Expenses reimbursement	€23,753.24	€23,753.24	€28,625.93	€28,625.93
Benefit in kind (in a personal use of the company aircraft)	€19,427	€0.00	€6,481	€0.00
Specific Advantages for termination or change of function (deferred pay, severance and pension obligations, termination without cause real and serious or loss of employment due to a public offer)	None	None	None	None
<b>TOTAL</b>	<b>€334,699.93</b>	<b>€299,272.93</b>	<b>€266,032.63</b>	<b>€243,551.63</b>

- Mr Henri CYNA: €9,902.73 as follows:

Type of remuneration	Financial year 2010/2011		Financial year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
Benefit in kind (in a personal use of an ETC Badge)	€78.09	€78.09	€101.70	€101.70
Reimbursement of expenses	€3,824.64	€3,824.64	€0	€0
<b>TOTAL</b>	<b>€9,902.73</b>	<b>€9,902.73</b>	<b>€5,501.70</b>	<b>€5,501.70</b>

- Mr Louis-Michel ANGUE: €6,000 as follows:

Type of remuneration	Financial year 2010/2011		Financial year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
<b>TOTAL</b>	<b>€6,000</b>	<b>€6,000</b>	<b>€5,400</b>	<b>€5,400</b>

- Mr Pierre GUILLERAND: €6,000 as follows:

Type of remuneration	Financial year 2010/2011		Financial year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
<b>TOTAL</b>	<b>€6,000</b>	<b>€6,000</b>	<b>€5,400</b>	<b>€5,400</b>

- Mr Roland Roc: €6,000 as follows:

Type of remuneration	Financial year 2010/2011		Financial year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
<b>TOTAL</b>	<b>€6,000</b>	<b>€6,000</b>	<b>€5,400</b>	<b>€5,400</b>

- Mrs Jeannine Zaslavoglou: €6,000 as follows:

Type of remuneration	Financial year 2010/2011		Financial year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Attendance fees	€6,000	€6,000	€5,400	€5,400
<b>TOTAL</b>	<b>€6,000</b>	<b>€6,000</b>	<b>€5,400</b>	<b>€5,400</b>

- Mr Grigori ZASLAVOGLOU: €182,123.31 as follows:

Type of remuneration	Financial year 2010/2011		Financial year 2009/2010	
	Total amount due	Amount paid during financial year	Total amount due	Amount paid during financial year
Gross fixed annual salary, paid holidays and seniority premium under the employment contract	€79,051.71	€79,051.71	€74,598.85	€74,598.85
Variable salary under the employment contract according to the level of business of the company	€36,963.28	€36,963.28	€28,114.43	€28,114.43
Variable pay according to the operating result of the company under the Board mandate (President of the Managing Board)	€40,000	€24,000	€40,000	€24,000
Expenses reimbursement	€670,32	€670,32	€8,860.29	€0.00
Benefit in kind (in a personal use of the company aircraft)	€25,438	€0.00	€26,162	€0.00
Specific Advantages for termination or change of function (deferred pay, severance and pension, obligations, termination without cause real and, serious or loss of employment due to a public offer)	None	None	None	None
<b>TOTAL</b>	<b>€182,123.31</b>	<b>€140,685.31</b>	<b>€177,735.57</b>	<b>€126,713.28</b>

## **V- CONDITIONS OF PREPARATION OF THIS REPORT AND ASSESSMENT OF PROCEDURES**

This report was prepared with the support of the Company Secretary and based on comments from members of the Supervisory Board.

This report was submitted to the Supervisory Board on 19th January 2012 by the President of the Supervisory Board, and the Board, after discussion, approved the terms.

The means and procedures used for internal control by the company have been considered as adapted for the moment.

Meylan,  
19th January 2012

## AUDITOR'S REPORT

**Issued in accordance with the last paragraph of article L.225-235 of the French Commercial Code on the report of the President of the Supervisory Board of the company GEA, as regards the procedures of internal control relating to the issue and the process of the accounting and financial information.**

Financial year closing on 30<sup>th</sup> September 2011

Shareholders,

As statutory auditor of the company GEA, and in accordance of the article L. 225-235 of the French Commercial Code, we hereby report to you on the report issued by the President of the Supervisory Board of your company, in compliance with the article L. 225-68 of the French Commercial Code, for the financial year ended 30<sup>th</sup> September 2011.

It is the President's responsibility to prepare and submit for approval by the Supervisory Board, a report reflecting the internal control and risk management procedures implemented within the company and giving other information required by the article L. 225-68 of the French Commercial Code regarding, in particular, provision for corporate governance.

Our assignment consists in:

- communicating our observations on the information contained in the President's report on internal control procedures relating to the preparation and processing of accounting and financial information, and
- certifying that the report includes the other information required under article L. 225-68 of the French Commercial Code, given that it is not for us to verify the sincerity of these information

We performed our work in accordance with professional standards applicable in France.

### **1• Information concerning internal control procedures relating to the issue and the process of accounting and financial information**

Professional standards require the implementation of diligences in order to assess the fairness of the information concerning internal control procedures relating to the issue and processing of the accounting and financial information contained in the President's report.

These diligences consist mainly in:

- Getting to know the procedures of internal control relating to the issue and the process of the accounting and financial information underlying the information presented in the President's report as well as the existing documentation

- Getting to know the works which enabled the generation of this information and the existing documentation
- Determining whether the major deficiencies of the internal control relating to the issue and the process of accounting and financial information that we noticed during our engagement are subject to appropriate information in the President's report

Based on our work, we do not have any comment on the information concerning the procedures of the company's internal control relating to the issue and the process of accounting and financial information in the President of the Supervisory Board report, issued in accordance with the article L. 225-68 of the French Commercial Code.

## **2• Other Information**

We certify that the report of the President of the Supervisory Board includes the other information required under the article L. 225-68 of the French Commercial Code.

Lyon, 30th January 2012

The Statutory Auditor  
**Grant Thornton**  
**French member of Grant Thornton International**  
Francois Cayron  
Partner

## INTERMEDIARY MANAGEMENT BALANCE

### For the years ended 30th September 2011 and 2010

(In thousand Euros)

	30/09/11	% PROD	30/09/10	% PROD
Production sold, and sales of equipment	70,605		60,517	
Production stored	-2,661		6,651	
Immobilised production	0		0	
<b>PRODUCTION DURING THE FINANCIAL YEAR</b>	<b>67,944</b>	<b>100.00%</b>	<b>67,168</b>	<b>100.00%</b>
Purchase of raw material	-30,068		-31,850	
Variation in stocks	419		914	
Other purchases and external expenses	-7,235		-7,002	
<b>ADDED VALUE</b>	<b>31,060</b>	<b>45.71%</b>	<b>29,229</b>	<b>43.52%</b>
Operating subsidies	0		0	
Taxes and VAT	-1,148		-1,126	
Salaries and wages	-9,870		-8,984	
Social expenses	-4,317		-3,988	
<b>GROSS OPERATING SURPLUS</b>	<b>15,725</b>	<b>23.14%</b>	<b>15,131</b>	<b>22.53%</b>
Recovery of pay-off and provisions	122		0	
Transfer of expenses	147		119	
Other products	0		2	
Pay-off endowments	-412		-407	
Operating provisions endowment	-253		-308	
Other expenses	-144		-139	
<b>OPERATING RESULTS</b>	<b>15,185</b>	<b>22.35%</b>	<b>14,398</b>	<b>21.44%</b>
Financial gains	574		222	
Financial expenses	-156		-95	
<b>CURRENT RESULT BEFORE TAX</b>	<b>15,603</b>	<b>22.96%</b>	<b>14,525</b>	<b>21.63%</b>
<b>EXCEPTIONAL RESULT</b>	<b>-144</b>		<b>18</b>	
Workers profit sharing	-1,367		-1,226	
Corporate tax	-4,899		-4,598	
<b>NET RESULT</b>	<b>9,193</b>	<b>13.53%</b>	<b>8,719</b>	<b>12.98%</b>

# **AUDITOR'S SPECIAL REPORT ON THE AUTHORISED TRANSACTIONS**

## **For the financial year closed as at 30<sup>th</sup> September 2011**

Shareholders,

As Auditor of your company, we hereby report to you on the authorised transactions.

It is our responsibility to communicate to you, on the basis of the information given to us, on the characteristics and terms of the transactions and obligations we were informed with or we discovered during our mission, without having to comment on their use and validity, nor to seek the existence of others transactions and obligations.

It is your responsibility, in accordance with the article R 225-58 of the French Commercial Code, to assess the relevance related to the conclusion of such transactions in order to approve them.

Pursuant to the article L. 225-88, of the French Commercial Code, we were informed of the transactions which were formerly approved by your supervisory board.

We conducted our work in accordance with the professional standards applicable in France. Those standards require that we plan the audit to control the consistency of the information which was given to us with the basic documents from which it comes.

### **1 Transactions and obligations submitted for approval by the general meeting**

Pursuant to the article L. 225-88, of the French Commercial Code, we were informed and obligations of the transactions which were formerly approved by your supervisory board.

These transactions and obligations are presented in the Tables 2 of this report.

The persons concerned by these transactions are listed in the table 3 of this report

### **2 Transactions and obligations already approved by the general meeting**

Moreover, pursuant to the article L. 225-57 of the French Commercial Code, we were informed that the following transactions and obligations, already approved by the general meeting during the previous financial years, continued during this financial year.

These transactions and obligations are presented in the Tables 1 and 2 of this report.

The persons concerned by these transactions are listed in the table 3 of this report.

Lyon, 30<sup>th</sup> January 2012

The statutory auditor  
**Grant Thornton**

**French member of Grant Thornton International**

François Cayron  
Partner

**TABLEAU I : ADVANCES AND LOANS**

Transactions previously approved

Advances or Loans		Amount on 30/09/2009 in euros	Conditions	Revenue or (charge) in euros
Extended by	Received by			
Transactions previously approved		1,495	Current account paid at the maximum tax deductible rate Amount recognised :	<56>
Serge ZASLAVOGLOU	GEA			

**TABLEAU II : TRANSACTIONS OTHER THAN ADVANCES AND LOANS**

Transactions approved during the year

Name of the company	Nature, matter, forms of the transactions	Revenue or (charge) in euros
Mr Serge ZASLAVOGLOU (EURL SZ CONSULTING)	Service of Mr Serge Zaslavoglou for special assignments entrusted in the interest of the company. Payment by invoicing limited to a maximum annual budget of 90 000 euros exclusive of VAT. Amount recognised:  (Supervisory Board meeting from 25th March 2011)	<90,000>
Mr Serge Zaslavoglou and Mrs Jeannine Zaslavoglou Mr Henry Cyna	Authorisation to take in charge travel expenses about IBTTA congress of Berlin Amount recognised:  (Supervisory Board meeting from 12th August 2011)	<4,646>

Transactions previously approved

Name of the company	Nature, matter, forms of the transactions	Revenue or (charge) in euros
SCI Epsilon	Commercial lease agreement concerning the premises located in Meylan: - annual rent of 31,490 euros duty free and excluding the property tax on the built properties - security deposit: fixed to 7,872 euros corresponding to 3 months of renting - review of the rent: indexation on the building cost index - duration: 9 years from 14/06/2002  Amount recognised:	<41,298>
SCI Kaliste	Commercial lease agreement concerning the premises located in Meylan: - annual rent of 83,286 euros duty free and excluding the property tax on the built properties - security deposit: fixed to 20,821 euros corresponding to 3 months of renting - review of the rent: indexation on the building cost index - duration: 9 years from 01/10/2005  Amount recognised :	<99,056>

Name of the company	Nature, matter, forms of the transactions	Revenue or (charge) in euros
SCI SANTA CRUZ	Commercial lease agreement concerning the premises located in Meylan: - annual rent of 39,467 euros duty free excluding the property tax on the built properties - review of the rent: indexation on the building cost index - duration: 9 years from 01/07/2007 Amount recognised:	<43,434>
SCI de Canastel	Commercial lease agreement concerning the premises located in Meylan concerning: - annual rent of 74,903 euros duty free excluding the property tax on the built properties - review of the rent: indexation on the building cost index - duration: 9 years from 01/10/2005 Amount recognised:	<89,088>
SCI Kaliste	Commercial lease agreement concerning the premises located in Meylan: - annual rent of 20,410 euros duty free excluding the property tax on the built properties - security deposit: fixed to 6,102 euros corresponding to 3 months of renting - review of the rent: indexation on the building cost index - duration: 9 years from 01/06/2008 Amount recognised:	<26,802>
Mr Henri CYNA	GEA made a toll pass available to Mr Cyna during his term as member of the Supervisory Board. Amount recognised:	<47>
Mr Serge Alexis ZASLAVOGLOU	GEA made company vehicles available to Mr Serge Alexis Zaslavoglou as benefits in kind, within the limit of 5,000 kilometres.. No charge has been booked during the year (Supervisory Board meeting dated 29th May 2009)	

**TABLEAU III : PERSONS INVOLVED IN TRANSACTIONS**

	GEA	SCI KALISTE	SCI DE CANASTEL	SCI EPSILON	SCI SANTA CRUZ
Serge ZASLAVOGLOU	Chairman of the Supervisory Board	Manager	Manager	Manager	Manager
Serge Alexis ZASLAVOGLOU	Chairman of the Managing Board	Partner		Partner	Partner
Grigori ZASLAVOGLOU	Member of the Managing Board and Managing Director	Partner		Partner	Partner
Jeannine ZASLAVOGLOU	Vice-chairman of the Supervisory Board		Partner		
Henri CYNA	Member of the Supervisory Board				

# TEXT OF THE RESOLUTIONS PUT FORWARD TO THE GENERAL MEETING HELD ON 27th MARCH 2012

## FIRST RESOLUTION

*(Approval of financial statements for 30th September 2011 passes and discharge for the members of the Managing Board and the Supervisory Board)*

The General Assembly, having considered the reports of the Management and Statutory Auditors and comments of the Supervisory Board, approves, as they have been presented, the financial statements for the year ended 30th September 2011, showing a profit of €9,192,542.07, as well as transactions in these accounts or summarised in these reports.

It approves the total expenses that are non-deductible from the company income tax described in Article 39-4 of the General Tax Code, amounting to €13,024 as well as the corresponding tax amounting to 4,341 Euros.

Consequently, it grants members of the Managing Board and Supervisory Board full and unreserved discharge of their mandates for the said fiscal year.

## SECOND RESOLUTION

*(Approval of regulated agreements)*

The General Assembly approves the nature and composition of the agreements in accordance with the provisions of articles L.225-84, and following of the Commercial Code, as they figured in the reading of the special report of the Auditor.

## THIRD RESOLUTION

*(Appropriation of profit and fixing of dividends)*

- On the suggestion of the Managing Board, the General Assembly has decided to allocate the profits for the fiscal year amounting to .....€9,192,542.07 to which has been added the sum of .....€10,734.00 which figures in the "Retained earnings" and corresponds to unpaid dividends (shares detained by the company itself) i.e. a total of: .....€9,203,276.07 in the following manner:

- A sum of .....€2,630,161.60 is distributed to shareholders as a dividend, provided that, in the event that during of the payment the company owns some of its own shares, the profit corresponding to the unpaid dividends in respect of such shares will be allocated to "Retained earnings" ..

- The balance of .....€6,573,114.47 will be transferred to the ordinary reserve.

The dividend returned on each share shall thus be set at .....€2.20

This dividend, from which the social taxes of 13.5% will be deducted (CSG, CRDS, social charge and additional contribution to this charge) will be paid by the company CACEIS Corporate Trust - 14 rue Rouget de Lisle 92130 ISSY LES MOULINEAUX, as of the date of the annual general meeting.

This dividend is eligible for individual shareholders who are tax residents in France, who fulfill the conditions referred to in Article 10, I and III to XVII of the 2008 Finance Act No. 2007-1822 of 24th December 2007, for abatement under 2° of Article 158-3 of the Tax Code.

In accordance with the provisions of this Act, the shareholders who have had this deduction made to their dividend can choose to submit this income to a standard deduction discharge of 21%.

This option must be taken up with CACEIS Corporate Trust at the latest on cashing the dividend. It is irrevocable and cannot be exercised at a later date.

The General Assembly notes that the amounts distributed as dividends, during the three previous years, were as follows:

Financial Years	Income eligible for the deduction	Income non-eligible for the deduction	
	Dividends	Other distributed income	
2007-2008	€960,000	/	/
2008-2009	€1,920,000	/	/
2009-2010	€2,400,000	/	/

## **FOURTH RESOLUTION**

*(Directors' fees allocated to members of the Supervisory Board)*

The General Assembly fixes the sum of forty thousand (40,000) Euros as the annual overall sum allocated to the Member's Fees of the Supervisory Board.

This decision, applicable to the running financial year, will be maintained until otherwise decided.

## **FIFTH RESOLUTION**

*(Re-appointment of Statutory Auditor)*

The General Meeting, having considered the report of the Managing Board, has decided to renew the mandate of statutory auditor of the company GRANT THORNTON - 42, Avenue Georges Pompidou - 69442 Lyon Cedex, for a period of six years, ie until the annual general meeting to decide on the year ending 30th September 2017.

## **SIXTH RESOLUTION**

*(Reappointment of substitute Statutory Auditor)*

The General Meeting, having considered the report of the Managing Board, has decided to renew the appointment of substitute Statutory Auditor of the company IGEC-Institute of Management and Public Accountant - 3, rue Léon Jost - 75017 Paris, for a six-year term, expiring at the annual general meeting to decide on the accounts ended 30th September 2017.

## **SEVENTH RESOLUTION**

*(Authorisation given to the Managing Board to allow the Company to trade its own shares)*

Having considered the report of the Managing Board, the special report of the Managing Board referred to in Article L.925-209 paragraph 2 of the Commercial Code and the description of the share buyback program in accordance with Article 241-2 of the General Regulations of the AMF (Autorité des Marchés Financiers) presented by the Managing Board; the General Assembly, authorises the Managing Board to purchase shares of the company, within the limit of 10% of the capital, by all means including the acquisition of blocks of shares and with the exception of the use of derivatives so as to, in order of decreasing priority:

- Stabilise the market price of the company share through a liquidity contract with an investment services provider working independently and managed in accordance with the AMAFI Charter of Ethics of 23rd September 2008 and approved by the AMF on 1st October 2008
- Deliver shares for payment or exchange in connection with acquisitions and / or cancellation of shares, the shares thus being acquired under a mandate given to an investment services provider acting independently in accordance with the AMAFI Charter of Ethics of 23rd September 2008 approved by the AMF on 1st October 2008

It fixes:

- at seven million two hundred thousand euros (€7,200,000) the maximum amount of funds that may be used for shares buyback
- at €100 the maximum purchase price of those shares

The shares thus acquired may be retained, transferred or sold.

It acknowledges that shareholders will be informed at next Ordinary Annual General Meeting, of the precise allocation of the shares acquired in accordance with the objectives decided.

The present authorisation is granted to the Managing Board for a term of eighteen months from the date of this meeting; it cancels and replaces that given by the Ordinary General Meeting of 25th March 2011.

The General Meeting authorises the Managing Board to delegate to its Chairman those powers which were conferred to him under this resolution, in order to pass all exchange orders, conclude all agreements and carry out all formalities or statements for all agencies.

Furthermore, it confers all power to the Managing Board to inform the Workers' Council, in accordance with Article L.925-209 paragraph one of the Commercial Code.

## **EIGHTH RESOLUTION**

*(Powers for formalities)*

The General Meeting gives full powers to the bearer of copies or certified extracts of the minutes of proceedings of this meeting in order to accomplish all formalities, as required.

## FEES OF THE STATUTORY AUDITOR AND MEMBERS OF ITS NETWORK

Statutory Auditor : GRANT THORNTON  
42 avenue Georges Pompidou - 69003 Lyon

Represented by Mr François CAYRON  
Fees of the statutory auditor and network members paid by the company.

Financial years covered: 2009/2010 and 2010/2011

	Amounts 30/09/11	Amounts 30/09/10	% 30/09/11	% 30/09/10
<b>Audit :</b>				
• Audit of accounts, certification, examination of individual accounts	89,000	87,000	100%	100%
• Secondary missions	-	-		
Subtotal	89,000	87,000	100%	100%
<b>Other services :</b>				
• Legal, tax, employment	-	-		
• Information technology	-	-		
• Internal audit	-	-		
• Miscellaneous (to be specified if >10% of audit fee)	-	-		
Subtotal	-	-		
<b>TOTAL</b>	<b>89,000</b>	<b>87,000</b>	<b>100%</b>	<b>100%</b>

