

ANNUAL REPORT
2006-2007



**Cultivating
responsibility
in action**

continuity
international

>> cultural diversity
international

cultural diversity

openness

continuity
respect for people



cultural diversity



integrity

continuity
respect for people

responsibility
requirement

cultural diversity

independence

>> responsibility

“ Responsibility is a subversive principle. It leads to improvisation, inventiveness and innovation in approaching the many moral questions which arise in the economic sphere. ”

Alain Etchegoyen, philosopher

Extract from « Corporate Accountability and Trust : 12 Top Managers' Thoughts » published by Mazars and Economica in late 2006.

() Philosopher, teacher and former Commissaire au Plan, Alain Etchegoyen is the author of many works, including « L'Entreprise a-t-elle une âme ? » ('Does business have a soul?') and « La Démocratie malade du mensonge » ('The lie-sick democracy') in 1993, which was awarded a Grand Prix by the Académie Française. He died in April 2007. We pay tribute to this great intellectual figure, for his active and enlightening collaboration on the book that Mazars devoted to the notion of corporate accountability.*





Mazars Profile




Mazars is an international, integrated and independent professional services organisation. We specialise in audit, accountancy, tax, legal and advisory services.



As at 1st September 2007, Mazars has its own offices in **42** countries, with a force of more than **8,000 professionals**.

Through our integrated practices and Praxity, the international alliance of independent firms we set up in 2007, we serve our clients in 72 countries with a total of 22,000 professionals, who all share the same commitment to quality and a common determination to maintain the highest technical and ethical standards.

Our comprehensive and adaptable portfolio of services allows Mazars to offer made-to-measure solutions to large international corporates, SMEs and individuals.

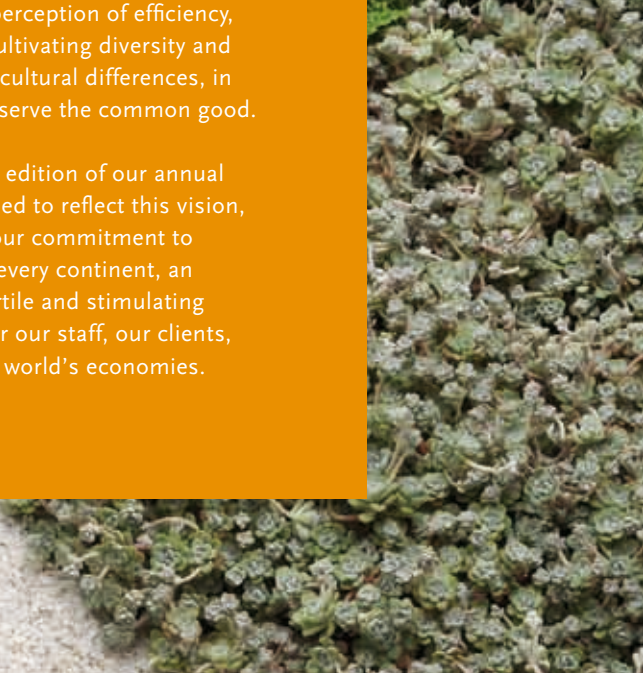





Fresh from our adventures beyond the beaten track in 2006, this year saw us keenly surveying new territories. These particular tracts of the earth, in all their extraordinary diversity, are known simply as its gardens. They reflect some of man's highest aspirations, and an art that is practised and appreciated around the world.

Gardens are defined by their limits, but also form an endless source of inspiration. The art of gardening depends on working with nature, not against her. It requires both global vision and minute attention to humble details. It is an art that makes sense to anyone who feels responsible for their environment, whether economic, human or natural.

On an international level, the approach becomes more political. Rather than imposing a flat homogeneity based on the prevailing perception of efficiency, the art lies in cultivating diversity and capitalising on cultural differences, in order to better serve the common good.

The 2006-2007 edition of our annual report is intended to reflect this vision, by illustrating our commitment to cultivating, on every continent, an appropriate, fertile and stimulating environment for our staff, our clients, society and the world's economies.





A word from
the President

Never a better time for Mazars!

Patrick de Cambourg
President of the Group Executive Board

“ The more responsible a business is,
the more competitive it becomes. ”



Mazars continues to carve its path through the global economy of today, with patience and perseverance. However, this year provided more proof than ever of how our determination and our intuition have found fertile ground; in our professional teams, in the sector we occupy - where the common good is now the focus - and with our clients, whose legitimate expectations we endeavour to understand and satisfy better every day. This is happening around the world, no longer just in France and no longer only in Europe.

2007 is a year in which we have really extended our boundaries, while at the same time consolidating our organisation and our 'fundamentals'.

Never has our growth been as strong, with a turnover of 657 million euros for the partnership, and growth of more than 19% compared to 2005-2006.

Never has our geographic coverage been so broad. Our partnership is now present in 42 countries, employing 8,000 professionals. Our associated practices enable us to operate in 14 additional countries. 2007 was also characterised by significant developments in Germany, central Europe, the United Kingdom, Singapore, Hong Kong and India, as well as in Tunisia, South Africa, Egypt, the Middle East, Mexico, Venezuela and Brazil.

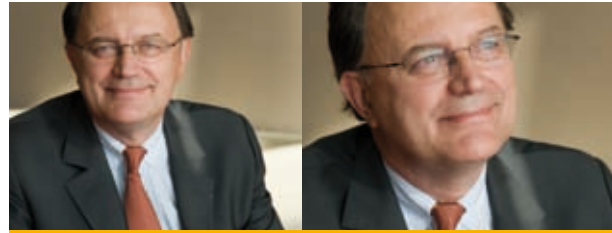
Never, have we had so many allies. In one of the key events of the year, Mazars, together with a number of its industry peers, particularly in the USA, created the international alliance, Praxity. This enables us to offer the resources of 14,000 additional professionals. The alliance members, selected for their commitment to international business and their technical capabilities, together turned over a total of more than two billion euros in 72 countries.

Never before has our organisation been so client-oriented. In the light of our world-wide expansion, it became essential to build the partnership's dynamism by boosting our operational transversality, the flag of our corporate and financial solidarity. That's why we have strengthened our four main international service lines, the first one dedicated to large, listed companies, the second to expanding SMEs, the third to tax issues, and the fourth to legal matters. It is also why we have further structured our common approach to the way we define our modes of operation and investment: for talent management, risk management and technical excellence as well as for the continued development of our systems, our performance and our brand.

Never until now has an open-minded, multi-cultural response been so essential. And our year-on-year annual reports allow us to measure the concrete results of our approach to the market. This is based on two extremely simple observations. First, that the excessive concentration of our market has increased dissatisfaction among companies of every size. Second, that the very globalisation of economies paradoxically demands the capacity to understand in depth the diversity of contexts in which our clients have to operate. And this is the whole point of the partnership we have committed to developing and consolidating.

Our partners and staff understand the local lie of the land, and we have to respect their experience. In return, they are expected to act within the global structure we have created, and which lets everyone know how they stand, and what their responsibilities are. There is no question of us uniformly applying a system based on a single national economy, no matter how powerful it may be. The key, on the contrary, lies in cherishing diversity, and embracing it among the shared values that constitute 'Mazars citizenship'.

Never, finally, has the contribution from new players such as Mazars to the emergence of a new sense of responsibility, been so useful. Last year, we published a book of interviews with top managers on this subject, because if managers have to exercise their responsibility on multiple fronts every day, then our



“ Responsible to our clients, and responsible to each other. ”

responsibilities as auditors and advisors must match them. Of course, we fulfill our responsibilities in our assignments, but responsibility is also a guiding principle in the way we manage our own development. The following comments on this subject from our Group Executive Board are enlightening. Responsibility, ultimately, is part of the relationship we have with our environment and the society in which we live, obliging us to be an active, involved and innovative corporate citizen.

One last point to finish off. For the third year running we are publishing our audited consolidated financial results, prepared to comply with IFRS standards. This year we have also added elements relevant to the subject of transparency, since it seems to us essential that those who contribute to the appropriate and transparent conduct of companies and markets should behave appropriately and transparently themselves. And there's never been a better time than now!



Meeting the Group Executive Board

Challenges and achievements

The Group Executive Board

From left to right, David Evans, Philippe Castagnac, Jos van Huut, Patrick de Cambourg.

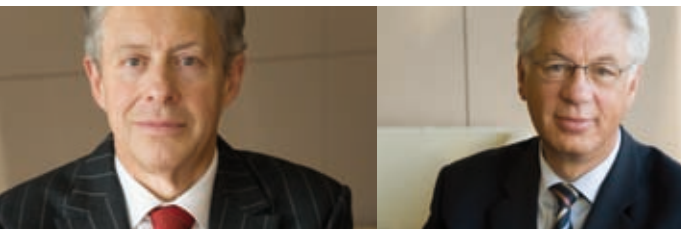


2006-2007 was a very eventful year for Mazars: was it also a successful one?

David Evans: Absolutely! Financially, 2006-2007 was very good year. But a good year isn't only about the numbers. We also considerably strengthened our presence around the world, in Europe, Asia, Latin America and Africa. And of course we made broad progress on our organisation internally, including setting up the Mazars 2010 Project.

Jos van Huut: That's right, we've started putting into practice all the good ideas that came out of Project Odyssey, for accelerating the development of the Group. We've now set ourselves up to offer an enriched portfolio of services, both by international service line and by sector. It's an investment that's already proving worthwhile.

Philippe Castagnac: The trick is to manage the pace of change. We're all very impatient because we can see exactly where we want to go. But we're also very conscious of the fact that we need to get there together. We have to move fast, but most of all, we have to move as one! That's what we decided to do, and I think we're doing well.



By developing so quickly on the international level, doesn't Mazars risk losing its spirit?

David Evans: International integration isn't just about exporting a 'made in Mazars' kind of stamp. More importantly, it's a responsibility we undertake, towards ourselves, and towards our clients, to provide appropriate, timely expertise through totally integrated, trans-national delivery channels, no matter how the world and its markets are developing.

Philippe Castagnac: We also have the responsibility to live up to our values. The word 'international' is all too often synonymous with 'faceless', but that is just not the case with Mazars. We have to make sure that the 'personal touch' we claim to offer stays just that: 'personal'.

When people talk about international development at Mazars, they're thinking 'integrated partnership'. And now they're thinking Praxity too...

Jos van Huut: Yes, they are! This alliance strengthens the global capabilities of all its members, including, of course, Mazars. Actually, Praxity is a completely new approach. It is an international alliance of independent audit firms. It's not a network and it's not an integrated organisation. So things are clear. The alliance connects those professional entities who have chosen to operate from the basis of their own partnerships, and to contribute in total independence to the development of mutual allies, in particular on international assignments.

David Evans: That's another way Mazars can offer an alternative to other kinds of international structure, a structure that is more appropriate to the open world we live



Jos van Huut: I would add that, if market conditions this year have been favourable for Mazars, it's precisely because there is a growing demand in the market for an alternative player: specifically, a coverage and service offer comparable to the biggest, most established players, but with a different, less monolithic, more open approach. Decision-makers like to have a choice, and Mazars provides it.

“ The word 'international' is all too often synonymous with 'faceless', but that is just not the case with Mazars. ”

in: beyond our integrated core and network of associated practices, we now have allies who have been chosen, just as we have, on the basis of quality, commitment, dynamism and independence.

So how does this alliance work in practice?

Jos van Huut: Praxity is a unique and powerful resource which gives access to a vast spectrum of expertise in audit, accounting, tax, law and management consultancy, and across a broad geographic area. Discussions on the best technical practice, local meetings and practical logistics are already in place on a global scale. I like to think of Praxity as a sort of club, a meeting place where members can swap contacts, exchange experiences, and help each other to manage international clients, ensuring they receive the quality of service to meet their expectations.

Two of Mazars' customer lines today have their own 'expert country'. What prompted that choice?

Philippe Castagnac: Transversality is our key strength. The multinationals we serve on every continent are under more and more pressure, with shorter and shorter lead times, while the environment is becoming increasingly complex. So the challenge is to deliver technically perfect responses, very quickly. What makes us different is our ability to really listen, to understand our client, no matter which country they're in, and provide them

with truly relevant technical responses, not just 'cut-and-paste' formulas. We appointed 'expert countries' for the Group according to which of them had developed the most advanced expertise in particular client categories. The choice of France as 'expert country' for Public Interest Entities is naturally linked to the origins of the Group and to the weight of listed companies in their client portfolio, which is two-thirds of their business.

David Evans: The process was exactly the same for Owner Managed Businesses (OMB). The United Kingdom is the country in the Group where OMB expertise is the most mature. We have the benefit of many years' experience and in-depth knowledge to share. And that's what we're doing. The OMB market shows considerable potential. To serve these clients better, we are continuing to develop centres of excellence that offer the full portfolio of services that OMBs, particularly the more dynamic among them, expect. We are also extending our implementation of the most advanced transnational methodologies.





“ Praxity is a unique and powerful resource which gives access to a vast spectrum of expertise in audit, accounting, tax, law and management consultancy, and across a broad geographic area. ”

What are the next challenges for Mazars?

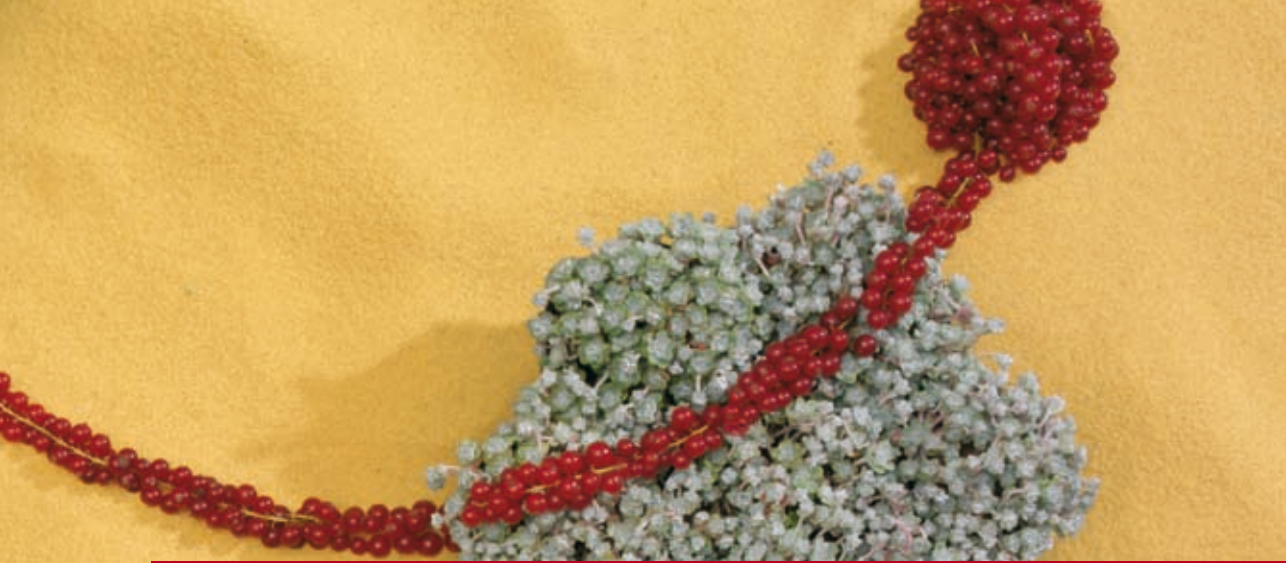
David Evans: In the current situation, where we're seeing what I call a 'new deal of cards' in our professions, I'd say our main challenge is to prove that Mazars has the capabilities, the experience, the vision and the desire to respond to the market's growing need for a different approach. Very few firms have the potential to occupy that space.

Philippe Castagnac: In fact, I think Mazars is one of the few, if not the only, truly integrated, international player with the ability to service its clients on every continent with equal competence and insight. We intend to pursue our integrated development in the countries where we don't yet have a strong enough presence, but we will take due time to choose the right partners.

Jos van Huut: One thing's for sure, market conditions for growth, both internal and external, are favourable. It's up to us to keep forging ahead and to ensure our approach is even more professional than ever!

“ We also considerably strengthened our presence around the world, in Europe, Asia, Latin America and Africa. ”





Beyond borders...

International, integrated, democratic:
Mazars 'cultivates its garden'
on every continent.



Beyond borders...

The Mazars partnership, one of a kind

**Independent, integrated, global and multi-cultural:
our fundamental differentiators stem from both our code
of conduct and our development model.**

Since 1995, Mazars has favoured international partnership: this model of associative growth allows us to bring on board new partner firms who share our values, our ambitions and our view of the profession. By ensuring equality between markets and partners, it makes Mazars not just a 'bunch of countries', but an integrated, mutually supportive organisation of individuals sharing risks and profits.

Beyond principles, a healthily functioning and authentically democratic partnership...

- The partners are the only shareholders in the Organisation. Mazars constitutes all the member entities who have signed an agreement of cooperation with Mazars Scrl, and whose partners are also 'shareholders' in Mazars Scrl, a Limited Responsibility Cooperative headquartered in Belgium (commonly referred to as 'Carl'). Mazars Scrl defines the Organisation's strategic objectives and coordinates their implementation at member entity level.
- The capital of Mazars Scrl is individually owned by the partners in the member firms, in proportion according to their shares in the latter.
- The executive and governance bodies of Mazars Scrl are directly elected by all the assembled partners every three years. Thus, the partners who met in Paris on the 7th, 8th and 9th December 2006, for the Annual Carl General Assembly, elected the new members of the Group Executive Board and the Governance Council until the end of 2009.
- The partners and the national member entities they work for are linked by agreements that ensure the greatest possible coherence of the whole.

+19%

growth in 2006-2007
(against 15 % in the last
financial year).

“ Instead of the ready-made models, we prefer to get close to our clients by listening to them. It's the only way to really understand their needs. ”





David Evans has been Senior Partner for the United Kingdom since 2003 and a member of the Group Executive Board since December 2006.

“ We have been very explicit to the public about our uniqueness as a truly integrated international business. We’ve set up our stall around this model, and so we have to make sure we continue to walk the talk. This responsibility is both to ourselves, and to our clients. ”

David Evans

No ‘goodwill’ may be taken into account in the transfer of interests between partners. In principle, member firm’s shares cannot be owned by anyone who is not a Mazars partner.

Beyond words, truly meaningful values...

- **Independent-** Only our financial independence gives us the freedom to act, and, when necessary, the courage to say no, in our clients’ own interests, and in the interests of the healthy functioning of the markets.

- **Global-** Our European roots are the origins of our culture of dialogue, change and respect for the diversity that inspires us. This is how we build our global approach: in the spirit of sharing, and open-mindedness. Many professionals, regulators and clients would like to progress beyond the formulaic approaches of a dominant economy. The world of today, and even more the world of tomorrow, will be multi-focal, and Mazars is already making this reality part of itself.
- **Integrated-** This original approach optimises the synergy between all our competences while maintaining global coherence and common ethics. Each country puts its expertise at the disposal of the others, and we all invest together.

Beyond announcements, into action...

- Each global or international commission is managed and carried out by an integrated team, coordinated by the partner in charge.
- Our service lines are represented in every country in which we operate.
- Operational integration guarantees a fast, objective, effective decision-making process. Locally, partners are responsible for their own decisions, but are supported by the technical capabilities of the entire Organisation.



Mazars makes its mark on the global landscape

Cultivating responsibility, flexibility and proximity to our clients is the only way to create true synergy and the conditions for apposite analysis. It is also what makes us different.

Businesses are facing increasingly complex regulatory constraints. The inherent obligations for some of our professions are multiplying in parallel. But for us, the key priority remains quality of service. This has to be uniformly first class, wherever we serve our clients throughout the world.

Mazars is therefore reinforcing its global capabilities through the careful selection of new partners: experienced firms who share our concept of the profession, based on flexibility and relevance. Like the landscape gardener, we find the process demands equal quantities of patience and vision!

- **Offering the market a wider variety of more fruitful alternatives**, means first asking ourselves questions about the generally accepted norms, but also being in a position to improve the way the markets function and the way our professions serve them.
- **Following firm principles rather than being choked by regulations**, means emphasising the responsibility of individuals, and giving them the trustworthy financial information and high quality governance they need to act responsibly.
- **Setting up standards adapted to the cultural, economic and social specifics of each regional member entity** puts us closer to our clients, so that we can respond effectively and develop relationships of trust built on listening, frankness and open exchange.

“ Successful growth is about managing the integration, particularly of new countries into the partnership. ”



Mazars 2010: a project to nurture growth and quality of service

The fruit of the 2006 'Odyssey' project, Mazars 2010 defines the Group's strategy and implementation requirements for fulfilling its objectives of consolidating international development and enhancing transversality within Mazars, to better serve those businesses who trust us around the world.

To migrate our Organisation towards a better understanding and handling of client needs, we have chosen to leverage our two major assets: the expertise of our teams and their sense of involvement, both with our clients and in Mazars. All Mazars staff throughout the world are therefore active participants in Mazars 2010.

This project focuses on our drive to invest in external growth and integration, the proper development of talent, better information systems, risk management, quality and performance management and better communication.

The new way the Group is organised actively empowers the transversal client approach, so building up Mazars' capacity to serve both major corporates, SMEs, and individuals, and to offer the fiscal and legal services these clients expect. It also facilitates the harmonising of international service lines and geographic entities.

Mazars 2010 is run by nine 'centres of excellence', reporting to the Group Executive Board. Each of them comprises a small team (averaging five partners) who lead the projects plus ad hoc teams, and a group more particularly responsible for ensuring that the initiatives in hand run smoothly.

“ Mazars 2010 will reinforce the operational integration that is Mazars' speciality. It's an even more ambitious project than that, because it will allow us to build and support an organisation that, in the long term, will be geographically even more extensive than the Mazars of today. ”



Caroline Van Troeyen
Group Secretary and
Project Management Officer



► update 2006-2007

Flourishing around the world

Following its approach of international integration and developing a new strategy on alliances, Mazars has reached, in the last few months, a decisive stage in its development, and strengthened its position in several strategic markets.

International partnership: developments in Europe and Mazars' offices in Asia, Latin America, Africa and the Middle East.

The growth within our integrated model that transpired in 2006 and 2007 was for the most part, the fruit of the closer relationships we had been cultivating for several years with firms we know very well, and who is listed among the top five or ten firms in their national markets.

In each of the national markets, we have a presence in one of the three following forms:

- **member firms:** the core of our Organisation, controlled by the partners of Mazars Scrl.
- **joint ventures:** comprising strategic alliances with audit or accountancy firms who are leaders in their regional markets with whom we share resources in order to service our clients in those markets.
- **correspondents:** audit and accountancy firms where there is no Mazars partner, but with whom Mazars has signed an agreement to 'correspond'.

December 2006: Asia Pacific, Latin America and the Middle East

Six separate mergers have energized our platforms in these different parts of the world. In total, more than 1,200 professionals, including 36 partners or shareholders, joined Mazars teams, giving us additional impetus in our drive towards international integration outside Europe.

- **In India:** Kalyaniwalla & Mistry (150 employees, including nine Mazars shareholders, covering western and southern India) and SN Dhawan & Co. (80 employees including two Mazars shareholders) in the north of the country.
- **In Egypt:** Mostafa Shawki & Co. (400 employees and eight Mazars partners, the local No.1 in Tax).
- **In Mexico:** Despacho Freyssonier Morin S.C. (460 employees, including ten Mazars partners and 28 offices across the country).
- **In Venezuela:** Adrianza, Garcia & Asociados, (40 employees, including four Mazars partners).
- **In Brazil:** Cabrera Asociados (110 employees, including three Mazars partners).

May 2007: Asia

- **China:** after Beijing, Shanghai and Canton, Mazars further consolidated its presence in the region with Hong Kong. An agreement was reached with the majority of the partners in our Moore Rowland Mazars joint venture, to create a Mazars structure, namely: Mazars CPA Limited. Since June 1st 2007, this entity has assembled eight partners and 163 employees under the Mazars banner.

Some 400 Mazars professionals are now operating in China.

May 2007: Europe

Two new agreements bolstered the Group's pan-European activity.

- **In the UK:** Mazars and Moores Rowland LLP merged teams and businesses. Mazars thus becomes one of the ten top UK audit firms for listed companies and enriches its service offer in terms of transaction support, tax advice and corporate finance. By the end of August 2007, Mazars could count on the support of 1,200 professionals in the UK, including over 100 partners.
- **In Germany:** Mazars and the Hemmelrath Group, whose operations in the key economic regions of Germany are run through eight offices (Berlin, Bielefeld, Dusseldorf, Frankfurt, Hamburg, Leipzig, Munich and Stuttgart), have merged. The Group now has 400 employees, including 22 Mazars partners and is ranked eighth among the Germany's top audit and advisory firms. 45% of the staff are qualified professionals, an unprecedented level in our sector.

• **In central Europe:** the merger with Hemmelrath also enables us to strengthen our teams in this geographic area.

- **In the Czech Republic:** 100 employees, ranked 5th among national audit firms,
- **In Hungary:** following the merger with Metrum in 2006, Mazars Hungary counts more than 100 employees, ranked 5th national audit firm,
- **In Poland:** 130 staff, ranked 5th among national audit and advisory firms,
- **In Romania:** 65 staff and a capability doubled by the merger.

July 2007: Africa

- **Tunisia:** with a presence in this country for ten years, Mazars joined with Auditeurs Conseil (21 professionals, two partners) and so doubled its operational capabilities. The Group currently holds 4th position in the ranking of national audit and advisory providers.



- **South Africa:** Moores Rowland (320 professionals including 21 partners) joins the integrated partnership from 1st September 2007. Based in Cape Town, Johannesburg and Paarl, the new entity is called Mazars Moores Rowland and positions the Group among the eight leading South African audit and advisory firms. It plays a critical role in our development in sub-Saharan Africa and complements our French-speaking bases on this continent.

July 2007: Asia

- **Singapore:** Working with Mazars since 2004, the local office has now been integrated and is operating under the name Mazars Moores Rowland. A major economic and financial centre, Singapore is also pivotal in Mazars' development in south-east Asia.
- **Dubai:** With a presence in the United Arab Emirates for the last ten years, Mazars has now doubled its capacities there by joining forces with Khlat & Associates (one partner and ten professionals).

Alliances:

Praxity, the new growth-accelerator for our service capabilities

As a natural extension of its development strategy, Mazars has, since 2000, signed various joint venture agreements with members of Moores Rowland International (MRI) in order to service our clients in different parts of the world. Mazars and its American MRI-member firms decided to go a bit further. At the end of 2006, they reached an agreement to launch a new international alliance with its own independent structure: Praxity. This alliance offers each participant a staging post beyond its habitual territory, and the capacity to offer its clients a service that conforms in all circumstances to the highest ethical and professional standards.



Praxity in brief

- Set up as an international, not-for-profit association (AISBL) under Belgian law, Praxity is an alliance in the strictest sense of the word. It is neither a network, nor, above all, an integrated firm, no commercial link having been established.
- Since April 2007, every 'carlist' member of Mazars has been a member of Praxity.
- Operational since April 2007, Praxity is active in more than 72 countries.
Praxity-allied firms can be:
 - 'members', who are active in the most important economic areas,
 - 'associates', whose role is more provincial,
 - or 'correspondents'.

Praxity aligns around a hundred independent firms whose combined turnover in 2006 was more than 2 billion euros.

“ The merger deals struck in 2006 and 2007 are concrete proof that it is possible to set up true centres of excellence integrated around our values and our operational and institutional principles. ”

Jos van Huut



Developing a fully-fledged legal practice, Marccus Partners, in continental Europe

Following the merger with Hemmelrath, several well-established law firms in France, Spain, Germany and Italy decided to join forces under the name Marccus Partners and to develop a portfolio of services specialising in transaction support in all its forms. These firms are in charge of the international line 'law' for the Mazars Group. They also offer fiscal competences in countries where these are traditionally exercised by lawyers. Operationally integrated with fiscal experts and other Mazars entities around the world, together they are implementing the leading ambitions of our international service line 'tax'.

“ International clients demand perfectly coordinated, made-to-measure services that are consistent with their own business structure. This takes professionals who possess an excellent knowledge of business needs and are able to provide solutions of equally high calibre on all five continents. Our integrated structure delivers the perfect response to these requirements. ”

Thierry Blanchetier



2006-2007

**International
Partnership**

8,000

professionals
working in Mazars
offices in

42 countries

Turnover :

657 million
euros

19%

growth against

15% the previous
financial year

**Our cultural
differences?
We thrive on them!**

Our global landscape*

“ Our aim is to create four main regional platforms, in Europe, Asia-Pacific, Latin America and Africa/the Middle East, and to position ourselves as a leading player at international level. ”

Patrick de Cambourg

Europe

Austria, Belgium, the Czech Republic, Denmark, Estonia, France, Germany, Hungary, Italy, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, the United Kingdom

Americas

Argentina, Bermuda, Brazil, Canada, Chile, Martinique, Mexico, Netherlands Antilles, the United States, Uruguay, Venezuela

Asia Pacific

Australia, China (PRC & Hong Kong), India, Japan, New Caledonia, Singapore, Vietnam

Africa

Benin, Cameroon, Djibouti, Ivory Coast, Madagascar, Mauritius, Morocco, Senegal, South Africa, Tunisia

Middle East

Egypt, Lebanon, Saudi Arabia, Sultanate of Oman, United Arab Emirates

* as at 1st September 2007



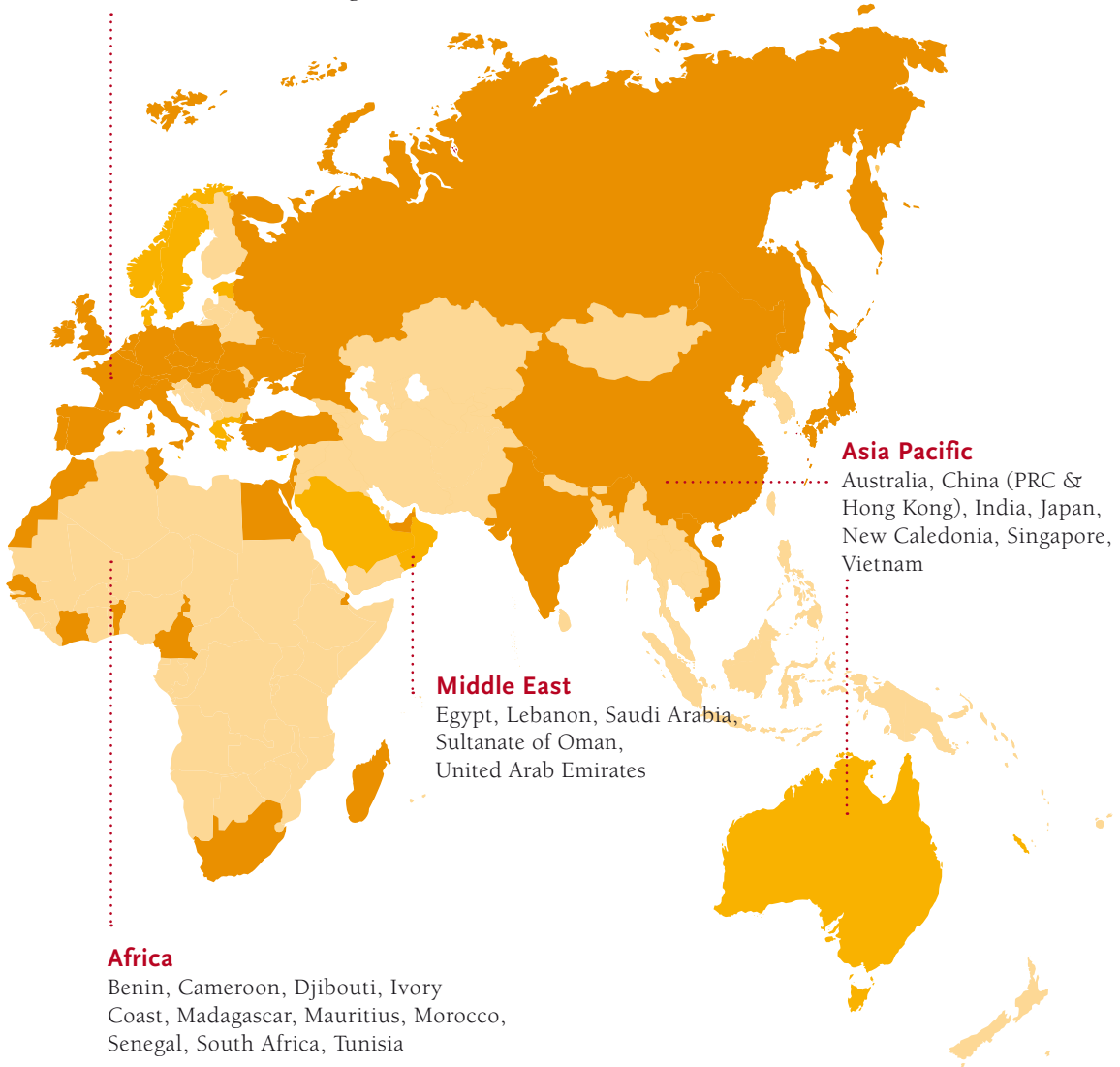
Our global landscape

1st September 2007



Europe

Austria, Belgium, the Czech Republic, Denmark, Estonia, France, Germany, Hungary, Italy, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden (-), Switzerland, Turkey, Ukraine, the United Kingdom



Asia Pacific

Australia, China (PRC & Hong Kong), India, Japan, New Caledonia, Singapore, Vietnam

Middle East

Egypt, Lebanon, Saudi Arabia, Sultanate of Oman, United Arab Emirates

Africa

Benin, Cameroon, Djibouti, Ivory Coast, Madagascar, Mauritius, Morocco, Senegal, South Africa, Tunisia





Economic responsibility

Demanding, objective and responsive:
Mazars supports its clients in every corner
of the world with dedicated experts who know
the local lie of the land.



A multi-cultural, transversal, and client-oriented organisation

In 2006-2007, Mazars further expanded its international reach, adapting its tools and resources to cope with its new fields of endeavour. Its objectives: to optimise synergies and guarantee all our clients the same high levels of performance in every country and on every continent.

The Public Interest Entities (PIE) International Customer Line: designed to cater to the specific needs of listed companies.

Headed by Thierry Blanchetier, this international line is particularly assigned to listed companies. Its dedicated teams serve large multinationals in all the international financial markets, providing a portfolio of services that include legal and contractual audit, transaction support, internal compliance, systems and organisational support.

CASE STUDY / Thales

With a presence in 50 countries, Thales is the world-leading provider of critical information systems for the space, aeronautical, defence and security industries. With a prestigious history going back more than a century, the Group has evolved its structure by implanting itself in multiple national markets. Mazars has been working with Thales on its international development for more than 25 years: Patrice Durand, Senior Vice President of Finance et Administration, comments...

What are your expectations of Mazars?

Thales is a very international Group which built itself up from its base in France. It then moved out into Europe, America and Asia-Pacific and is pursuing its expansion in new markets.

Today, half our operations are outside France and three-quarters of our turnover comes from multi-national or export business. The audit assignment that, in certain zones, we entrust to Mazars in their function as statutory auditor, is integrated into our control system. And when accounting regulations - especially the IFRS - are changing as fast as they are today, it puts a lot of old habits into question. So it's important to have someone at our side whose professional competence and expertise can be relied upon.

How would you describe Mazars' way of working?

The Mazars approach is highly constructive. It means they're working closely with the Thales teams on a daily basis. The collaboration is even more effective because the Mazars teams knows the Thales Group so well.

What do you think of the integrated approach created by Mazars?

It's a real plus for us. Knowing that the Mazars teams abroad are coordinated by the team in Paris whom we know very well, is extremely valuable. Information flows very efficiently between them, which obviously means our own effectiveness is improved, on every level.

Meeting with Thierry Blanchetier, ICL PIE Leader

What, in your opinion, are the major market trends for listed companies?

Without doubt, the shrinking number of players able to offer equal excellence of service across all international markets. I would add that the stricter rules on incompatibility between Channel 1 services (audit) and Channel 2 only underline the inadequacy of the service offer generally available to international clients.

How does Mazars position itself in this context?

As an integrated organisation, Mazars is a unique player in this market. Our legal, financial and operational integration optimises working relations within the Group, and avoids the risk of

business rivalries or conflicts of interest between the different countries. This leaves us free to focus entirely on the needs of our clients, who demand effective end-to-end control of the audit chain and consistently high performance standards from every service our organisation provides. Whatever we undertake to do for a client, be it audit or any of our Channel 2 services, we actually undertake in the name of Mazars: not just in one country but in every country where we have a presence.

In accordance with our unique approach to integration, the challenge for us is to continue to build on our geographic coverage and our sectorial approach, so we can service our clients everywhere, in every field.

Isn't developing transversality a particular role for France, as 'expert country' for Public Interest Entities?

It is. Transversality is our operational glue. France has played, and today continues to play a role as expert and as support within the Group regarding all the services offered to listed companies throughout the world. These have been considerably strengthened over the last few years and will continue to be strengthened in every country.

It is by constantly sharing our experience and making our know-how available to all that we have been able to create our Group, and this is just what will enable us to develop it further in the future.



Thierry Blanchetier
ICL PIE Leader

The Owner Managed Businesses (OMB) International Customer Line: a complete range of audit and advisory services specifically for growing SMEs.

Led by Alistair Fraser, the OMB ICL is dedicated to privately-owned businesses of all sizes. It is supported by the in-depth experience of the United Kingdom, designated 'expert country'.



Alistair Fraser
OMB ICL Leader

Meeting with Alistair Fraser, OMB ICL Leader

What are the chief characteristics of the SME and OMB market?

Its sheer dynamism and energy. Which, for us, means we have to demonstrate that we really understand their businesses and the problems faced by company leaders from day to day. Clients expect us to keep in close contact with them so we can deliver a swift and responsive service. Beyond that, we have to be proactive: anticipating change, giving strategic input and constantly ensuring the best technical advice. We like our clients to feel we are part of their team.

The United Kingdom is 'expert country' for OMB. But aren't there cultural and regulatory differences between your market and other countries'?

There are, but the guiding principles for advisory relationships are valid for OMBs throughout the world. Wherever they are, whatever their size,

these businesses are looking, above all, for regular contact with a key expert partner who will manage the interface with the rest of the team.

How do you form the teams?

Each team is formed according to the needs of the particular business, and we select experts with appropriate competences as required. Accounting, audit and tax are prime examples, but other competences offered include corporate finance or transaction support (mergers and acquisitions), which may in turn involve advice on personal tax.



CASE STUDY / **The Anton Group**

The Anton Group is one of the leading print and direct mail companies in the UK, providing a full service from design through print, fulfilment and logistical distribution, right to the customer's letterbox. For six years, Mazars have been handling financial and fiscal matters for the group and its directors. David Rosebery, Chairman of The Anton Group, gives his view...

What were the reasons that made you choose Mazars?

Five years ago, when we formed our Group to consolidate a number of businesses that had previously worked together as strategic alliances, we moved our tax and accountancy business from a medium-sized regional firm to Mazars, because of a personal connection I had had with one of the Mazars partners for many years. We thought that Mazars' size would suit our needs better. And they have looked after us very well during quite an important stage in our development as a company.

Is Mazars' integrated approach an advantage for you?

Yes. A general comment on accounting firms is that the audit and tax departments don't always behave as if they belong to the same company. But with Mazars, the coordination

between them is very good, and we are getting what we're looking for in terms of audit and accounting. Their technical advice is solid, and we don't get any surprises. Chemistry in the relationship between client and service provider really counts, and we are confident we can rely on a solid relationship for the stages ahead.

How do you see the future with Mazars?

We are starting to think about whether to sell the company in the next three or four years. Mazars has already offered us some food for thought on this subject. We count on their support and their expertise as we go forward.



**International Line Tax:
a centre of excellence for all Mazars entities.**

This service line is handled by qualified fiscal experts and led by Frans Sonneveldt, a Mazars partner but also professor of international tax law at the Universities of Utrecht and Leiden and part-time judge on international tax cases.

With its long history in international tax law, the Netherlands (seat of the International Fiscal Association and the Bureau for Fiscal Documentation), are Mazars' designated 'expert country' for tax issues.

**Meeting with Frans Sonneveldt,
IL Tax Leader**

Mazars is proud of its responsibility and commitment to its clients. What particular role does tax advice play in this respect?

Many clients expect us to deliver a full service, and tax is obviously a key part of that concept. Our responsibility is to meet their expectations through a combination of technical expertise and personalised client contact. Our service 'map' can be viewed as a matrix: on one axis, three client groups (Public Interest Entities, Owner Managed Businesses and High Net-worth Individuals), and on the other axis, three tax competences: compliance, assurance and advisory. Our aim is for every Mazars firm across the Group to be able to tick every box... within the limits of their national legislation, of course!

What are your guiding principles on tax advice?

Our commitment to integrity has led us to develop a Quality Assurance Manual in which we lay out the rules we cannot break. These include exigent standards with regards to client acceptance, and even more detailed standards of professional conduct and regulatory compliance for our staff.



Frans Sonneveldt
IL Tax Leader

What does 'expert country' mean, for you?

It means we are responsible for developing a centre of excellence for a fully global and fully-fledged international tax practice. We're focusing on recruitment, risk management, knowledge dissemination and alignment through business lines and across borders. This is part of our global effort to develop transversal business.



CASE STUDY / **Gadot Chemical Tankers and Terminals Ltd**

With a fleet of 30 tankers, this Israeli group and its subsidiaries are a leading name in the shipping, storage and distribution of liquids, oils and other chemicals. Through its partners in the Netherlands, Mazars has provided the Gadot group with expertise in audit, tax and company law matters for over 10 years. Tamir Ben Laiche comments on a fruitful partnership.

Why did you choose Mazars?

Because of their experience and their adaptability. They helped us become a public company in 2003, and just recently they carried out a due diligence investigation prior to our acquisition of Bax Chemicals BV. Mazars is a one-stop-shop for all our needs. Their advice on tax has proved particularly advantageous.

Does the integrated international structure help you?

We haven't really needed it yet, but we plan to. We are particularly satisfied with our relationship with the Dutch office. It works very well, and already gives us an idea about their international structure. We hope that as our business grows, Mazars will continue to be part of it.

Has working with Mazars changed your operational strategy?

Yes. Step by step, they have accompanied us and solved a lot of problems. At their suggestion, we recently opened an office in the Netherlands. This is already making a positive difference.

Do you ever recommend Mazars to other companies?

Yes, because we find they perform particularly well, while being very competitive in terms of fees. We also appreciate the way they listen to us, and how responsive they are. On our recommendation, one of our partners recently approached Mazars, and is already appreciating the benefits of the solutions they offer.

“ The development of appropriate technical platforms and management systems will enable us to improve access and information sharing in every country. ”



The International Line Law: a multi-disciplinary and transversal approach.

In countries where the law makes it difficult for the same organisation to perform these services in parallel, Mazars had taken the decision to part company with its law firms. But at a

time when, throughout the world, legal and economic environments for businesses are becoming increasingly complex, being able to provide clients with top quality professional legal support is an imperative that has led Mazars to structure an appropriate response to meet business needs.



Antonio Bover and Bernd Sagasser
Co-Leaders on IL Law

**Meeting with
Antonio Bover
and Bernd Sagasser,
co-Leaders on IL Law**

Are there plans for this service line to develop?

Of course. We're in the process of consolidating the European base. On the other continents, we want to take our time choosing the best partners. For the moment we're relying on the local Mazars offices to form agreements with national law firms to work with us. These agreements may also eventually lead to the integration of these firms into Mazars. The criteria for this process are the same as in the rest of the Group, so we expect the integrated Law Line to meet the same standards of technical excellence, quality of service and professional ethics.

What are your advantages over the competition?

They're the same qualities that define Mazars as an Organisation; our particular culture and way of doing things, our sense of partnership, our closeness to clients and our flexibility. These assets are all part of the way we build our business. We have to be geographically close to our clients because, of course, law is still frequently a very 'local' matter. But it's the human relationship that really counts: being a lawyer means keeping up to date with the client's business on a daily basis and adapting to its rhythm. You have to be at your client's side through good times and bad. It's all based on trust, and trust can't just be ordered: it can only be built over time.



“ We are working on the alignment of our geographical dimension so that we can cultivate proximity to our clients, and developing our transversal dimension in line with our plans for the long term future. ”

CASE STUDY / Faiveley Group

A global player listed on the Paris Stock Exchange, Faiveley is the world's second-largest supplier of railway systems and services. It specialises in highly technical, value-added products such as braking systems, pantographs, on-board computers, security systems, doors and air conditioning. Olivier Ravit, General Manager of the Spanish subsidiary Faiveley Transport Iberica, SA, describes his experience working with Mazars teams.

What does Mazars do for Faiveley Iberica?

The ground they cover for us includes tax, legal and company matters. What I particularly appreciate is having just one person to talk to for all three areas. That doesn't stop Mazars bringing in more specific expertise when it's necessary, but it means I don't have to waste my time running around between different specialists all passing the buck.

Do you think there's a real 'Mazars difference'?

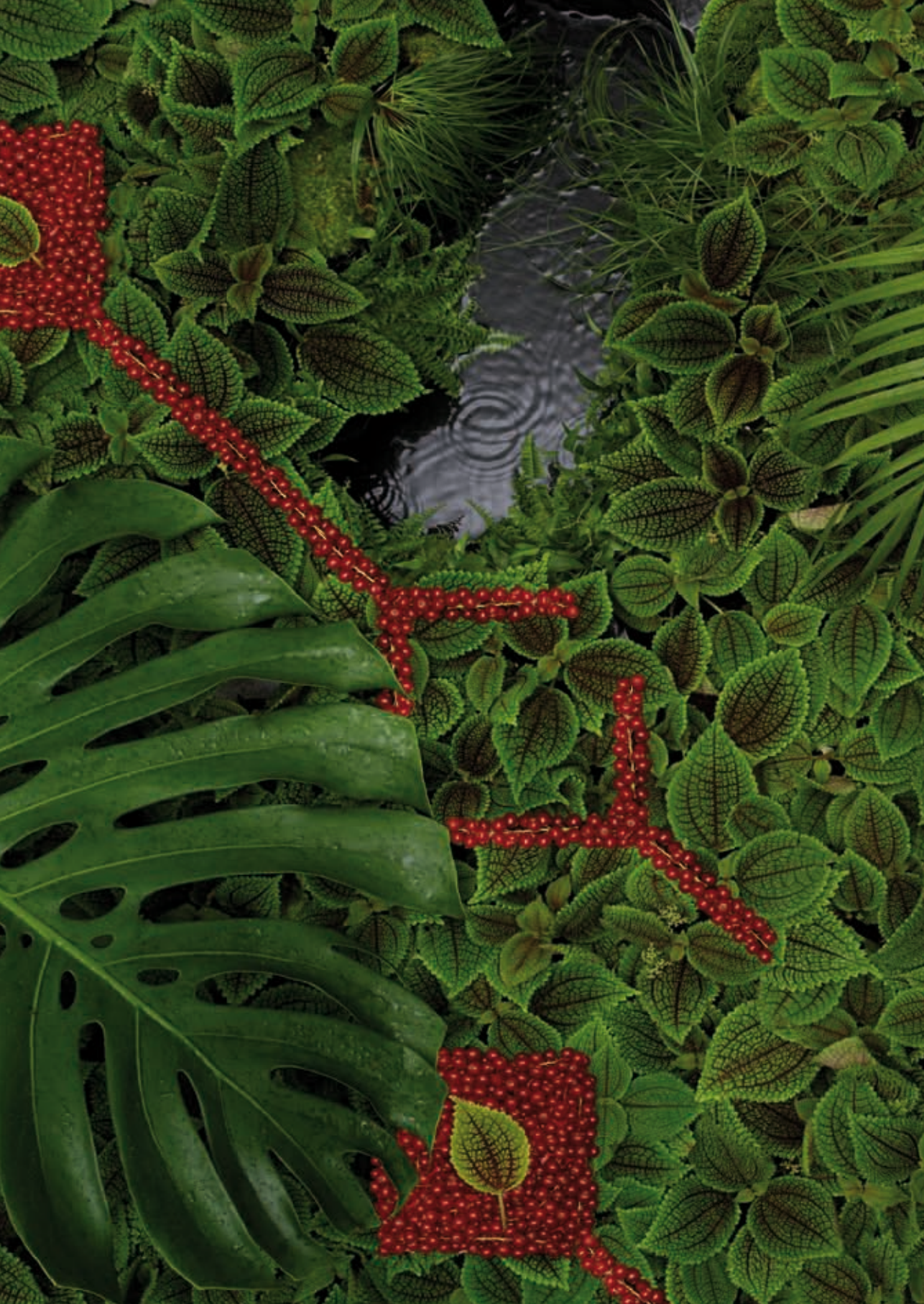
The fact that the Mazars partner in charge of our account is capable of global vision is really a strong point, especially now, when firms have a tendency to segment their businesses and play on their specialisation. Mazars are

also completely up to speed with what's on our minds, and the way our business is going –something you don't often find with legal advisors.

How does that pan out in practice?

When I ask for advice on a problem, they don't just send me a photocopy of the law. They give me a proper answer, by showing how the law applies to the Faiveley case. They never hesitate to roll their sleeves up and get involved. I admit they are capable of making mistakes, but in any case there's no such thing as zero risk. The main thing is, they know how I work, and vice versa... over the last 10 years, we've got to know each other! We've really built a great relationship, and that is extremely valuable on a daily basis.

“ Being a lawyer means... you have to be at your client's side through good times and bad. ”





CSR: Connecting communities

Attentive, supportive and open-minded:
Mazars sows the seeds of a better tomorrow.



CSR: Connecting communities

Cultivating talents for careers without borders

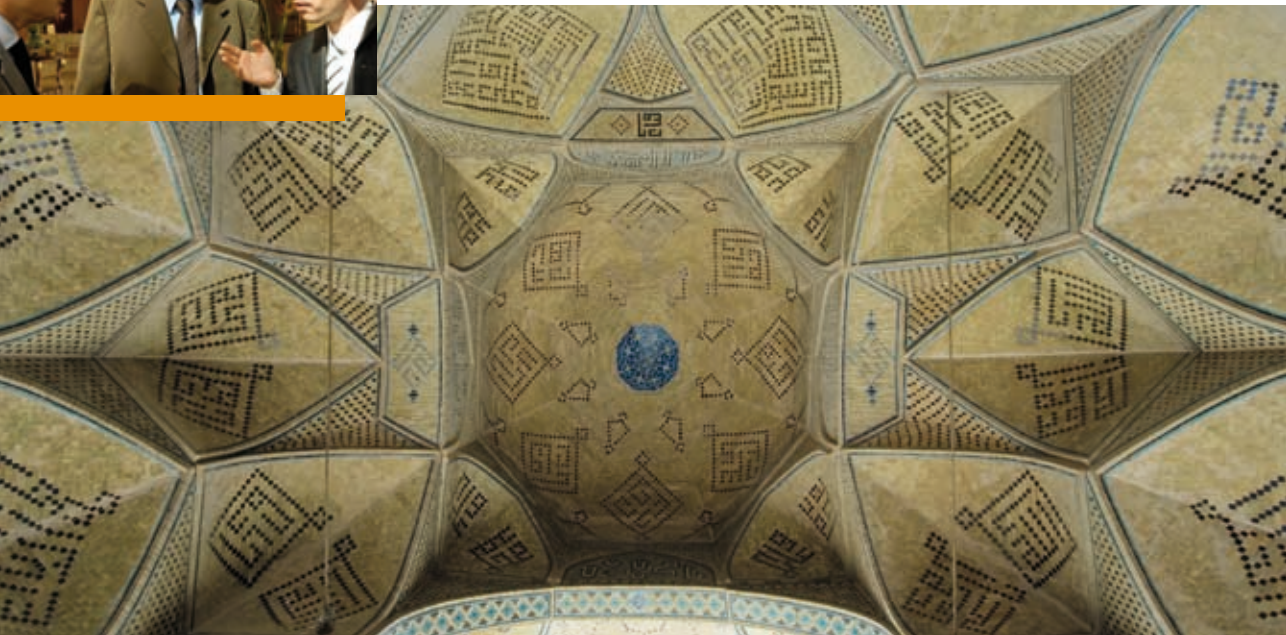
Our international expansion demands a dynamic and comprehensive Human Resources policy. Our key theme is obviously growth, but more than that, growing together...

The Mazars 2010 centre of excellence for 'Talent Management' defined the major strategic directions for Mazars' Human Resources. To support this strategy in 2007, a number of concrete steps were made to attract, develop and retain talented individuals in a global environment.

Growing together.

In 2006-2007, the Human Resources Division focused on the design, development and alignment of different tools to optimise recruitment and career management within the Group. These initiatives included fostering our connections with business schools and

universities, and multiplying the opportunities for international postings within Mazars. We also set up an internal barometer, a feedback mechanism for our main countries to help us refine our HR policies.





“ Today’s talent market
is global. ”
Eric Pietrac,
Group HR Director

Mazars University

Senior Advisor at the Group Executive Board, Michel Rosse unveils a project that will be presented to the partners at the General Assembly in December 2007.

Mazars has always invested in training, since its very beginnings. What kind of contribution does Mazars University make?

Mazars University will help us more effectively mine the veins of experience running through every Mazars office around the world. But it's not just about centralising and coordinating Mazars' technical training and information - it's a lot more than that. Mazars University will be an international think tank, a forum for us all to exchange views and ideas about the way we practise our profession. It will be a way of looking ahead and projecting ourselves into a future where we intend to be a key player on the audit and advisory market.

So it's an extension of Mazars' approach to integration?

Absolutely! Wherever we can effect an integrated international approach, that's what we do. Mazars University is a direct expression of our values and our points of difference, whether they stem from our origins or characterise the relationships we have with our clients and colleagues. It's a tool for cultivating the Mazarian DNA, but it also helps us to better understand the world. The partnerships, conferences and events that will be organised within the framework of Mazars University, will help build our connections with society as well as with the academic world...



Over 1,000

new employees
were recruited
in 2006-2007



“ When a company and its directors respect their employees, their clients and their environments, this creates circles of trust. Multiplying these circles of trust is fundamental to the development and the durability of what is, and will always be, an adventure in enterprise, a drive that is basically part of the human spirit. ”

David Evans

Careers made-to-measure.

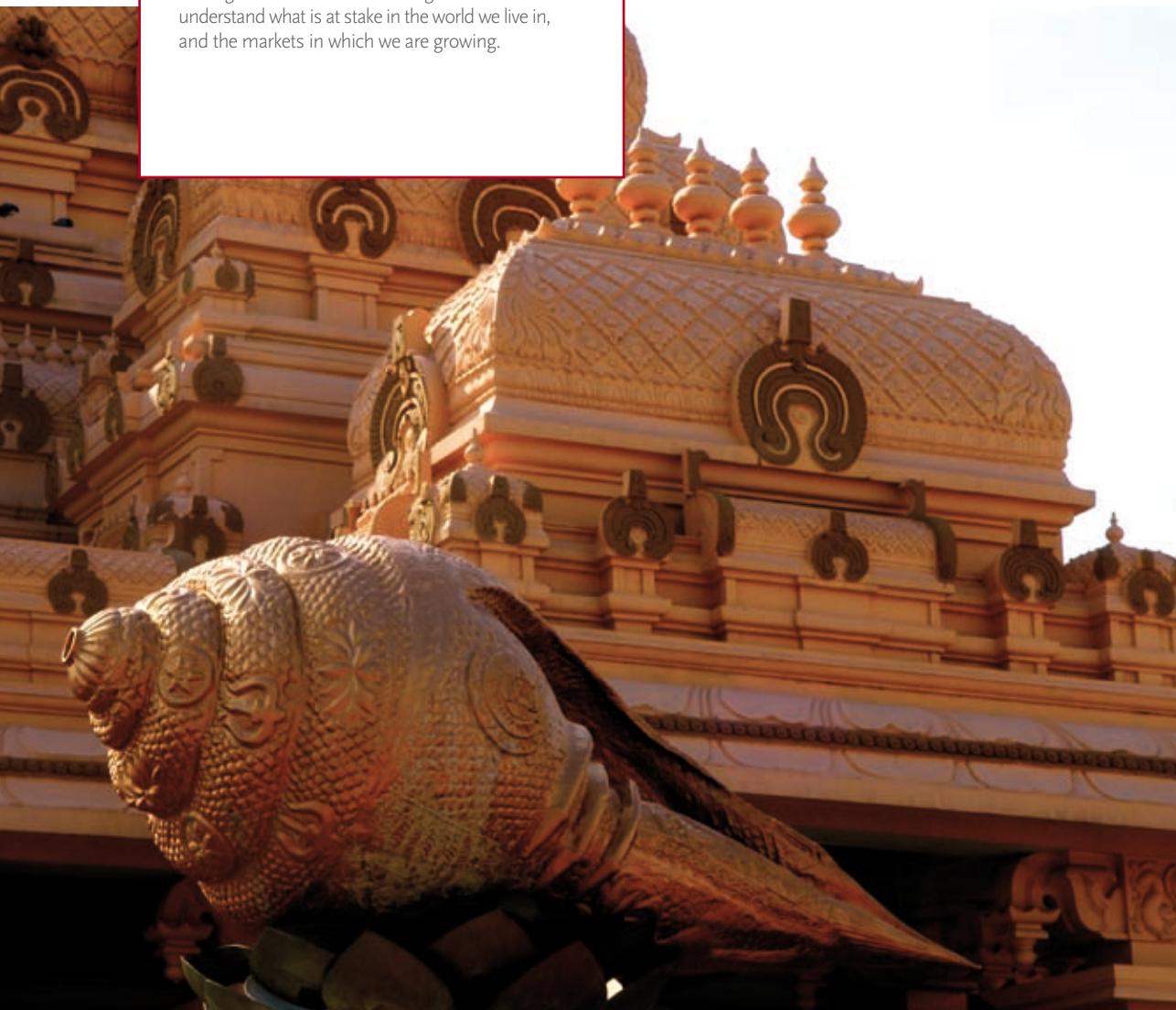
During their first years at Mazars, we direct new recruits along a path that explores a diverse spectrum of clients working in various business sectors, including banking, insurance, technology, industry, media, public sector, etc. As soon as they join us, every new recruit takes part in an integration programme, and is also appointed a personal mentor, who will guide them throughout their career at Mazars.

Ongoing professional development.

Demanding performance excellence implies a duty to provide excellence in training, at every stage of an individual's career. Partners and managers are now being offered transnational training and management courses, to complement their professional practice. The inception of Mazars University at the end of 2007 (see page 37) forms part of this new drive.

The Mazars partner of tomorrow will necessarily have...

- experience in one of the Group's offices abroad and/or completed international assignments;
- led projects with multi-national teams;
- worked for clients with offices in different countries;
- undergone transnational training courses to understand what is at stake in the world we live in, and the markets in which we are growing.



Responsibility, the principle at the heart of every debate...

Social responsibility is a question of culture in every sense of the word. At Mazars, we have always believed we have a part to play in the society in which we live.

- **Publication of 'Corporate Accountability and Trust—Thoughts from 12 Top Managers':**

as the notion of responsibility is the focus of current social debate, Mazars assembled the opinions of 12 notable social and economic commentators, whose participation represents the diversity of debate on this theme. On sale in bookshops in English and French, adaptations are under way for Spain and the Middle East.

- **Paris - Success and the City:** for the second year running, Mazars partnered the *Cité de la Réussite* (City of Success) in hosting philosophers, artists, economic experts, and university lecturers for three days at the Sorbonne. The conference theme for 2007: 'Responsibility'.

- **London - Evolving the audit market:**

this round table was organised as part of the British government's effort to stimulate new thinking on how to increase competition in an audit market currently dominated by the 'Big 4'. The event took place on 24th January 2007, in the Houses of Parliament, and was presided over by Jonathan Djanogly, British minister for commerce and industry. Investors, MPs and representatives from the auditing sector exchanged informed and constructive views on the need to move towards greater openness in the market. Mazars is one of the 12 experts invited to address the subject of opening up the audit market by the Financial Reporting Council (England's regulator on audit).

• **Mazars.eu, a European site dedicated to the great European debates:** Mazars regularly organises chats on this site on current topics of debate. Mazars partners and well-known personalities answer questions from the public. This year Mazars broadcast a live debate from Brussels, on the subject of 'Corporate Responsibility and Trust: beyond the rules'. Participating were Gilbert Lenssen, President of EABIS (European Academy for Business In Society), Nicole Notat, President of Vigeo, Member of the European Parliament Andreas Schwab, William Echikson, head of Dow Jones Newswires office in Brussels, David Devlin, a member of the European Corporate Governance Forum set up in 2004 by the European Commission, Patrick de Cambourg, President of Mazars, and Charlie Mc Creevy, European Commissioner on the Internal Market and Services.



• **Frankfurt - Alternative investment market:** The British and German offices of Mazars co-sponsored the event organised by the London Stock Exchange in support of AIM, the market dedicated to expanding SMEs.





Muriel Bachelier
Group Communications
Director



Our responsibility is founded on similar principles in every country.

Meeting with Muriel Bachelier, Group Communications Director

Why did you choose responsibility as the major theme of the Group's communications?

Responsibility is at the heart of our profession, and dovetails with our vision of our company's role. What and how we communicate reflects who we are: our values and the way we work with our clients and what we will be tomorrow, which is an even more international player in an increasingly open world. Responsibility is a concept that crosses all borders, as you can see if you read the 12 top managers in the book, 'Corporate Accountability and Trust', that we published this year.

Our ambition is to undertake initiatives that go deeper than cultural differences and are meaningful to all. The theme of responsibility is already going in that direction, and has the potential for various developments on cultural and humanitarian levels.

So this approach enables you to prioritise initiatives without borders?

Exactly. Although, 'without borders' isn't just another way of saying 'international'. It's more a way of doing things, because talent has no nationality nor any gender. When we say 'without borders', it's because that's really the way we work. I think it's part of our character. For example, this year's Mazars scholarship for the Heritage Vocations Programme we're running with UNESCO, has been awarded to a young man from Bhutan who is studying the management of the Beijing Man site.

Whatever event we sponsor, we automatically involve an international team, just as we're doing for the Women's Forum in France, and in China, possibly in other countries.

Working with Unesco and the Heritage Vocations Programme since 2005, on the international operation 'Managers of world heritage sites', Mazars provides scholarships to students training in all the dimensions of world heritage management (economy, finance, heritage protection, tourism...) so that they put their plans into practice.

Can you tell us about Mazars efforts in social solidarity?

Solidarity is a way of demonstrating responsibility. It's a supra-national concept and part of our commitment to the long-term future. But it's also true that social responsibility is more naturally put into practice at the local level. The Group is continuing to support various associations and initiatives: training hospital volunteers with the 'Blouses Roses' in France, education for the underprivileged children of Dublin in Ireland, building a school in Madagascar, nature conservation in Turkey, Unicef in Spain, accountancy training for organisations working with children in China who don't go to school. Mazars UK is still part of the Per Cent Standard which recognises companies contributing more than 1% of their pre-tax profit to initiatives aimed at improving the social environment...







A photograph of a Zen garden with meticulously raked sand patterns in the foreground and a stone with red flowers in the background.

Governance

Independent, innovative, transparent:
Mazars anticipates the legal demands of the
8th European directive. We are what we say,
and we can prove it.

A photograph showing several hands holding and pouring rice grains, symbolizing care and attention to detail.A close-up photograph of a grainy texture, likely rice or a similar grain, filling the bottom half of the page.

Transparency, our clear duty

Responsibility underpins all the values and principles on which Mazars is built. This spirit continues to motivate our organisation and our teams throughout the world. Our statutes and governance express it very clearly.

A co-operative company and a democratic organisation.

The Mazars Organisation constitutes all the member entities who have signed an agreement of cooperation with Mazars Scrl, a Limited Responsibility Cooperative headquartered in Belgium, and whose partners are also 'shareholders'.

The management of Mazars Scrl is the responsibility of the Group Executive Board (GEB), under the control of the Governance Council. The management of the member entities of Mazars devolves upon their own local boards.

- **The General Meeting** gathers all the partners of Mazars Scrl together at least once a year.

It is the central pivot of our governance and decision-making, dealing with the approval of the Group's strategic directions, election of the Group Executive Board and Governance Council, nomination of new partners, and approval of the Group's consolidated and audited accounts.

- **The Group Executive Board** periodically reports on its decisions to the Governance Council and to the General Meeting of partners at least once a year. At the General Meeting, the partners elect the President and then the other members of the Group Executive Board, as proposed by the elected President. Elected for three years, members of the Group Executive Board serve their term until the end of the General Meeting approving the results of the second financial year following their nomination.

Mazars, the first global Organisation of audited auditors

Applying to ourselves the same rules we make others follow seems obvious to us—a question of responsible ethics. That's why, since 2005, Mazars has published its Annual Report. This presents our accounts, consolidated to IFRS standards and audited by two independent auditors.

The first of its kind to be carried out by an audit group on a worldwide scale, this exercise illustrates both our desire for transparency, and our understanding of responsibility, to our clients, to the regulators and to the markets in general.

- **The Governance Council** meets every quarter. It monitors the way the Organisation is run by the Group Executive Board and the performance of the Group's member entities. Its members are elected by the partners at the General Meeting, for a three-year term that runs alongside the mandate of the Group Executive Board members.
- **The Country Executive Committees** have authority over the management of their national member entity in accordance with the rules established by the Organisation and within its strategic and operational framework. They are elected by the partners of their member entity, candidacy being submitted for the approval of the Group Executive Board.

“ Our desire for transparency is inscribed in our statute, our values and our code of conduct. It is daily expressed in the relationships we build with our clients and in the way we pursue our international development. ”



Constant vigilance.

Excellence is a priority. We take precautions to ensure that commercial considerations do not outweigh the expectations we have of ourselves in this regard.

- **The Mazars Charter** clearly defines our rules of independence, our code of conduct, the criteria for selection and co-option of our partners, and our procedures for avoiding conflicts.
- **The Risk Management and Audit Technical Excellence Committee** ensures that all entities within the organisation appropriately apply the relevant national and international standards, as defined by the regulatory bodies.
- **Our Quality Assurance Manual** sets out our rules and procedures. These conform to IFAC standards and are made accessible to all our staff through our Internet portal. The partners are primarily responsible for the implementation of the quality control system.
- **Regularly verified rules and procedures:** in addition to internal reviews, audit procedures effected by entity members are checked by external bodies or by independent regulators.

Objectivity and Independence: the Mazars Code of Conduct

Largely inspired by the IFAC code of ethics, and European positions on the independence of auditors, our Code is enforced by each national member entity of our Organisation. Where necessary, each member entity can supplement our Code with local regulations, if these are more strict.

The two key elements of following the Mazars Code are:

- a set procedure for client and assignment acceptance;
- an annual declaration of independence by the partners and staff, and a scrupulous review of any situation that might compromise that independence.



“ Adopting the system established by Robert Mazars in which partners receive no goodwill when they leave any more than they must pay to join, gives us real freedom. ”

Clear and fair structures for partner remuneration.

Partners are rewarded, in equal proportion, according to the performance of the national body to which they contribute, and the performance of the Mazars Group overall. The figure is generally determined by the Group's 'operational performance', with deductions being made for any exceptional events (such as local litigation), which remain the responsibility of the national entity in question.

- Profits are divided between partners in proportion to the shares (base points) they have been allocated. Financing the business is the responsibility of each national member, and is in the same proportion as the allocation of shares.
- Several countries have also opted for a bonus system based on individual performance, awards being made from a pot representing up to 10% of the profits of the country concerned.
- Ratified by the Group Executive Board, base points are allocated to partners according to their country's collective performance, and the individual performance of each partner, which is measured against various criteria: professionalism and technical contribution; significance and complexity of assignments; contribution to the general development of local members and of the Group; level of managerial responsibility; performance in financial management; 'partnership spirit'. None of the above criteria are evaluated in isolation, but technical competence and the partnership spirit are the most important.



Questions for... Jean-Louis Lebrun, President of the Governance Council

What was the impact on the Governance Council of the many growth transactions carried out by Mazars in 2006 and 2007?

In as far as the Governance Council is responsible for investigating every growth transaction, the impact was major! Even more so because we undertake to give our opinions very precisely and formally, in writing, and within the deadlines imposed by the deals, which also then have to be approved by the General Meetings we summon.

Do you carry out due diligence for every growth transaction?

Absolutely. To start with, we rely on the report provided to us by the Group Executive Board: this report contains information on the strategic, economic and financial implications for our operations. In some cases, we carry out additional investigations.

How can the Governance Council 'keep tabs' on every Mazars office around the world?

The task is becoming increasingly complex. That's why this year, we've also been thinking about setting up Governance Council 'staging posts' that function on a national level, at least for the most important countries.

Where are you now on the thinking you've been doing with the Group Executive Board about the structuring of governance?

The growth transactions have led us to think further on the evolution of our institutional documents, specifically the Mazars Partnership Charter, our internal regulations and the statutes of Mazars Scrl. But the work on re-writing and legal validation is also part of the follow-up to the Odyssey project: many new propositions on how we organise our partnership life within Mazars came out of the project work groups. So it is important to take account of those, and translate them into our institutional documentation. This should be completed in 2008. We are also pursuing our thinking on a more definitive legal integration of our European entities.



Jean-Louis Lebrun
President of
the Governance Council

Governance

The executive directors

The Group Executive Board whose mandate expires at the end of 2009 currently comprises:

- **Patrick de Cambourg**, President, France
- **Philippe Castagnac**, France
- **David Evans**, the United Kingdom
- **Jos van Huut**, the Netherlands

Election to the Group Executive Board

- At the General Meeting, the partners elect the President, and then the other members of the Group Executive Board, as proposed by the President in office.
- The elected members of the Group Executive Board remain in office until the end of the General Meeting in which the financial results of the second accounting period following their election are approved.
- To be eligible for election to the Group Executive Board, every candidate must have worked in one of the Group's member entities for at least five years, and have been a partner for at least two years.
- Members of the Group Executive Board agree to retire from the Board once they reach the age of 65.
- Partners at the General Meeting have the right to relieve any Board Member of their duties.

The Governance Council is run by:

- **Jean-Louis Lebrun**, President, France
- **Michel Barbet-Massin**, Vice President, France
- **Philippe Bouillet**, France
- **Patrice de Folleville**, Germany
- **Tim Hudson**, the United Kingdom
- **Kim Hurst**, the United Kingdom
- **Ruud Krouwer**, the Netherlands
- **Pierre Sardet**, France
- **Claudio Tedoldi**, Italy
- **Aureel van Wersh**, the Netherlands

Election to the Governance Council

- **The Governance Council** may include between 4 and 16 members. In December 2006, partners at the General Meeting elected a Governance Council composed of ten members. Proposed by the partners at the General Meeting, their mandate runs for three years, in tandem with that of the Group Executive Board.
- **Conditions of eligibility are the same as for the Group Executive Board.** The Governance Council meets once a quarter.
- If any single member entity contributes 10% or more of the fees earned by the international structure as a whole, they will be represented on the Governance Council automatically.

Operating and financial review

The auditor audited

Group Executive Board Report on operating and financial performance during the year 2006-2007

Financial statements on the basis of IFRS For the year ended 31 August 2007

In million euros

1

Financial statements

Consolidated income statement
Consolidated balance sheet
Consolidated cashflow statement
Consolidated statement of changes in equity

2

Notes to the financial statements

note 1	Basis of preparation
note 2	Accounting policies
note 3	Scope of consolidation
note 4	Turnover
note 5	Cost of Technical Staff
note 6	Other costs
note 7	Segment reporting
note 8	Intangible assets
note 9	Property, plant and equipment
note 10	Client debtors and work in progress
note 11	Provisions
note 12	Long term borrowings
note 13	Trade and other creditors
note 14	Corporation tax
note 15	Contingent liabilities
note 16	Auditors' Fees
note 17	Remuneration of the members of the Executive Board and the Governance Council
note 18	Personnel
note 19	Commitments
note 20	Post balance sheet events
note 21	Financing and compensation of partners/shareholders
note 22	Incidence of entities entering the scope of consolidation

Independent auditor's report

Group Executive Board Report
on operating and financial
performance during the year
2006-2007

In 2004-2005 we presented and published our first annual report, which also included our consolidated financial statements in compliance with IFRS accounting principles, and it was deliberately and without statutory obligation on our part submitted to two of our audit industry colleagues for their audit opinion. This exercise in transparency is part of our ongoing policy of ensuring 'best practice' and has been universally appreciated. We are therefore pleased to present our third Annual Report and audited consolidated financial statements for the accounting period 2006-2007.

Our continuing development

The millennium got off to a distinctly gloomy start for everyone, our profession included, but the situation has since markedly improved. An increasingly buoyant climate allowed us to augment our business activity and market share over the last few years:

2004-2005 : + 9.0%

2005-2006 : + 14.9%

2006-2007: + 19.5%

This clear upward trend represents an overall turnover of 657 million euros; this figure includes a sustained organic growth (+ 10.5%) as well as growth through mergers (+ 9%).

Pursuing a deliberate external growth policy, we have formed important partnerships across all continents: in our European base (Germany, the United Kingdom), in Latin America (Mexico, Venezuela, Brazil), in Asia (India, Singapore, China) and in Africa/the Middle East (Egypt, Tunisia, United Arab Emirates). Each deal increases our status in the eyes of the industry throughout these regions, improving our business development and allowing us to anticipate new partnerships over the next few years. With the partnership ventures which took effect from 1st September 2007 either already underway, (mainly in South Africa), or submitted to the Partners in December 2007, (Denmark and Chile), and with the cumulative influence of those carried out over 2006-2007, 8 additional growth points (representing around 50 million euros) should be taken into account when calculating our actual organic growth to date.

Thanks to our external growth operations, staff numbers outside Europe have tripled in the course of one year, and now stand at 27% of the overall total, in other words, over 2,100 partners and staff (as an equivalent full-time figure, when calculated on the pro rata temporis basis referred to previously). This gives some idea of the rate at which the company is expanding and the efforts and resources required to ensure successful integration across the board.

However, we are keen to keep our unique institutional model of an integrated international partnership intact, as it is the means by which we ensure our paradigm of company-wide high standards. This is firstly achieved by ensuring the full commitment of new members and their partners. We then provide the necessary support, and allocate sufficient funding to enable adaptation and compliance with our operational, technical and managerial quality requirements.

A sound operating equilibrium...

The gross margin generated after technical costs has remained steady for a number of years at just over 55% of turnover. We therefore consider ourselves to have achieved a fair balance between productivity and qualitative cost-effectiveness.

The support functions required to accompany development have been improved, which has impacted on fixed administration and management costs.

The building up of central functions and implementing international structures by client type in the auditing and accountancy areas of business (Public Interest Entities and Owner Manager Businesses), and by business line for legal and tax consultancy areas, means we have increased our international organisation costs.

Our improvement of central support functions through Talent Management and Risk Management and Technical Excellence has also added to these costs. This dramatic development— which is deliberate and is set to continue —, coupled with the impact of the new integration operations (particularly in Germany: 3.2 million euros) has led to a slight drop in the surplus rate, which comes to 21.4% as compared to 22.1% in 2005-2006 and 21.9% in 2004-2005.

... And a stable balance sheet

At the close of our previous accounting period, we referred to a 'secure financial situation' which would allow development to continue.

External growth takes two forms: either by integrating a firm and its partners, or by taking over the clientele and operating assets, where the founding partners have decided to 'hand over the reins' in view of their forthcoming retirement. In the case of the latter, we invest our financing capacity, taking out a modest bank loan and/or making a long term commitment which will not impact on the current cash position. These takeovers and consolidated goodwill are perforce listed as intangible assets, and show a strong increase from the end of one accounting period to another:

(in million euros)	31 Aug. 2006	31 Aug. 2007	change
Clients	3.8	12.6	8.8
Consolidated goodwill	22.6	40.7	18.1
Total	26.4	53.3	26.9

Management of work in progress and accounts receivable has slightly improved at 4.1 months (4.3 months in 2005-2006).

Excluding short-term investments, these two balance sheet items (intangible assets and work in progress/debts) represent almost 80% of consolidated assets, mainly financed by the partners. Indeed, in order to preserve the Organisation's independence and that of the entities making up the Organisation, no capital is to come from outside investors.

The partners shall therefore be the sole contributors of equity to their corporate entities, in various forms depending on legal structures or national practice: shares, allocation of retained profits, partners' loan accounts, long-term deferred remuneration, etc.

With regard to the partners, this equity is reclassified as debt on consolidated accounts, on a short term or long term basis, depending on the case. At 31st August 2007, sums thus provided by partners represented 41.0% of equity and 14 months of their surplus rights, figures which are more or less stable from one accounting period to another.

At the end of the previous accounting period, the balance sheet showed a net cash position, taking into account the short-term investment of 39.2 million euros. However, the absence of any net debt financing is not an end in itself, but allows us to approach growth projects with the possibility of financing them through modest debt levels, if necessary, without endangering our financial autonomy. Net debt financing reached 30.2 million euros on 31st August 2007, i.e. 18.2% of the quasi-capital provided by the partners, leaving ample room for manoeuvre for future developments.

Satisfactory growth in the countries

France's relative weight has diminished somewhat, its activity decreasing from 40.7% to 37.4% of the total. This development, resulting from the Organisation's growing internationalisation, can only be beneficial as long as the country's organic growth remains satisfactory (+ 7.0% in 2006-2007). Progress was almost identical in Paris and in the provinces. Statutory audit mandates for the main clients, in particular those issuing for general subscription (over one hundred listed companies), have been renewed: Areva, Bonduelle, CGG Veritas, TF1, Thales, whereas we have been nominated for the first time as statutory auditor at Essilor, Esso, Natixis, etc. Moreover, the statutory restrictions concerning the independence of statutory auditing in relation to other auditing and consulting services has allowed us to obtain a strong increase in these services with large international organisations for whom we do not certify the accounts: in total, an increase of 62% with clients such as AGF, Sanofi, Pfizer, Société Générale, Technip, Casino, etc.

During the year, *the United Kingdom* took over the activities of a London firm with an annual turnover of approximately 10 million pounds, enjoying an excellent position with a clientele of young companies listed on the AIM (Alternative Investment Market). Coupled with a progression on a like-for-like basis of 16.4%, turnover registers at 122.8 million euros, representing a +21.2% increase in sterling, equivalent to 19.6% assuming a constant value of the pound relative to the euro.

Together with *the Netherlands*, showing growth of 10.2%, the three largest countries combined saw their relative weight in relation to the consolidated whole in steady decline: 74% in 2004-2005, 72% in 2005-2006, 68% in 2006-2007.

In *Germany*, we have seen constant development without, however, succeeding in penetrating the German corporate market sufficiently. On 1st January 2007 we took over Hemmelrath's auditing and taxation activities. This operation, which should see activity almost triple over a full year, is likely to strengthen our presence with German companies and places us in the industry's leading group in this country. In 2006-2007, activity reached 36.9 million euros, in other words + 240% (+ 16.1% on a like-for-like basis). Hemmelrath also had offices in Eastern Europe which are now integrated with our own (Poland, Hungary, the Czech Republic and especially Romania, where this addition supplements our legal and fiscal services, tripling our staff and our overall activity). It would not have been possible to bring this operation

to a successful conclusion without the financial support of the international organisation. Germany will be the first to benefit from this but it will also have positive spin-offs outside its borders, due to its economic influence.

In *Italy*, the previous accounting period benefited from one-off accountancy assignments which were not renewed in 2006-2007. Turnover has thus dropped by 5.9%, but nevertheless registered an increase of 28% compared to the previous year (2004-2005).

Spain greatly improved its profitability in 2006-2007 with its turnover reaching 19.4 million euros (+ 8.5%).

At 22.4%, growth in *Ireland* was particularly strong with sustained activity in transaction support where we were instrumental in introducing clients into the Dublin and London Stock Exchanges.

The other countries in *Western Europe* enjoyed a growth of 9.1% (*Belgium* + 9.7%, *Luxemburg* + 9.4%, *Portugal* + 5.3%, *Switzerland* +20.3%, *Turkey* - 0.8%). In *Sweden*, we operate in partnership with a local correspondent (+ 48%).

In the *Central and Eastern European* countries, we are present in 8 countries (*Austria, the Hungary, Poland, the Czech Republic, Romania, Russia, Slovakia and Ukraine*) where we employ 412 people and where activity is on the increase at 27.3%, with a special mention for the Moscow office which has grown by 40%.

In the *United States*, in partnership with firms which are henceforth members of the international alliance Praxity, growth in real terms reached almost 9%, equivalent to 1.7% expressed in euros.

On 1st September 2006, we welcomed our former *Venezuelan* correspondent into our international organisation (4 partners, 42 employees), with a turnover of 2 million euros.

A year before, we integrated our former *Mexican* correspondent, the Rioseco firm. Their activity increased by 3.8% (12.8% at constant exchange rate). On 1st September 2006, another Mexican firm, Freyssonier Morin S.C., with around twenty offices throughout the country, followed the same route. The principles for merger between the two Mexican entities have been set out and will be implemented in 2007-2008.

In *Brazil*, a merger is also being prepared after integration of the Cabrera Asociados firm on 1st September 2006 (3 partners, 141 employees and an activity of 3.9 million euros, focussing on accounting services). In total, we employ almost 200 people across our 3 offices in Rio de Janeiro, São Paulo and Salvador.

In *Argentina*, activity increased by 22% in local currency (11% in euros).

In the *Latin American* region, we have, for a number of years, been carrying out a sustained search for correspondent firms to gradually bring into the Mazars organisation. We now employ over 700 people. This trend is continuing and will lead to new integrations.

In *Africa*, we are present in 7 countries. *South Africa* will be joining us on 1st September 2007 and should help us to break into English-speaking Africa.

Despite a less than favourable track context, our context in *Benin*, *Cameroon* and *Ivory Coast* has been maintained. Progress in *Senegal* continues apace (+ 21.0%) as it does in Madagascar (+ 15.4%). *Morocco* shows an increase of 6%, whereas *Tunisia* is now one of the country's leading firms. Organic growth has been very strong there (approximately 60%, supplemented by the integration of a local firm on 1st January 2007. Overall, activity has more than doubled).

In the *Middle East*, despite extremely difficult circumstances in the *Lebanon*, we maintained the same level of activity. The notable event for this region was the integration of *Egypt* on 1st September 2007 (8 partners, 337 employees, offices in Cairo and *Alexandria*). Over the last year we were joined by a local firm in the *Emirates*, thus strengthening our presence in this area of strong growth. Our partners in this region should allow us to open up to other countries where contact has already been established.

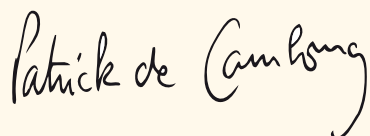
In *Asia*, the network is being built up and extended. This has commenced notably in *India* where we have integrated our 2 former Mumbai and New Delhi correspondents (300 staff in total).

In *Singapore*, we concluded an agreement at the end of the year to take over our correspondent's firm, with whom we had a partnership agreement. In *continental China*, we employ almost 200 people in the Beijing, Shanghai and Guangzhou offices (the Guangzhou office opens in September 2007) and activity is up by 67%, and even by 5 points more at constant exchange rate. In 2003, we merged our activities in *Hong Kong* with those of a large local firm counting in total almost 200 people. In 2007, 5 partners and 175 employees chose to integrate our Organisation, which should facilitate synergies with our offices in *continental China*. The Vietnamese economy is taking off. We have been present here for approximately twelve years, have opened a 2nd office in Hanoi and are looking to strengthen our position. In the meantime, growth here stands at 21.7% (31% at fixed exchange rate). Finally, in *Japan*, turnover at our Tokyo office is up by almost 34% in yen, equivalent to 21.4% in euros. The organisation and consolidation of the industry remains embryonic but should now start to develop.

Throughout the whole of Asia, we are continuing to either strengthen our existing offices or to establish ourselves in new countries.

This tour of the globe has allowed us to measure the distance we have come, and gives a glimpse of the new projects towards which we are working, some of which will certainly materialise in the next few years. Those platforms to which we have referred so many times in our development strategy are now becoming a reality and we really are beginning to see *Mazars' future world* today.

However, such a high rate of development presents us with new challenges. We need to preserve the integrity and homogeneity of our institutional system, which, we are convinced, has been one of the key factors in our success. We need to ensure that the technical excellence of our services is maintained and that we constantly strive for high international standards. We also need to take other cultures into account whilst firmly promoting *Mazars' citizenship*. To achieve this, we have strengthened our central resources— and shall continue to do so—in order to provide the support and tools required and to ensure overall coherence and coordination.

A handwritten signature in black ink, reading "Patrick de Cambray". The signature is written in a cursive, flowing style with a large, prominent 'C' at the end.

On the behalf of the Group Executive Board

Mazars Scrl
Financial statements
on the basis of IFRS
For the year ended 31 August 2007

Consolidated income statement

In thousand of euros

	Notes	2006-2007	2005-2006
Turnover	4	657,244	550,120
Cost of technical staff	5	-296,027	-245,900
Gross margin		361,217	304,220
Cost of administrative staff		-47,203	-39,774
Other costs	6	-151,749	-118,536
Depreciation and provisions	8, 9 and 11	-16,648	-19,864
Operating surplus		145,617	126,046
Amortisation of client relations and write-down of goodwill	8	-1,057	-794
Financing costs		-3,482	-2,234
Results of discontinued operations			-1,280
Surplus before Partners' compensation		141,078	121,738
Partners' compensation	21.2	-140,881	-121,623
Result before tax		197	115
Tax	14	-179	-77
Result after tax		18	38
Result per share (in €)			
> before dilution		0.27	0.70
> after dilution		0.27	0.70

Consolidated balance sheet

In thousand of euros

ASSETS	Notes	31 Aug. 07	31 Aug. 06
Non-current assets			
Intangible assets	8	55,464	28,671
Property, plant and equipment	9	32,488	22,202
Other non-current assets		8,929	4,863
Total non-current assets		96,881	55,736
Current assets			
Client debtors and work in progress	10	226,190	197,826
Other current assets		40,876	31,575
Cash and cash equivalents		39,659	39,192
Total current assets		306,725	268,593
Total assets		403,606	324,329
LIABILITIES			
Shareholders' funds			
		310	265
Non-current and current debts due to partners			
Non-current portion	21.1	90,062	82,270
Current portion	21.1	75,541	64,170
Total non-current and current debts due to partners		165,603	146,440
Other non-current liabilities			
Long term borrowings (over one year)	12	38,238	15,421
Long term provisions	11	11,665	12,391
Total other non-current liabilities		49,903	27,812
Other current liabilities			
Long term borrowings (up to one year)	12	14,058	6,055
Current bank borrowings		17,534	10,056
Trade and other creditors	13	149,473	124,725
Current provisions	11	6,725	8,976
Total other current liabilities		187,790	149,812
Total liabilities		403,606	324,329

Consolidated cashflow statement

In thousand of euros

	2006-2007	2005-2006
I- Operating activities		
Net result	18	38
Adjustments for: Depreciation, amortisation and provisions	10,368	18,486
Gains on disposals of property, plant and equipment	209	-849
Self financing capacity	10,595	17,675
Change in current assets	-16,782	-36,979
Change in current liabilities	2,156	30,500
Change in current debts due to partners	11,371	9,159
Change in working capital requirement	-3,255	2,680
Net cash generated from operating activities	7,340	20,355
II- Investing activities		
Purchases of property, plant and equipment and intangible assets	-39,203	-15,127
Proceeds on disposal of property, plant and equipment and intangible assets	1,247	989
Change in financial assets	-3,667	1,457
Net cashflow on acquisition and disposal of subsidiaries	1,297	-1,269
Net cash used in investing activities	-40,326	-13,950
III- Financing activities		
Increase in non-current debts due to partners	1,737	-855
Increase in capital or contributions	27	2
Repayments of borrowings	23,636	1,899
Net cash from financing activities	25,400	1,046
Net increase in cash and cash equivalents	-7,586	7,451
Effect of foreign exchange rate changes	575	-175
Cash and cash equivalents at beginning of year	29,136	21,860
Cash and cash equivalents at end of year	22,125	29,136

Consolidated statement of changes in equity

In thousand of euros

	2006-2007	2005-2006
Shareholders' funds at the beginning of the year	265	225
(of which share capital)	(138)	(136)
(of which reserves)	(127)	(89)
Increase in capital	27	2
Result for the year	18	38
Shareholders' funds at the end of the year	310	265
(of which share capital)	(164)	(138)
(of which reserves)	(146)	(127)
Number of shares, of 2.5 euros each, in issue at the year end	65,627	55,247

2 Notes to the financial statements

Note 1: Basis of preparation

The financial statements together with the attached notes for the year ended 31 August 2007 are drawn up in accordance with the IFRS policies.

Note 2: Accounting policies

Currency used for the consolidated financial statements

These consolidated financial statements have been prepared in euros and are presented in thousands of euros (except where stated otherwise).

Basis of consolidation

The entities forming the Mazars organisation have a range of legal forms. Some are general partnerships, some are limited liability partnerships and others are limited liability companies, depending on what is practice or the legal requirement of the national jurisdiction under which they are regulated. They are also subject to professional, technical and ethical standards under both the Mazars internal regulations and national audit legislation and regulations. The Mazars Srl statutes and other documentation and agreements ('the Mazars Agreements') include provisions whereby the rules resulting from the Mazars Agreements are subordinated to national audit legislation and regulations.

The European Union's 8th Directive adopted in May and published in June 2006, which will facilitate, after enactment by all member states, pan European holdings and direct control at European level of audit firms by registered professionals from all member states, and on the basis of the Mazars Agreements, the Mazars Srl shareholders ('The Mazars Partners'), all of whom are practising partners in Mazars entities ('The Entities'), have deemed that, for financial information purposes, Mazars Srl be the consolidating entity of all the entities under the control of Mazars' Partners, and that the International Financial Reporting Standards, as applicable in the European Union, are the applicable accounting standards in all relevant matters.

The consolidated financial statements comprise the accounts of Mazars Srl as well as those of the Entities in which the Mazars Partners carry out their professional activities, and companies which are majority owned (either directly or indirectly) by these Entities. The list of principal Entities which fall within the scope of consolidation, analysed by country, is given in note 3 to the financial statements.

Presentation of the result before and after tax

The result before and after tax in the financial statements of Mazars Srl, together with the tax, relates solely to the operations of Mazars Srl. It should be noted that all the sums payable to the Mazars Partners at the level of the Entities or their subsidiaries are classed as compensation whatever their form, and thus come under 'Partners' compensation'. Due to differences in the Mazars Partners' legal, tax and corporate status (mainly: employees and shareholders for the limited liability companies; partners with profit shares for the partnerships) under the various national legislations, the sums which are payable to

them for each financial year may take different forms: salary, bonuses and social charges, contributions to pension schemes, dividends, dividend-related tax, partnership profits, fees, benefits in kind... As regards the tax payable on the profits of Entities which have the legal status of limited liability companies and are liable for corporation tax, please refer to the tax policy below.

In certain entities, dividends are paid to employees who do not have the status of Mazars Partner; these, along with the related tax, are considered as an operational charge. They are included under 'Cost of technical staff' or 'Cost of administrative staff' in accordance with the classification within the consolidated entities.

Mazars Scrl does not carry out any professional operations directly and has no employees. It bills the Entities for management and development services as well as brand royalties; it derives the necessary resources to carry out its tasks from the Entities' contributions or from external services; and under the Mazars Agreements, it is not intended to generate significant profits.

Sub-headings on the income statement

In addition to the result before and after tax, as defined above, there are the following sub-headings:

- **the surplus before Partners' compensation:** under the terms of the Mazars Agreements, the concept of the surplus is the measure used to reward the performances of the Entities and the Partners, and as a reference, after elimination of exceptional items, if any, in the Mazars agreement for determining Partners' compensation. A sub-total is thus calculated which allows the organisation's performance to be measured before any form of compensation is paid to the Partners.
- **the operating surplus:** the operating surplus is calculated by subtracting the amortisation of client relations acquired, the financial costs and the results of discontinued operations from the surplus before Partners' compensation.
- **the gross margin:** the gross margin corresponds to the turnover after deduction of the cost of technical personnel alone (employees of the Organisation and technical sub-contractors).

Shareholders' funds and non-current and current debts due to Partners

Due to the structure of the Organisation, Shareholders' funds are composed solely of the share capital and reserves of the consolidating entity, Mazars Scrl. The Partners' contributions to the permanent financing of the Entities are included in the balance sheet under 'Non-current and current debts due to Partners', in the non-current portion. The portion of their compensation which is deferred until after the closing of accounts is included in the balance sheet under "Non-current and current debts due to Partners", in the current portion.

Transactions in currencies other than the euro

Transactions in currencies other than the euro are accounted for at the current exchange rate at the date of the transaction. Assets and liabilities in currencies other than the euro are converted at the exchange rate ruling at the year end date. The accounting treatment of exchange rate differences is the same as the one presented below for financial statements drawn up in currencies other than the euro.

Conversion of financial statements drawn up in currencies other than the euro

The accounts of entities located outside the euro zone are drawn up in local currency and are converted into euros according to the following method:

- Assets and liabilities are converted at the exchange rate ruling at the year-end date;
- The income statement is converted at the average exchange rate of the period;
- Exchange rate differences resulting from the application of these various rates are included in 'Non-current and current debts due to partners'. It should be noted that the option under IFRS 1 allowing these differences to be set to zero has been adopted, with effect from the transition date of 31 August 2003.

Goodwill relating to the acquisition of non-euro zone entities is expressed in the operating currency of the acquired entity and converted at the exchange rate at the year-end date.

Business combinations and goodwill

The IFRS principles on business combinations have been applied retrospectively as of 1 September 1995, when Mazars Scrl was created and Mazars merged with Guerard Viala in France. These were the founding events of the Organisation as it exists today, and of its institutional and financial operation.

A retrospective review has been carried out by country for mergers prior to 31 August 2003, which primarily relate to France, the United Kingdom and the Netherlands.

The goodwill included in the balance sheet under "Intangible assets" is thus derived from external growth operations carried out by the Organisation as part of its development over the past eleven years.

The goodwill accounts for the difference between the cost of acquisition of the shares (including any anticipated additional consideration, which is accounted for as other debts when it is probable and capable of being calculated on a reliable basis) and the acquired portion of the fair value of the assets and liabilities identified at the date of the acquisition.

The fair value of assets identified at the date of acquisition comprises the fair value of contracts and mandates in progress under the "Intangible assets" heading, together with the fair value of "Client relations". They are assessed according to the principles stipulated below.

Goodwill, like other long-term fixed assets, is subject to an annual impairment test.

The impairment test is carried out by comparing the recoverable value and the book value of the cash generating units having the goodwill.

The smallest independent cash generating unit is considered to be the country in which the external growth operation occurred.

The recoverable value of a cash generating unit is whichever is the higher of the fair value (usually the market price) net of selling costs, and the value in use. The value in use is determined by the discounted present value of future cash flows. The calculation is based on estimations of future three year cash flows, a growth rate of flows extended in perpetuity and a discount of all flows. The discount rate takes into account the current market expectations of the time value of money and the specific risks related to the cash generating unit.

When the book value of the cash generating unit exceeds the recoverable amount, the assets of the cash generating unit are written down to their recoverable value. Any impairment is recognised first against goodwill and is accounted for in the income statement.

In 2006-2007, the Mazars organisation has benefited from commitment of shares from acquisitions/disposals held of three parties, who were shareholders in certain consolidated entities. These shareholders are the historical shareholders of these entities. The value of the shares at the time of sale is shown in the other creditors in the 'trade and other creditors' line on the consolidated balance sheet, the consideration being carried as goodwill.

Intangible assets other than goodwill

Intangible assets acquired through a business combination are recognised at their fair value at the date of acquisition and accounted for separately from the goodwill if the two following conditions are met:

- they are identifiable (i.e. they result from legal or contractual rights);
- they can be separated from the acquired assets and can be measured.

Intangible assets which fall into this category are included under 'Client relations'. They include audit mandates, contracts (public sector in particular) and portfolios of client relations. The fair value of 'Client relations' is calculated by reference to the expected cash flow from these contracts, mandates and portfolios over their respective durations, discounted at a rate determined by the expected rate of return on share capital, weighted according to the organisation's financing structure. Client relations are amortised over their estimated average lives on a straight-line basis.

Other intangible assets, acquired separately, are accounted for at their acquisition price. They are subject to straight-line depreciation over their period of use.

Property, plant and equipment

Property, plant and equipment are valued at cost less accumulated depreciation and any recognised impairment loss.

Where necessary, the total cost of an asset is broken down into all its different specific parts based on their estimated useful life. Each part is accounted for and depreciated separately.

Each asset is subject to straight-line depreciation over its estimated useful life. The most common depreciation periods for these assets are:

- fixtures and fittings: 7 to 10 years;
- motor vehicles: 3 to 5 years;
- furniture and office equipment: 3 to 10 years.

Leases

Leases which transfer nearly all the risks and advantages related to the ownership of the rented asset to the lessee are recognised in the balance sheet from the start of the rental contract at the lower of the fair value of the rented asset and the discounted value of the minimum payments. These assets are included under 'Property, plant and equipment' with the corresponding liability to the lessor included in the balance sheet as a finance lease obligation. They are subject to depreciation over the periods listed above. Lease payments are apportioned between finance charges and a reduction of the lease obligation.

Leases for which the owner does not transfer the majority of the risks and advantages related to the ownership of the asset are treated as operating leases. Lease payments under these contracts are recognised under “Other costs” in the income statement.

Commitments under non-cancellable operating leases are shown in note 19 to the financial statements.

Client debtors and work in progress

Work in progress covers services provided which have not yet been invoiced. Calculation of the work in progress, and thus of the income from services rendered, is based on a specific review of the services provided, billed and to be billed, according to the stage of completion of assignments.

They are valued at their probable sales value excluding tax. Work in progress is included with client debtors in the balance sheet presentation.

Client debtors are stated at their estimated realisable value and are fully provided when they are more than one year old, and thus considered to be irrecoverable.

Financial instruments

The Mazars organisation, and the entities of which it is composed, hold or issue financial instruments in order to finance their activities.

The main instruments held or issued are:

- cash and cash equivalents,
- funding provided by the Partners,
- short- or medium-term bank loans,

A collar-type contract was implemented to manage risk on interest paid on a variable interest rate bank loan. This adapted mechanism was used to cover any variability in the interest paid on the loan resulting from changes in interest rate conditions.

The accounting and valuation principles followed by the Mazars Organisation for the adapted mechanism conform to the requirements of IAS 39.

Exchange rate risk management

Each entity in the Mazars organisation uses the same currency for the vast majority of its inflows and expenditures, most of which take place within the euro zone.

As a consequence, exposure to exchange rate risk is held to be negligible.

Cash and cash equivalents

Cash and cash equivalents include cash at banks, cash in hand and short-term investments (not exceeding three months) that can easily be converted into a predictable cash sum and are subject to a negligible risk of value change.

For the purposes of the Consolidated cash flow statement, the cash flow includes cash and cash equivalents as defined above, less current bank loans.

Provisions

A provision is recognised in the accounts when:

- the group has a current obligation (legal or implicit) resulting from a past event;
- it is probable there will be an outflow of economic benefit;
- the amount of the obligation can be reliably estimated.

Where the effect of the time value is significant, provisions are discounted. The increase in the provision relating to the passing of time is accounted for as a financial cost.

Retirement benefits (Partners and non-Partners)

Retirement benefits are linked to pension schemes, as well as to certain defined benefit complementary pension schemes.

The calculation of the provision for pension payments is made according to 'the projected unit credit actuarial method'. The valuation takes into account:

- The status, age and seniority of the different categories of employees;
- The turnover rate calculated according to the average number of departures by category;
- The average wages and salaries including bonuses, incentives and remuneration in kind, plus a current coefficient of employers' social charges where relevant;
- A discount rate of the terminal liability projected at the retirement date, with a duration in line with that of the obligation;
- A calculation of the life expectancy determined using the relevant mortality tables for the countries concerned.

Variations in the rights to retirement benefits, resulting from changes in actuarial estimates or the structure of the population concerned, are recognised in the accounts using the optional 'corridor' approach with effect from the date of transition of 31 August 2003.

The portion of the provision relating to Partners is included under "Non-current and current debts due to partners".

The countries with a defined benefit scheme are listed below:

	Retirement lump sum indemnities	Pension plans
France	x	
The United Kingdom		x
Germany		x
Turkey	x	
Ivory Coast	x	
India	x	x
Italy	x	

Turnover

Turnover equates to the fair value of services rendered to clients over the course of the year. It includes receivable or received payments for the provision of services to clients, subject to deduction of costs related to the provision of services (notably travel and hotels), after taking into account the change in work in progress.

Corporation tax

The surpluses before partners' compensation are taxed according to the regulations of the countries in which they are generated; in other words, either in the name of the Entities (principally in the case of limited liability companies which are subject to corporation tax, for the portion of the surplus which is not composed of tax-deductible costs) or in the name of their Partners (principally in the case of partnerships). In the former case, corporation tax is considered as an element of partners' compensation, as explained in 'Presentation of the result before and after tax' above.

Deferred tax resulting from timing differences is taken into account. The book value of deferred tax assets is reviewed at each year end and reduced when it is no longer probable that sufficient taxable profits will be available to allow use of all or part of this deferred tax asset.

With the exception of tax on the profits of Mazars Scrl, the tax due on the profits of Entities that are subjected to corporation tax for the year comes under 'Partners' compensation' or – for the portion payable by the organisation – under 'Other costs'. By applying these principles, the asset and liability balances for deferred tax are included under 'Current and non-current debts due to Partners', in the non-current portion, and details are given in the relevant note.

Segment reporting

Mazars is structured by international business lines, in line with the client type or business services. This structure applies in each country. The four international business lines are:

- **Public Interest Entities (PIE)**. This covers audit, account certification, and advisory services primarily for listed companies.
- **Owner Managed Businesses (OMB)**. This covers advisory and audit services for privately-owned companies of all sizes.
- **Tax**. This covers a complete range of fiscal advisory services.
- **Law**. Some countries also offer legal services to clients who do not receive statutory audit services.

The segment information is provided at two levels:

- International business lines (Primary reporting segment);
- Geographic zones (Secondary reporting segment).

Note 3: Scope of consolidation

In addition to the consolidating entity, the consolidation perimeter includes 41 operational entities and two joint ventures from 43 countries. All joint ventures became operational entities from 1 September 2007. The main contributing entities are shown in the table below:

Country	Scope of consolidation 2006-2007
Consolidating entity	
Belgium	Mazars Scrl Rue Gachard 88 - B-1050 Bruxelles
Operating entities	
France	Mazars & Guérard Sa 61 Rue Henri Regnault - 92075 Paris La Défense
The Netherlands.....	Mazars Paardekooper Hoffmann NV Mazars building - Rivium Promenade 200 2909 LM Capelle a/d IJssel P.O box 23123 3001 KC Rotterdam
United Kingdom.....	Mazars LLP 24 Bevis Marks - London EC3A 7NR
Spain.....	Mazars Auditores Se C/ Aragon, 271 - 08007 - Barcelona
Germany.....	Mazars Gmbh / Mazars Hemmelrath Rennbahnstrasse 72-74 - 60528 Frankfurt
Ireland	Mazars Block 3 - Harcourt Centre - Harcourt Road - Dublin 2
Italy	Mazars & Guérard Spa Corso di Porta Vigentina, 35 - 20122 Milano
Other European Union countries	9 countries
Rest of the World.....	Europe (5), North America (1), Central and Latin America (4), Asia Pacific (5), Africa and the Middle East (12)

Newly added turnover comes from 3 different countries: one in Latin America, one in Asia and one in Africa.

Furthermore, external growth operations took place in the UK, Germany, China (Hong Kong), Singapore (previously a joint venture) and Brazil.

There were no significant exclusions from the scope of consolidation over the year.

The impact of these changes in scope on annual turnover is outlined in Note 22.

Note 4: Turnover

	2006-2007	2005-2006
Fee notes rendered	674,345	565,098
Re-billable costs	-26,624	-23,803
Change in work in progress	9,523	8,825
Total	657,244	550,120

Note 5: Cost of Technical Staff

	2006-2007	2005-2006
Personnel costs	275,298	228,071
Sub-contractors' costs	20,729	17,829
Total	296,027	245,900

Note 6: Other costs

	2006-2007	2005-2006
General expenses		
Property costs	43,632	30,312
Tax, insurance and professional charges	24,234	18,363
General services	25,041	21,751
Other	53,355	45,452
Sub total	146,262	115,878
Exceptional costs	5,487	2,658
Total	151,749	118,536

The increase in the line 'Other expenses' results from:

- 11,510 in costs relating to entries into the perimeter, of which 3,284 concern the costs of integrating the operation in Germany, shown in 'Exceptional items',
- 9,908 in costs following relocations in some countries (including France, the United Kingdom and Germany) to accompany the increase in staff,
- the pursuit of integrated development projects in information systems.

Note 7: Segment reporting**Presentation by International service line**

For 2005-2006, Mazars was operationally structured by international lines purely in terms of business services.

They are now structured, for two of them, in terms of their customer type (PIE, OMB) and, for two others, in terms of their business services (TAX, LAW, unchanged).

The figures for 2005-2006 have been restated to take account of these changes.

Balance sheet

	31 Aug. 2007			31 Aug. 2006		
	Client debtors	Work in progress	Total	Client debtors	Work in progress	Total
PIE	80,788	19,353	100,141	77,144	15,799	92,943
OMB	78,589	19,425	98,014	68,218	17,862	86,080
TAX	15,118	8,548	23,666	11,967	5,894	17,861
LAW	2,812	1,557	4,369	864	78	942
Total	177,307	48,883	226,190	158,193	39,633	197,826

Income statement

	2006-2007			2005-2006		
	Turnover	Cost of Technical Staff	Gross Margin	Turnover	Cost of Technical Staff	Gross Margin
PIE	298,852	-130,234	168,618	269,972	-116,012	153,960
OMB	277,539	-130,717	146,822	217,393	-102,831	114,562
TAX	71,721	-31,288	40,433	59,164	-25,042	34,121
LAW	9,132	-3,788	5,344	3,592	-2,015	1,577
Total	657,244	296,027	361,217	550,120	-245,900	304,220

Presentation by geographical zone

In 2006-2007, slightly less than 90% of the Mazars Organisation's turnover was made in the European Union, compared with 95% in previous years.

This trend reflects the ambition of the Mazars Organisation to continue growing its business outside Europe and calls for a more detailed presentation of geographic sectors in 2007-2008.

Note 8: Intangible assets

	Net Value 31 Aug. 07	Net Value 31 Aug. 06
Client Relations		
France	2,829	2,100
Hungary	182	243
The Netherlands	1,745	1,478
The United Kingdom	7,788	
Other	102	
Sub total Client Relations	12,646	3,821
Goodwill		
France	19,036	17,216
Hungary	356	372
Ireland	1,146	1,222
The United Kingdom	7,086	241
The Netherlands	3,654	3,444
Germany	4,030	
Hong Kong	960	
Egypt	649	
Singapore	3,683	
Other	94	67
Sub total Goodwills	40,694	22,562
Total Client Relations and Goodwill	53,340	26,383
Other intangible assets	2,124	2,288
Total intangible assets	55,464	28,671

The movement in the year in 'Client Relations' is due to acquisitions, amounting to 9,657 and an amortisation charge for the year ending 31 August 2007, amounting to 832.

The change in 'Goodwill' is broken down as follows:

	2006/2007
Acquisitions/Disposals	18,357
Write-Downs	-225
Net Change	18,132

These changes have been mainly due to external growth operations in the UK, Germany and Singapore.

The "Other Intangible Assets" category is largely made up of software and is amortised in a linear fashion over a one to three year period.

Note 9: Property, plant and equipment

	Fixtures and fittings	Motor vehicles and other eqpt.	Furniture and office equipment	Total
Cost at the beginning of the year - 1 September 2006	28,751	6,549	33,146	68,446
Acquisitions	10,209	2,580	7,460	20,249
Disposals	-1,975	-1,865	-6,558	-10,398
Change in scope of consolidation	2,192	46	1,341	3,578
Cost at 31 August 2007	39,177	7,309	35,390	81,876
Depreciation - 1 September 2006	-20,495	-2,622	-23,127	-46,244
Charge and impairment loss for the year	-5,824	-1,284	-2,859	-9,967
Reversal of depreciation on disposals	4,328	962	3,325	8,615
Change in scope of consolidation	-1,091	-38	-661	-1,791
Depreciation - 31 August 2007	-23,084	-2,982	-23,322	-49,388
Net book value 1 September 2006	8,255	3,927	10,019	22,202
Net book value 31 August 2007	16,093	4,327	12,068	32,488

Note 10: Client debtors and work in progress

	31 Aug. 07	31 Aug. 06
Client debtors net of provisions	177,307	158,193
Work in progress net of payments on account	48,883	39,633
Total	226,190	197,826

Note 11: Provisions

	31 Aug. 06	Reclas-sification/ Changes to scope of consoli-dation	Additional provisions made in the year	Utilisation of provisions	Unused amounts reversed	31 Aug. 07
Professional risks	5,165	-608	456	-954	0	4,059
Retirement benefits liabilities (excl. Partners)	4,307	300	248		0	4,855
Vacant properties	6,004	417	692	-3,579	0	3,534
Others	5,891	-25	3,321	-3,245	0	5,942
Total	21,367	84	-4,717	-7,778	0	18,390

	Portion up to one year	Portion over one year	Total
Professional risks	717	3,342	4,059
Retirement benefits liabilities (excl. Partners)	508	4,347	4,855
Vacant properties	1,539	1,995	3,534
Others	3,961	1,981	5,942
Total	6,725	11,665	18,390

The write-back on the provision for vacant premises mainly concerns France, for a total of 2,900. For ease of comparison, the entry for 'Others' funds has been re-classified.

The provisions column, 'Others', includes provisions for covering specific economic risks (Ivory Coast) and litigation costs relating to staff.

Actuarial estimates and calculations

Actuarial estimates to 31/08/07 for each of the schemes in Note 2, "accounting principles and methods", are as follow:

	Benefit obligation discount rate	Expected rate of return on plan assets
France	4.50%	NA
The United Kingdom	5.70%	6.10%
Germany	5.00%	5.00%
Turkey	12.00%	NA
Ivory Coast	6.50%	NA
India	8.00%	8.70%
Italy	4.10%	NA

	Using the corridor			
	31 Aug. 04	31 Aug. 05	31 Aug. 06	31 Aug. 07
Retirement benefits provisions at the beginning of the period	2,895	3,201	3,444	3,272
Total cost for the financial year	568	503	786	437
Retirement benefits paid	-262	-260	-958	-255
Retirement benefits provisions at the end of the period	3,201	3,444	3,272	3,454

Reconciliation with provisions recognised in the consolidated income statements:

Total of entitlements recalculated under IAS 19	3,201	3,444	3,272	3,454
- portion of provision pertaining to certain partners (*)	-1,039	-1,131	-1,233	-1,284
+ recognised gains (**)	1	129	688	909

Sub-total Retirement benefits provisions to be recognised in the accounts	2,162	2,442	2,727	3,079
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Retirement benefits provisions recognised in the statutory accounts (***)	1,252	1,255	1,580	1,776
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Total Retirement benefits provisions excl. Partners	3,414	3,697	4,307	4,855
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(*) Provision included under Non-current and current debts due to partners

(**) included under Other creditors

(***) Provision in accordance with IAS 19

Note 12: Long term borrowings

	31 Aug. 07	31 Aug. 06
Long term borrowings		
Less than one year	14,058	6,055
Over one and less than five years	36,013	14,309
Over five years	2,225	1,112
Sub total-over one year	38,238	15,421
Current bank borrowings	17,534	10,056
Total	69,830	31,532

External growth operations in the UK and Germany have largely been financed through banking loans. This explains an increase in this area of around 25,000.

Part of this loan (6,000) was a hedge on the risk of variation in a benchmark rate index (EURIBOR 3 month) below 3.9% and above 5%. Testing the long-term efficiency of this hedge led to a charge of 69.

Note 13: Trade and other creditors

	31 Aug. 07	31 Aug. 06
Trade and others creditors	66,139	52,383
Social charges	48,322	39,901
Tax payable	35,012	32,441
Total	149,473	124,725

The 'Trade and other creditors' line shows debts contracted by the Organisation from buying back the shares owned by third parties in some consolidated entities (Germany, Singapore, Hong Kong and Egypt). At 31 August 2007, the corresponding debt was 9,007.

Note 14: Corporation tax

The tax paid and payable by the Entities for the years ended 31 August 2007 and 2006 and charged in the Income statement are included under the following headings:

Tax payable	2006-2007	2005-2006
Partners ("Partners' compensation")	8,442	7,468
The Entities ("Other costs")	3,638	2,800
Mazars Scrl ("Tax")	179	77
Total	12,259	10,345

The amount of deferred tax is as follows:

Deferred tax	2006-2007	2005-2006
Deferred tax asset	7,572	7,310
Deferred tax liability	1,101	452
Total	6,471	6,858

The differed tax relates amounts in "Non-current debts due to partners" and is included under this heading.

Note 15: Contingent liabilities

There were no contingent liabilities as of 31 August 2007 or 2006.

Note 16: Auditors' Fees

For the year ended 31 August 2007, the auditors' fees can be broken down as follows:

	2006-2007	2005-2006
BDO member firms	235	213
Horwath International member firms	472	381
Other	278	227
Total	985	821

The auditors BDO and Horwath have not provided any services to Mazars Srl or the Entities other than the audit of their accounts.

Note 17: Remuneration of the members of the Executive Board and the Governance Council

The remuneration due to the four members of the Executive Board, executive body of Mazars Srl and the ten members of the Governance Council amounted at 8,435 for the year ended 31 August 2007. This was either paid during the year, or constitutes a current liability.

Note 18: Personnel

Average numbers (*)	2006-2007	2005-2006
Partners	402	335
Technical staff	6,114	4,365
Administrative staff	1,226	944
Total	7,742	5,644

(*) In full time equivalents

Note 19: Commitments

	31 Aug. 07	31 Aug. 06
Non-cancellable lease commitments		
Less than one year	33,060	24,916
Over one and less than five years	102,665	74,386
Over five years	76,559	46,328
Sub total	212,283	145,630
Amounts receivable from non-cancellable sub-letting contracts	7,874	5,665

The increased commitments mainly concern the United Kingdom, following the relocation to new offices and the integration of commitments connected to regional offices.

Note 20: Post balance sheet events

There are no significant post-balance sheet events that need to be reported for 2006-2007 which may have had an impact on annual figures.

However, it should be noted that of 1st September 2007, a South African entity with 21 partners, 330 staff and with a business worth around 12,000 was added to the scope of consolidation.

Note 21: Financing and compensation of partners**21.1: Non-current and current debts due to partners**

	31 Aug. 07	31 Aug. 06
Non-current debts		
Permanent financing	79,290	73,289
Provisions for retirement benefits	11,008	9,611
Bond issues	6,235	6,228
Deferred tax	-6,471	-6,858
Total	90,062	82,270
Current debts		
Deferred compensation	75,541	64,170
Total	165,603	146,440

The financing of each of the Entities and their subsidiaries is the ultimate responsibility, in accordance with the Mazars Agreements, of the partners who control them.

21.2: Partners' compensation

	2006-2007	2006-2005
Dividends	17,319	15,043
Tax paid and payable by partners	8,442	7,468
Salary and social charges	58,880	47,210
Fees and partnership profits	56,240	51,902
Total	140,881	121,623

Note 22: Incidence of entities entering the scope of consolidation

	The United Kingdom	Germany	Other	Total
Merger date	16 avril 07	1 janvier 07		
Personnel numbers (*)				
Partners	2	9	41	52
Technical staff	24	77	1,092	1,193
Administrative staff	3	35	239	277
Total	29	121	1,372	1,522
Consolidated income statement				
Turnover	4,949	19,038	25,498	49,485
Operating surplus (**)	2,559	2,485	4,415	9,459
Assets				
Total Non-current assets	14,713	4,228	10,309	29,250
Total Current assets	1,393	12,115	20,506	34,014
Total	16,106	16,343	30,815	63,264
Liabilities				
Non-current and current debts due to partners (***)	1,270	1,537	5,329	8,136
Other non-current debts	14,750		5,695	20,445
Other current debts	128	19,497	20,501	40,126
Total	16,148	21,034	31,525	68,707

(*) in full-time equivalents

(**) After Organisation's contribution

(***) Before Organisation's contribution

In the absence of finalised accounts at 31 August 2006 for the entities concerned, 12-month pro-forma information could not be produced. The profit and loss account therefore reflects the impact of new entries into the perimeter for the 2006-2007 financial year, from the date of their integration.

The sums shown under 'Assets' in the Non-current assets represent the goodwill recognised on the operations involved. This is the difference between an evaluation of the real value of the client relationship, composed of audit assignments, contracts, particularly in accounting expertise, and a portfolio of client relations with a finite life.

The growth transaction carried out by the Mazars organisation in Germany also impacts other eastern European countries and France, shown under 'Others'.

Independent auditors' report

For the year ended 31 August 2007

To the Partners of Mazars Scrl

In compliance with the terms of our non-statutory appointment, we have audited the consolidated financial statements of Mazars Scrl and the entities that form the Mazars organization as at 31 August 2007. The financial statements comprise the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows, together with the related notes numbered 1 to 22 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union.

These consolidated financial statements are the responsibility of the Group Executive Board. Our responsibility is to express an opinion on these consolidated financial statements, based on our audit.

We conducted our audit in accordance with International Standards on Auditing. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Mazars Scrl the consolidating entity, and of all the entities that form the Mazars organization as at 31 August 2007, and of the results of the operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards as applicable in the European Union.

Battice and London, 21 November 2007



Atrio Réviseurs d'Entreprises

André Killesse
Belgium

A handwritten signature in black ink that reads 'Horwath Clark Whitehill LLP'.



Horwath Clark Whitehill LLP

Stephen Gale
United Kingdom

Concordance table

Items from the Transparency Report

Cross-reference table relative to the headings of the Transparency Report introduced by Article 40 of Directive 2006/43/EC of 17 May 2006 on statutory audits of annual accounts and consolidated accounts ('8th Directive')

We want our Annual Report to reflect the best practices in transparency. To this end, the concordance table opposite distinguishes between the Mazars organisation as a whole and the entities.



- 1 - Member States shall ensure that statutory auditors and audit firms that carry out statutory audit(s) of public-interest entities publish on their websites, within three months of the end of each financial year, annual transparency reports that include at least the following:

REQUIRED DISCLOSURES	Status
a) A description of the legal structure and ownership;	See pages 12, 44 and 45
b) Where the audit firm belongs to a network, a description of the network and the legal and structural arrangements in the network;	See pages 12, 16, 44 and 45
c) A description of the governance structure of the audit firm;	See pages 44, 50 and 51
d) A description of the internal quality control system and a statement by the administrative or management body on the effectiveness of its functioning;	In progress, 2007-2008 Annual Report
e) An indication of when the last quality assurance review referred to in Article 29 took place;	National information, planned for 2007-2008 Annual Report
f) A list of public-interest entities for which the audit firm has carried out statutory audits during the preceding financial year;	National information, planned for 2007-2008 Annual Report
g) A statement concerning the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted;	See page 46 Further information to be added to 2007-2008 Annual Report
h) A statement on the policy followed by the audit firm concerning the continuing education of statutory auditors referred to in Article 13;	National information, planned for 2007-2008 Annual Report
i) Financial information showing the importance of the audit firm, such as the total turnover divided into fees from the statutory audit of annual and consolidated accounts, and fees charged for other assurance services, tax advisory services and other non-audit services;	See Financial statement page XXIV except fee breakdown listed in the 2007-2008 Annual Report
j) Information concerning the basis for the partner's remuneration.	See page 48

- 2 - The transparency report shall be signed by the statutory auditor or audit firm, as the case may be. This can be done, for example, by means of an electronic signature as defined in Article 2(1) of Directive 1999/93/EC (See page IX).



Mazars

Group Communications Director

Muriel Bachelier
muriel.bachelier@mazars.com

Project Manager

Valérie Lonchamp
valerie.lonchamp@mazars.com

*Thanks to those Mazars Staff who took part
in the photo sessions.*

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www.sogoa.com

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Corine Dupont-Delahaye
Penny Williams

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For further information, please visit our
website at www.mazars.com
or call +33 1 49 97 46 44

Mazars
61 rue Henri Regnault
92075 Paris La Défense
France

