

Annual Report
2007 / 2008



**MAZARS:
THE SPIRIT
OF SERVICE**

C O N T E N T S

MAZARS: THE SPIRIT OF SERVICE

- 01 THE ESSENTIAL MAZARS
- 02 MAZARS, BY THE PEOPLE THAT MAKE IT
- 10 A WORD FROM OUR PRESIDENT
- 14 MEETING WITH THE GEB
- 18 AROUND THE WORLD IN 365 DAYS
- 22 SERVING OUR CLIENTS AND THE MARKET PLACE
- 32 SERVING OUR PARTNERSHIP
AND OUR COMMUNITIES
- 42 SERVING OUR PEOPLE AND OUR DEVELOPMENT
- 57 SERVING DEMANDS FOR TRANSPARENCY AND
PERFORMANCE (OPERATING AND FINANCIAL
REVIEW)
- 91 TRANSPARENCY REPORT

THE ESSENTIAL MAZARS

P R O F I L E

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

As at September 2008, Mazars has its own offices in 47 countries across five continents, with a force of more than 9,500 professionals.

Through our integrated practices, joint ventures, agreements to correspond and Praxity, the international alliance of independent firms we founded in 2007, we serve our clients in 75 countries with a total of 25,000 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 tailored solutions to large international corporates, SMEs and individuals.

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A N N U A L R E P O R T

MAZARS,
BY THE
PEOPLE
THAT
MAKE IT

M

IN OUR OWN WORDS

From Europe, Africa, Asia
and the Middle East,
SEVEN OF OUR PARTNERS
express what, for them, constitutes
the **UNIQUE CHARACTER OF MAZARS**

mazars is first and foremost a human adventure, pursued every day by the women and men who make our organisation live and grow. Each and every man and woman, whatever their origins or experience, enriches our Group with their culture, their different points of view and their desire to go further, together.

It is through their commitment that we are able to follow this adventure we started out on almost 70 years ago, seeking to build a Mazars that would create value for its clients by being ever more integrated, more open, and even more truly international.

JULIE LAULUSA

Shanghai, China

“

At Mazars, diversity is more than a mere slogan. Every man and woman, whatever their origins and experience, can contribute to the development and success of the organisation. Being a ‘Mazarian’ means having the capacity to engage, to share and recognise what other people contribute, wherever they come from, to the construction of our shared adventure.

”



“

As a Frenchman who's been working for many years in Milan, I can bear testimony to the powerful European culture within Mazars. Our partnership today is truly international, but our European roots are what make us different. It's one of the things that make us stand out from the big Anglo-Saxon networks, and it translates into the way we relate with our clients, and with other members of our teams.

”



**OLIVIER
ROMBAUT**

Milan, Italy

AHMED SHAWKI

Cairo, Egypt

“

Far more than a mere agglomeration of countries and ways of life, Mazars is an organisation that knows how to enrich itself with cultures and differences. In the context of accelerating globalisation, every day Mazars shows its ability to make the most of the diversity of the men and women who have built the firm of today and are building, on solid foundations created freely and together, the Mazars of tomorrow.

”





“

Our office joined the partnership in 2007 and we already see evidence of the seamless flexibility and the effectiveness of integration within the Mazars group. We are benefiting from the power of a large organisation, without suffering any of the constraints of assimilating at a forced pace.

”

**PIA LUND
LILLEBÆK**

Copenhagen, Denmark

“
Mazars has opened new development horizons for us. The regular contact we have with our European or Asian colleagues enables us to play an active part in large transnational assignments. Today, as a member of the Mazars partnership, we have now become one of the major players in audit and advisory services in India.
”



**BHARAT
DHAWAN**
New Delhi, India

“

The firms who, like ours, are joining Mazars are doing it on the basis of shared principles and values. Having ideas, practices and goals in common makes integrating much easier. We have not had to betray who we were in order to become fully-fledged members of the Mazars family. It's happening quite naturally, with no shocks, and in real harmony.

”



**HILTON
SAVEN**
Cape Town, South Africa



“

For two years, Mazars has partnered the Women's Forum, which in 2007 the *Financial Times* ranked among the top five social and economic forums and influential groups. I believe this involvement is the perfect illustration of what Mazars does, getting involved with its environment, acting in the general interest to help society progress, and working on diversity within the company.

”

**JULIETTE
DECOUX**
Paris, France

“Mazars: the spirit of service”



9,500 professionals serving companies and markets, a direct presence in 47 countries, growth of 16% and a turnover of 745 million euros! These few key figures sum up our progress over the last twelve months. As we have done every year for the past three years, we bring you our annual report with its totally transparent view of our foundations and our ambitions, and invite you to follow the Mazars adventure.

“To meet the challenges of a complex international environment, our clients need the services of an independent player.”

Patrick de Cambourg

In 2007/2008, Mazars strengthened its international presence and its services to companies on all five continents. The Group's 16% growth at constant exchange rates is evidence of our capacity to serve the markets, to respond to the demands of major organisations as well as SMEs, the relevance of our approach, and the solidity of our integrated partnership. We have, indeed, chosen to grow in terms of quality, as the balance between organic growth and mergers and acquisitions proves, in order to serve the economic community appropriately and independently.

To face the challenges of a complex international environment, our clients need the services of independent players, capable of proposing innovative solutions to help them consolidate their own foundations and pursue their development. Every day, we strive to be the first among these players, who broaden and enrich the range of services our profession offers.



**WE CHOOSE EXCELLENCE AND PERSONAL
ATTENTION AS WAYS OF PROVIDING
NEW SOLUTIONS TO OUR CLIENTS.**



PATRICK DE CAMBOURG
President of the Group Executive Board



A WORD FROM OUR PRESIDENT

That is why we pay particular attention to nurturing the talents of our staff, their diversity and the quality of their expertise. We choose excellence and personal attention as ways of continuously providing new solutions that are specifically adapted to the challenges our clients are facing.

In the course of the last twelve months, Mazars has strengthened its position as a global player thanks to agreements reached in South Africa, Denmark, Canada, Chile and Thailand.

In 2008-2009, we will continue to pursue the development of our geographical platforms: in Australia, Indonesia, Malaysia and Vietnam for our Asia-Pacific platform; in South Africa and Botswana for our Africa-Middle East platform; by doubling our size in Brazil and Chile in our Latin American platform; and in Europe, finally, through the integration of a strong Ukrainian team.

Combined with our organic growth, these geographic developments should bring our total headcount up to more than 11,000 professionals.

As a fully fledged player in the audit world, Mazars is thus pursuing its development with confidence, determination and the will to always provide its clients with the ever more global services they need.

Because we have built ourselves up from the beginning with patience and perseverance, **we have always been highly aware of the need for being able to distinguish the essential from the accessory.**

The period we are entering into today will very probably be difficult for businesses, economies and society in general. That is why we prioritise our quality of service and our contribution to solving the difficulties that will be faced by the economic community and society as a whole. Growth may be something to be proud of, but it is not a goal in itself.



PATRICK DE CAMBORG
President of the Group Executive Board

”
**THE INTERNAL PROJECTS RUN BY
OUR INTERNATIONAL TEAMS ARE
THE CRUCIBLE IN WHICH THE SPIRIT OF
MAZARS, WHICH WE HOLD SO DEAR,
IS REFINED.**
”

It stems from providing adequate answers to the expectations of economic players and citizens alike. And if we must, temporarily, proceed more cautiously than in the last three years, this will not represent a problem for Mazars so long as we uphold our belief in serving the general interest in an appropriate manner and so long as the foundations of our integrated model continue to be strengthened.

Beyond our cultural and linguistic origins, our personal and collective experience, we strive to bring alive, on a daily basis, the development of a truly international firm as the fruit of our mutual cultural enrichment – not the global roll out of a single dominant culture.

Across all the areas of partnership life, more than one hundred internal projects are entrusted to our transversal and transnational teams. These concern technical excellence, risk management, quality, information systems, training and recruitment and, notably, the launch of Mazars University. These internal projects are the crucible in which the spirit of Mazars, which we hold so dear, is refined.

Just one final word about our model. **For over ten years we have been building an integrated organisation because we remain convinced that**

this is the most effective model, the one that enables the best division of risks and rewards, the best sharing of experiences and competences, the only real way to achieve true transparency and, ultimately, to provide the best service to our clients. The changes we observe around us in the world of audit and advisory services seem to justify this fundamental choice, which has been our own. The relevance of the integrated model seems, in various forms, to have convinced other players in the market. For our part, we are more than ever committed to pushing further along the international trail we started blazing more than ten years ago, building the Mazars of tomorrow: solid, supportive and above all attentive to providing the highest standards of appropriate service to all the players in the market. These values and this vision are what make us original, and form the heart of our identity. Expressions of this are to be discovered throughout this annual report.

MEETING WITH THE GROUP EXECUTIVE BOARD

In a challenging economic environment, Mazars has continued to grow this year by building up its integrated model. Views and assessments from Philippe Castagnac, David Evans and Jos van Huut, members of the Group Executive Board.

F

or the economy as a whole, 2008 has been a difficult year. How have things been for Mazars?

David Evans: Obviously, the economy has suffered over the last twelve months, and the situation has become even more difficult since September. Businesses and governments are looking for the most appropriate solutions. The scale of this crisis is unprecedented in recent years, but if we had to live the last twelve months over again, I am convinced we would do the same things, because we made the right choices. Despite the current difficulties, I feel very confident about our future.

Philippe Castagnac: The crisis we are going through is striking western countries hard. For the moment, it looks as if emerging countries may come through relatively less impacted. Against this background, we have still succeeded in pursuing our policy on growth and in developing our geo-

graphic coverage. We have consolidated our position in Europe, and reinforced it in Asia, in Latin America and in South Africa. The strategy we are following is for the long-term, it must not be affected by the current predicament.

Jos van Huut: I think what is really feeding the crisis and instability in the markets today is fundamentally a lack of trust. Under such conditions, I believe we should be ready for further 'surprises' and it is essential for Mazars to keep a cool head, and stay focused on its objectives. As a result of this attitude, our performance in 2008 was very satisfactory. We've achieved growth in double figures and also in Western Europe, our results were good.



“THE STRATEGY WE ARE FOLLOWING IS FOR THE LONG-TERM.”

Philippe Castagnac, Jos van Huut, David Evans, members of the Group Executive Board and Patrick de Cambourg, President of the Group Executive Board.

Do the current problems raise questions about Mazars’ ambitions, or its strategy?

Philippe Castagnac: Absolutely not. Nothing would be more dangerous than a ‘stop go’ approach. Even if our rate of organic growth in 2008 is not as high as it has been in previous years, we must redouble our efforts to reinforce our structures and refine our training plans, so that we will be even stronger when the situation becomes more favourable. In France, for example, we have decided not to reduce our recruitment goals for 2009. In general, the uncertainties about the consequences of the current crisis are leading us to a certain prudence in management over the very short term, but they are not casting any doubts over our long term strategy.

Jos van Huut: The crisis must not be allowed to raise questions about our evolution towards even more advanced forms of integration. On the operational and functional level, beyond the corporate choices and flow of business that have united us for a long time already, we are in the process of



16%

Growth for the Group
(in original currencies)

47

Countries integrated
on five continents

“The current difficulties are encouraging us to be prudent, but they are not causing us to question our ambitions.”

becoming a truly global organisation, in which geographic boundaries become blurred, to the benefit of the transversal approaches led by our international client and service lines. We share clients, systems, procedures, best practices and, of course, our values. We do this because our clients are asking us to, and because it makes us more effective. In the light of all this, the course of our ambitions remains unaltered.

David Evans: On the contrary, I believe the current difficulties may make our model even more relevant. We have no reason at this stage to change the goals we set out in our 'Mazars 2010' strategic project for 2010. Our strategy is designed to be able to overcome the current instabilities. We can always make a few adjustments if necessary, but our vision remains unchanged.



So integration and globalisation are, more than ever, real assets for Mazars?

Jos van Huut: Definitely. Our capacity to offer the same consistent quality of service to all our clients, and particularly in the countries that we have recently welcomed into the partnership, is a genuine asset. That's why we have to be capable of rapidly deploying, at Group level, the IT tools that will enable us to standardise our compliance and tax

**“Our promise:
big experience backed by
the personal touch.”**

procedures. We also need, in the light of the current situation, to put more emphasis on internal control and reporting standards, which are becoming increasingly important. I'd also like to say a word about Praxity, which completes Mazars' geographic coverage for our international clients. In several countries where there are Praxity members with very strong national capabilities, they offer services that complement our own, notably in the area of that particular country's tax regime.

David Evans: Because we are a single, international partnership, we are better integrated and able to operate seamlessly. Our culture is about providing our clients with personalised solutions. This is not simply a reaction to the current circumstances; it's been our modus operandi for many years. It's the promise we make to our clients: big experience backed by the personal touch.

Philippe Castagnac: I think that the way certain players in the market are converting their businesses towards a more integrated model provides excellent validation for this format we chose over ten years ago. The success we have achieved in 2008, particularly in France, is further evidence of our ability to service our big clients with same quality standards on every continent.



How do you reconcile this drive towards deeper integration with the diversity that Mazars considers to be one of its key values?

Philippe Castagnac: At Mazars, we support diversity in practical ways, for example in our flexibility as a company, now allowing certain Partners to work part-time, and endeavouring to promote women to higher positions within the partnership. Encouraging international transfers also nurtures diversity, as does the increasing geographic expansion we have experienced over the last few years. We have always placed emphasis on the richness we derive from the meeting of different cultures. For us, this is a sign of quality. We are very careful in the regions where we establish ourselves to foster the emergence of local talent, which is notably the case today in Asia.

What do you see as the major challenges in ensuring the long-term development of Mazars?

David Evans: Our priority is to develop our human potential. I would draw attention to the Partnership Development Focus (PDF), which formalises our commitment as a partnership to placing proper emphasis on career development for Partners. With PDF initiative, each Partner will now have the tools and the structure to enable him or her to properly reflect on their contribution to the partnership, and on their personal development. This will give them the opportunity to fulfil themselves professionally and for the benefit of the partnership.

Philippe Castagnac: We still have to perfect our geographic coverage, and increase our capacity to mobilise the Channel 1 and Channel 2 resources our big international clients need. For some years now, the effectiveness of our European coverage has been a given, and we are committed to improving it further. I am struck by the speed with which the other geographic platforms have got in tune and are developing. Today, our territorial expansion enables our presence in 80% of the major international financial markets. Three or four years from now, we will have to be able to ensure suitable coverage for all the financial markets where our clients operate.

Jos van Huut: The situation created by the current crisis is generating both risks and opportunities. The cleverer we are about managing difficulties in the short term, the better our opportunities will be in the long term.



 International
integration

 Events

 Partnerships

 Internal

AROUND THE WORLD IN 365 DAYS

SEPTEMBER 2007

Mazars grows in South Africa

Moore's Rowland South Africa brings 320 staff, including 21 Partners, to join the integrated partnership. With main offices in Cape Town, Johannesburg and Paarl, the new firm is called Mazars Moore's Rowland.

OCTOBER 2007

Mazars opens its doors in Jersey...

Mazars lands in the Channel Islands, with the integration of the Moore's Rowland office in Jersey. This will now operate under the name Mazars Channel Islands.

...and expands its partnership in Denmark

Mazars Denmark joins the partnership. Based in Copenhagen, this firm of 20 people offers audit and advisory services to listed companies and SMEs.

NOVEMBER 2007

Marccus Partners

Creation of Marccus Partners

A merger between Hemmelrath & Partners in Germany, François, Sagasser & Associés in France, Mazars y Asociados in Spain and Albertazzi et Associati in Italy, Marccus Partners is Mazars' business law firm. Marccus Partners employs more than 100 lawyers and 30 tax advisors on international accounts. The firm's clients mostly come from the banking, insurance, property, telecoms, energy and automotive sectors. They include large Owner Managed Businesses as well as listed companies and investment funds.

Sponsoring the OCDE Investment Forum in Cairo

Set up by the Organisation for Economic Cooperation and Development and the Egyptian Ministry of Investment, this Investment Forum in November 2007 is also sponsored by Mazars. Nearly 500 delegates from the region attend this event featuring the participation of Ahmed Shawki, Mazars Managing Partner in Egypt, and the presence of all the Group's regional Partners.





DECEMBER 2007

Presenting the findings of our Franco-German survey

Mazars surveyed almost 150 French and German companies who each have a presence in the other's country, to gather their perceptions, opinions and conclusions regarding their motivation for doing business across the border, the obstacles they encountered, the way they adapted to the market, and the factors that contributed to their success.

Membership of the Forum of Firms

Mazars is one of the first sixteen organisations to become full members of the Forum of Firms, having demonstrated its implementation of a global quality assurance programme, committed to applying International Standards on Auditing and fulfilled the required ethical criteria.

Building our presence in Chile

By integrating the firm of Martinez y Asociados Ltda, based in Santiago, Mazars welcomes on board more than 80 new staff and four Partners. With offices already in Brazil, Argentina and Venezuela, this step further consolidates our presence in Latin America.

51 new Partners in Madrid

Gathering for the Group's Annual General Assembly in Madrid, Mazars Partners elect 51 new Partners from 21 countries, in Europe, Asia, the Americas, the Middle East and Africa.

Announcing our annual results to the international press

Patrick de Cambourg, President of the Group Executive Board, presents Mazars' figures for 2006-2007, showing 19.5% growth, to several representatives of the European press.

JANUARY 2008

Partnering the 'Cité de la Réussite'

For the second year running, Mazars is a Partner of this initiative in Paris. Patrick de Cambourg, President of the GEB, Philippe Castagnac, Managing Director, and Julie Laulusa, Mazars Partner in China, all take part in the debate on the theme of 'involvement'.

-  International integration
-  Events
-  Partnerships
-  Internal



- International integration
- Events
- Partnerships
- Internal

FEBRUARY 2008

Mazars opens in Thailand...

We consolidate our presence in South-East Asia with the integration of the Double Impact group, based in Bangkok. With a staff of 70, Mazars Double Impact works mainly for international corporate clients.

...integrates a firm in Canada...

JDL becomes a member of the international partnership in Montreal. Previously a Mazars correspondent, this firm of around 30 professionals has worked for clients such as Publicis, Thalès and E.C. Oberthur.

... and signs an agreement to correspond in Cyprus

Mazars will now be represented in Cyprus by Nacouzi & Co. Ltd, based in Nicosia. The firm is run by Partners Petros and Pavlos Nacouzi and counts on the expertise of eight staff.

MARCH 2008

Mazars sponsors the first Women's Forum in Asia

Dedicated to promoting the role of women in business and society in general, the Women's Forum held its first conference in Shanghai. Proving its commitment to diversity and international development, Mazars is one of the Partners in this event.

APRIL 2008

European report on SMEs

Mazars publishes the survey carried out with EFRAG into 'IFRS for SMEs'. Based on interviews with more than 1,500 small to medium-sized businesses in Germany, Spain, France, Italy, the Netherlands and the United Kingdom, the study highlights SME attitudes towards the increasing convergence of national accounting standards with international ones, and the prospect of a common system in Europe.





2008 Mazariades in Frankfurt.

JULY 2008

Marcus Partners accompanies NYSE Euronext to Doha

Working with Mazars consultants in the UAE and Qatar, Marcus Partners supports NYSE Euronext through the strategic merger between the Euro-American stock exchange and the one in Doha.

Launching The 'Mazars Way'

To spread our vision and values throughout every partnership country, we wrote a brochure, The 'Mazars Way', for distribution to all staff and in particular to new people joining us. The 'Mazars Way' expresses the culture of the company and its DNA in a clearly illustrated format to make it accessible to all, in French, English and in Spanish.

SEPTEMBER 2008

Meeting with Russian businesswomen

Following on its work with the Women's Forum, Mazars organises a business breakfast in Moscow, for the managers of twenty or so local businesses, hosted by Anne Belvèze, Mazars Managing Partner in Russia.

Frankfurt hosts the Mazariades

Launched in 1989, the Mazariades are an annual highlight in Mazars life and a celebration of our international team spirit. This year, more than 750 staff from 20 countries met for a fun weekend of sports and games in Frankfurt.

The PDF project

Among the pillars of Mazars' strategy for the years to come, the Partner Development Focus (PDF) was launched at partnership level on 29th September 2008. PDF is designed to optimise Partners' professional development and has been rolled out across all the group's offices in every country in a consistent and structured manner, including the implementation of a dedicated web application.

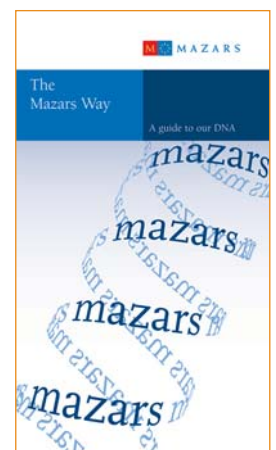
Revising the Partnership Charter

Founding 'philosophy' of the partnership, the Charter has been completely re-written at the instigation of the GEB. The goal was to align the charter's principles with the new, international dimensions of the group, notably integrating the notion of diversity, while at the same time simplifying its form and language.

OCTOBER 2008

Mazars with the Women's Forum in Deauville

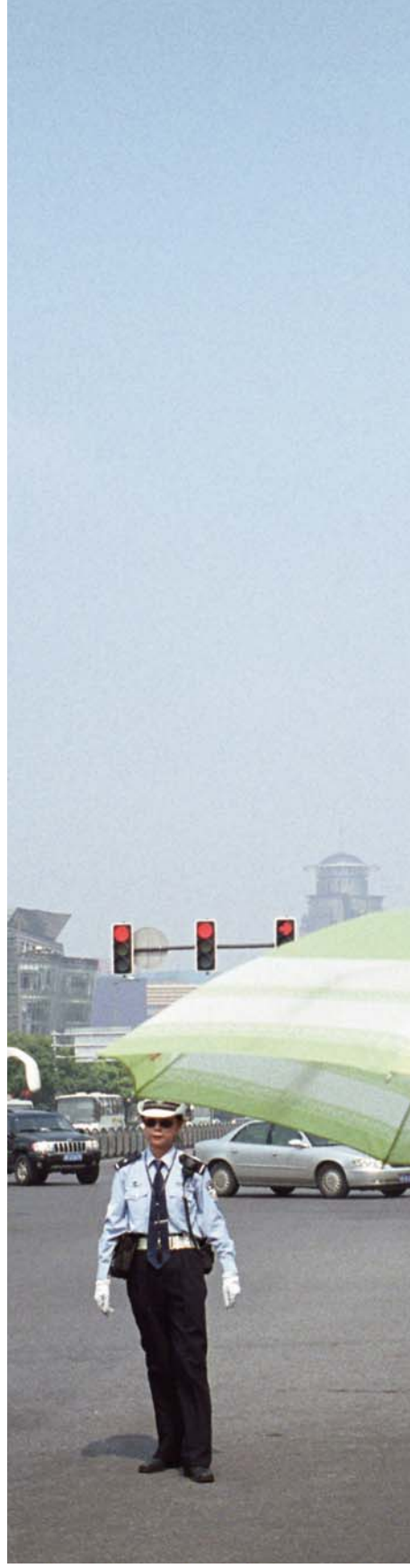
Mazars is one of the partners at the second Women's Forum, held in Deauville from 16th to 18th October. Philippe Castagnac, Managing Director of Mazars, made a key note speech on the theme of diversity.





SERVING OUR CLIENTS AND THE MARKET PLACE

Values - Excellence - Quality - Expertise - Company spirit - Dialogue - Vision -
Risk Management - Independence - Ethics - Responsibility - Values - Excellence - Quality -
Expertise - Company spirit - Dialogue - Vision - Independence - Ethics - Responsibility -



**“WE MAKE QUALITY SERVICE
FOR OUR CLIENTS A
PERMANENT PRIORITY.”**



SERVING OUR CLIENTS AND THE MARKET PLACE

At Mazars we aim to develop relationships with our clients based on strong fundamental values: technical excellence, close personal attention, frankness and the rejection of one-size-fits-all solutions. These values are intrinsic to the 'Mazars Way', and our committed service culture. They are rooted in an organisation articulated around international service lines, each dedicated to specific market sectors, or centres of excellence, group support functions and the central management of technical resources.

Complete and comprehensive expertise to service our clients

Four International Lines

The development of Mazars' activity is organised along four international lines. Two of these are dedicated to the Group's main market segments: Public Interest Entities (International Line PIE) and small- to medium-sized businesses (International Line OMB¹⁾). The other two lines are the focus of our professional tax advisors (International Line Tax) and the organisation's legal experts (International Line Law). Each of these international lines is responsible for defining and structuring their own service

offers and business models, identifying targets, handling marketing and nurturing client relationships. Each line is also responsible for managing its own teams, fostering their development and evaluating the performance of Partners.

Organising our business along these lines, throughout the body of the partnership, enables Mazars to optimise synergies within the Group and to guarantee our clients the same levels of service excellence in every country.

1) OMB : Owner Managed Businesses

SERVING IN THE PUBLIC INTEREST: INTERNATIONAL LINE PIE

Under the leadership of Thierry Blanchetier, the PIE Line is dedicated to public interest entities. In every country throughout the partnership, it mobilises teams equipped to serve the needs of large multinational corporations, from legal or contractual audits, to transaction services, internal control or other services relating to financial advice.

18 months after it was first set up, how has the PIE Line proven an asset in responding to our clients' needs?

Our clients want a single point of contact, an effective control of all work carried out for them on the international level and consistent quality of service in every country. The way the PIE line is structured and integrated within the organisation enables us to focus on our clients' expectations, and to deliver the responsiveness and consistency they seek. The seamless communications structure within IL PIE facilitates the sharing of best practices, ensures we have the same level of information on the competences of each individual and enables us to develop meaningful synergies in technical areas as well as in our commercial approach. On this last point, the creation of our Business Development structure and plan in 2007 has allowed us to maintain organic growth in our transnational business.

The numerous tools and processes for information-sharing that we have developed in the last 18 months have accelerated and strengthened our integration to the benefit of all the members of our partnership. This point is particularly important in the context of strong growth for our international development both in Europe and beyond. There again, our current and future clients will reap the rewards.

Do PIEs today consider Mazars to be a fully-fledged independent international player?

The way Mazars is expanding internationally, and the way we have structured our international line has enabled us, in less than two years, to attract a number of listed companies on every continent. More than 350 have now chosen Mazars in 50 countries. It's worth adding that more than one hundred of these firms are listed on non-European exchanges, notably in Asia and Latin America.

What are your main drives for development?

For IL PIE, two key directions stand out. The first concerns the reinforcement of our geographic coverage in Europe, where we are already fairly well established, and in the regions that we have defined as priorities for our development. The second, in the context of our rapid, though controlled, expansion, concerns the maintenance and improvement of our quality of service as we broaden and extend this offer in every country. In fact, we have already put in place certain procedures for managing our international assignments, as well as tools for client relationship management and the evaluation of our own performance. Enriching our service offer and rolling it out internationally includes, among other things, the creation of regional or national centres of expertise. The sectorial dimension (Banking, Insurance, Industry, Services) is built in to the centres of expertise, which are today enabling us to respond to the new demands imposed by the financial crisis.

How are you responding to the financial crisis?

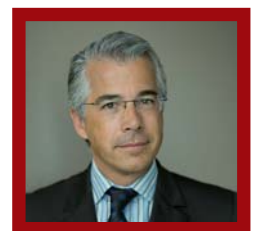
We have set up reinforced coordination structures in preparation for what we anticipate will be effects in every area, that means changes in professional regulations, evolutions in accounting principles and in the approach to risks in banking and insurance... We have also thought about the new needs of our clients and our prospective clients in this changing situation, which will certainly impose a review of internal control in certain sectors, and which will translate into other changes we will have to follow in terms of doctrine and regulations. The integrated nature of our business has enabled us to coordinate a swift response at the international level.

THIERRY BLANCHETIER,

Leader for IL PIE



“Our objective is to bring together and develop our competencies in the area of Capital Markets, regarding compliance issues or advisory.”



Fabrice Demarigny,
Head of Capital Markets

SERVING OUR CLIENTS AND THE MARKET PLACE

CONVERSATION WITH

FOR GROWING SMES, INTERNATIONAL LINE OMB

The OMB Line is dedicated to serving owner-managed businesses of all sizes. Headed by Alistair Fraser, it features, in particular, an advisory-led approach to larger OMBs, reporting and accounting for smaller OMBs, and outsourcing.

ALISTAIR FRASER,

Leader of IL OMB



How would you evaluate the past year for IL OMB?

OMBs continue to suffer from the economic crisis, particularly in Western Europe and above all in the retail, property and financial sectors. They have experienced problems with financing as the banks became increasingly strict about authorising loans. This has led them to favour solutions that help them minimise their expenses and their tax liabilities. They also want us to help them understand the situation they now find themselves in, and work with them to overcome the problems.

Given the situation, how have you adapted to these new requirements?

We have produced and distributed internal information guides to help our teams looking after clients who are managing through the downturn. From a Mazars point of view, we have made a lot of progress in implementing new business models, particularly regarding our services to very small companies, and France and the Netherlands have already started to reap the rewards. We now have to

spread these advances to other countries, and to our other kinds of clients.

What are the principal challenges now for SMEs and for IL OMB?

Opinions vary as to how long the crisis may last, and in some parts of the world we are now clearly in recession. In the next 12 to 24 months, our goal is to help SMEs meet the challenges of the current situation. We can support them by showing them ways to increase their efficiency, optimise cost management, adjust their funding structures, and improve their capacity to overcome the current problems. That said, some OMBs have performed extremely well this year and we have, at Mazars, had a year of growth ourselves. We will be able to pursue our development if we invest appropriately in developing the talents and expertise of our staff, and in working together internationally to maximise opportunities with clients. With the arrival of new countries in the partnership, I also see real opportunities for expanding our client portfolio and our business.

OUR STRONG PRESENCE IN INTERNATIONAL PROFESSIONAL ORGANISATIONS

Mazars maintains an ongoing presence within the major international professional bodies:

- **The International Accounting Standards Board, IASB**, who set international accounting standards and **the International Financial Reporting Interpretations Committee, IFRIC**, who check that accounting standards are being correctly interpreted, and where Mazars is represented by Jean-Louis Lebrun, Partner.

- **The International Federation of Accountants, IFAC**, who represent the profession at global level, and where Jean-Luc Barlet and Isabelle Sapet, Mazars Partners, are respectively members of the Transnational Audit Committee and the Board of Ethics.

- **The FEE (European Federation of Accounting Experts)**, where several Mazars Partners are members of technical committees.

- **The European Financial Reporting Advisory Group, EFRAG**, which promotes thinking on European accounting practices, with contributions from national regulators, and where Mazars is represented by our Partner, Françoise Florès.

Mazars is also a member of the Forum of Firms, a group for the main audit networks who are working, or wish to work, on international audit assignments. Companies who want to join the Forum of Firms have to

INTERNATIONAL FISCAL EXPERTISE: INTERNATIONAL LINE TAX

IL Tax constitutes a centre of expertise in fiscal matters that serves all the members of the Mazars Group. Since January 2008, this line has been headed by Ton Tuinier.

What is the role of IL Tax within the Mazars organisation?

I think our main challenge, in Mazars, is to develop consistency. In tax, laws and practices vary from one country to another, so it's essential for us to build a central platform from which we can disseminate our knowledge internally, particularly since we work on transversal business for our international clients. With this in mind, it is important for us to demonstrate our specific knowledge of tax law in, for example, Asian or Latin American countries.

How do tax clients benefit from Mazars' integrated model?

We offer a credible alternative on the market. Our international, integrated approach ensures we have very strong connections between the different countries, based on shared values, and nourished by cultural differences. Our organisation is experiencing rapid growth and our dynamic reflects the evolution of the world markets. Our expertise is solid, and growing at the same rate as Mazars itself.

We know how to move forwards, and demonstrate our flexibility. In the eyes of our clients, these assets are essential.

What comments would you make about the past year and the next twelve months?

In Europe, the economy is contracting. We have had to offer tax advice to companies in difficulties, or undergoing re-organisation, to help them understand and cope with their situations.

The world is becoming increasingly complex, borders are dissolving, and people are more and more mobile. Professionals want to know what their tax situation will be, for example, in Eastern Europe, and they want to know what's on the horizon in two or three years' time. That's what tax advice is all about. I am convinced we give people good reasons to choose Mazars.

TON TUINIER,
Leader for IL Tax



commit to promoting the consistent implementation of high quality audit practices throughout the world, including the application of international auditing standards, and to supporting the convergence of international accounting standards, in accordance with the ISA (International Standards on Auditing).



THE EXPERTISE OF A EUROPEAN LAW FIRM: INTERNATIONAL LINE LAW

Under the joint responsibility of Antonio Bover and Bernd Sagasser, the IL Law created in 2008 has taken the form of an independent firm of European lawyers, Marccus Partners, who have offices in five European countries¹ and a joint staff of 170. Furthermore 40 lawyers in the Netherlands are associated through a formal alliance.

**ANTONIO BOVER AND
BERND SAGASSER,**

Co-Leaders, IL Law

**How did the International Line Law come into being?**

It was born from the Odyssey project, in response to the Group's desire to diversify its services. It's all about responding to our clients needs, but it is also economically important for an organisation like Mazars to create a keener balance between audit advice, tax and legal services. The continuing development of these disciplines triggers synergies for the whole Group.

What are your main activities and how do they fit in with Group's audit and advisory business?

Our service offer revolves around six practices: a corporate/ mergers and acquisitions division, a property division, a capital markets division, a restructuring division, a banking and finance division, a tax law division and a civil law division. On the basis of our long standing experience in international legal and tax business we are able to respond to the needs of our national and international clients. We are creating value for our clients by rendering multidisciplinary services to SMEs and we step in as legal experts in all kind of complex transactions or reorganisations for OMBs or PIEs. The current economic cycle provides us especially in Spain and in France with more work on corporate restructuring, labour law or litigation.

How do you see IL Law developing?

In the near future, we anticipate setting up a law office in Moscow. We also aim to establish a direct presence in the Gulf region. In the Anglo-Saxon world, in Great Britain or the United States, it currently seems more appropriate and more efficient for us to have "best-friends relationships" with established law firms.

On the other continents, the growth of our legal practice goes hand in hand with the growth of Mazars and we work in close cooperation with the auditors and advisors.

1)) Germany (Bielefeld, Dusseldorf, Frankfurt, Leipzig, Munich), Spain (Barcelona, Madrid), France (Paris), Italy (Milan) and Roumania (Bucharest).

CENTRALISED RISK MANAGEMENT AND RE-ORGANISED TECHNICAL FUNCTIONS

Risk management and technical excellence are key priorities for Mazars, being directly linked to our chosen strategy of controlled long-term development. As Mazars expands and becomes increasingly international, and as economic and regulatory environments become more global, it is essential for us to be able to rely on effective risk management systems, whether we are gauging risks for our business or those posed by the economic environment.

What do risk management and technical excellence involve, at Mazars?

Our Risk Management and Technical Excellence Committee was set up to address our strategic objective of controlled long-term growth by defining our risk management procedures and ensuring the technical quality of our activities.

By signing the merger agreement, each Mazars entity clearly commits to providing a certain quality of service. The management of each entity has a consequent responsibility for putting in place a quality assurance system and promoting a strong internal quality culture, supported by clear and consistent messages and initiatives across all levels of the entity.

But it is equally important to coordinate and supervise, at Group level, the daily implementation of procedures and systems, and the activities of all the technical functions contributing to them, such as our Financial Reporting Standards Desk and our Independence and Professional Standards Desk, technical training, quality control and the development of new tools and methodologies...

What have been your main achievements over the last twelve months?

In the context of the partnership's dynamic geographical expansion, we have helped new entrants to assimilate and implement these procedures and systems. We have also improved our client acceptance procedures, the cornerstones of our independence and risk management, to ensure, in particular, that 'commercial' concerns do not prevail over our commitment to quality.

Our International Quality Control Committee has set in place coordinated reviews at world level, to ensure the conformity of audit methodologies,

ethical practice and quality control standards, which are directly reported to the GEB, Steering Group Risk Management and ATE. It has also followed plans of action with individual country Risk Management teams, and their Quality Managers, and made detailed examinations of each country's annual reporting on national quality reviews.

A second round of reporting is being carried out to measure progress achieved in terms of requirements for independence and adherence to the professional standards of the Forum of Firms and IFAC, of which Mazars is a member.

So the structuring of technical functions in the Group's main countries has progressed. We have also defined an ambitious technical training course within the framework of Mazars University, and finalised the first course module applicable across the whole of the partnership. The second module, plus a common IFRS training course for all of our offices around the world, are in development now.

What key areas will you be working on in the year ahead?

Firstly, the publication of reports on transparency by European Mazars entities handling audits for PIEs, listed companies, banks and insurance companies. With the growth of our geographic footprint, we now have 13 offices approved by the PCAOB (Public Company Accounting Oversight Board), and from June 2009, we will have an obligation to fulfill new demands for transparency from the American regulator. On top of that, we are registering with the Japanese regulator those Mazars entities performing audit assignments for subsidiaries of Japanese PIEs. Finally, we will be carrying on with our quality reviews and building on our deployment of audit-aid tools.

JEAN-LUC BARLET,
*Head of Risk Management
and Technical Excellence*



SERVING
OUR CLIENTS
AND THE
MARKET PLACE

B

uilding relationships
of trust on our central values



Through the 'Mazars Way' we clearly set out the management principles and the values that make us different. Defining the 'Mazars Way' comes down to describing the essence and unique character of Mazars and the foundations of our corporate culture. The 'MazarsWay' is daily expressed in the way we manage our teams and the way our teams serve our clients

The 'Mazars Way' is founded on strong principles

The 'Mazars Way' sets the creation of added value for our clients at the heart of the Group's philosophy. Paying close personal attention to our clients and engaging them in open exchange, liberates our approach from dogmatism.

The values we re-affirm on a daily basis

- Integrity: prioritising ethics over profits and having the courage to say 'no' when necessary
- Responsibility: treating our clients' problems as if they were our own, and paying strict attention to the impact of our business on society as a whole
- Respect for the individual: listening to what people say, being open to dialogue and willing to share our competence and experience; attaching importance, internally as with clients, to the quality of human relations
- Cultural diversity: appreciating our mutual differences as a source of enrichment and a platform for promoting international unity within Mazars
- Independence: as a corporate entity, and in the way we think

- Continuity: supporting Mazars' long-term vision, we ensure that our experience and our competences are transmitted down successive generations.

A philosophy transmitted throughout the organisation

The 'Mazars Way' is the fruit of a collective effort in which the Partners, staff, directors of Human Resources and directors of Communications from several countries within the Group have taken part. It is set out in a brochure and a DVD describing the way Mazars' teams see their profession, their jobs and their assignments, and the way in which we, within the organisation, view the management of human resources.

A copy of this document has been distributed to every member of the Mazars world team, and is always given to new arrivals. As a living reality, the 'Mazars Way', with its principles and values, is also firmly integrated into the induction sessions for new graduates, as well as the content of international seminars for managers.

"In a global organization, appreciating diversity, it is particularly important to define and to share what brings us together, what is the basis for our common DNA. We need to carefully monitor today the coherence of our processes, for example in the way we evaluate performance; and the coherence of our behaviors, for example in applying the 'Mazars Way' to our relationships with clients", underlines Éric Pietrac, Group Human Director.

Éric Pietrac,
Group Human
Resources Director

"Defining the 'Mazars Way' comes down to describing the essence and unique character of Mazars and the foundations of our corporate culture."



Marie-Hélène Charlier,
Mazars Information
Systems Director

Information systems: a priority for Mazars

Our rapid international expansion continues to create new challenges for the Group's IT teams: setting up a common ERP system, developing our worldwide network, drawing up Group contracts for purchasing equipment, integrating new countries and so on. For Marie-Hélène Charlier, Mazars Information Systems Director, "the key challenges are to create greater mutuality, increase process-harmonisation and develop a common language. These advances are essential in accelerating our business activity, and making our approach and our service to clients even more consistent, more homogenous, throughout all the countries in the partnership."

MARKETING AND COMMUNICATIONS:

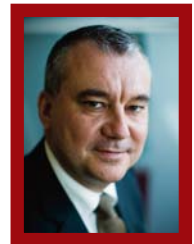
AN INTEGRATED TEAM SERVING THE ILS AND THE COUNTRIES OF THE PARTNERSHIP

"This year has seen the implementation of the 'one team concept', designed to integrate the Group's team with the teams in all the three main countries. This close cooperation allows easier best practice sharing and a more effective implementation.

Also, an international agency, within the Group Marketing & Communications department, is briefed to service countries which do not yet have their own local marketing communications teams", explains Jean-Philippe Lhuillier, Group Marketing & Communications Director.

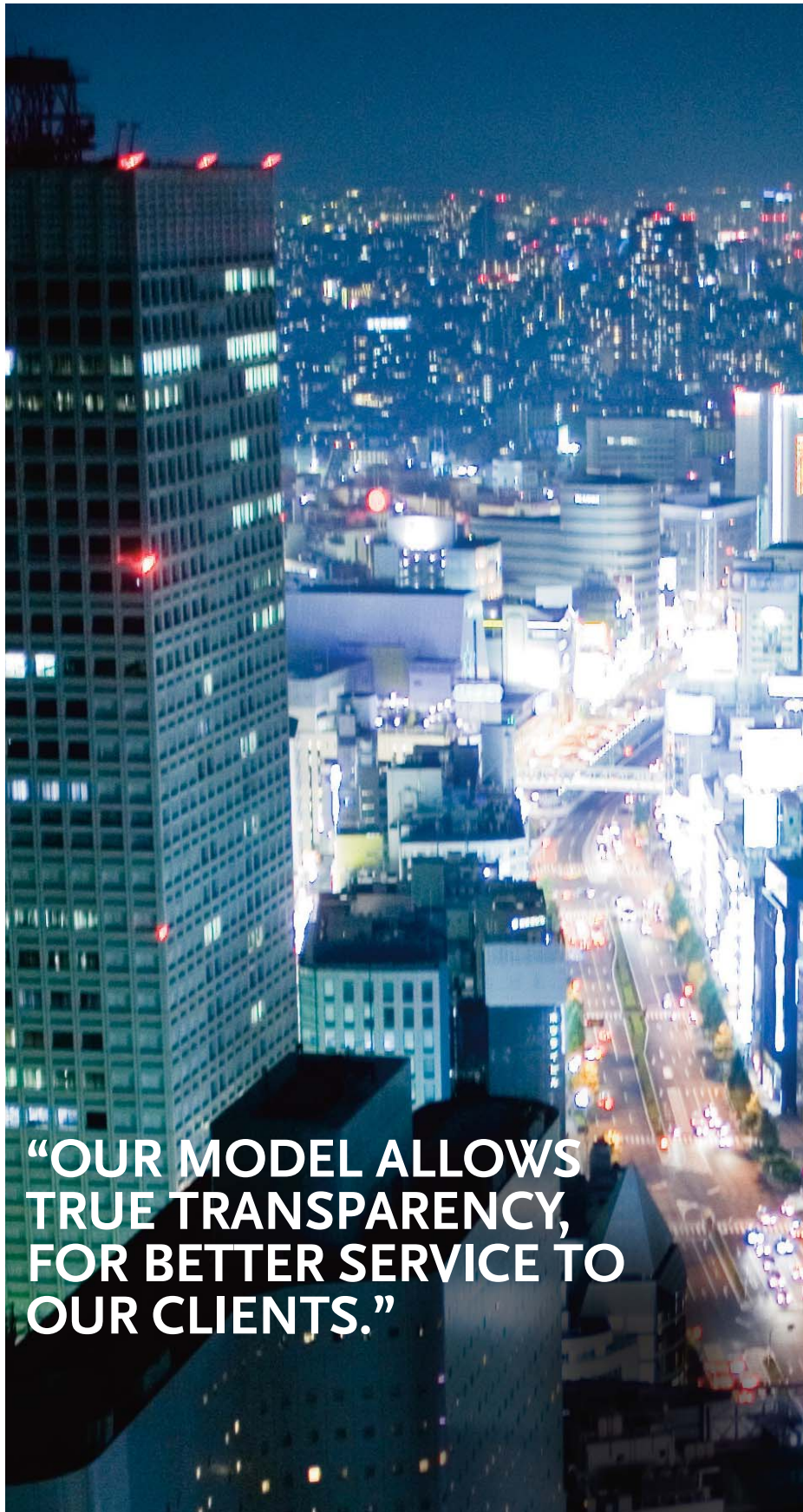
Our international agency has also defined marketing communications plans for several countries, which will be actioned in 2009, and created an integration toolkit for the new offices, which need a lot of help and support in terms of communication, press relations or even PR events.

"We are also active in support of the International Lines, for which we have already produced a number of tools, including brochures for the IL PIE and IL Law, and a guidance tool for following best practices on invitations to tender. For 2009, we are working on four key areas: the positioning of our brand internationally, the development of the global CRM tool in cooperation with Group IT teams, the revision and migration of all our internet sites towards a single platform (all country web sites, Group web site, intranet) and the evolution of our visual guidelines."



"Strengthening international cooperation for easier best practices sharing."

Jean-Philippe Lhuillier
Group Marketing &
Communications Director



**“OUR MODEL ALLOWS
TRUE TRANSPARENCY,
FOR BETTER SERVICE TO
OUR CLIENTS.”**



SERVING OUR PARTNERSHIP AND OUR COMMUNITIES

Performance - Sponsorship - Diversity - Balance - Democracy - Citizenship - Involvement -
Governance - Transparency - Performance - Sponsorship - Diversity - Balance - Democracy -
Citizenship - Involvement - Governance - Transparency - Performance - Sponsorship -
Diversity - Balance - Democracy - Citizenship - Involvement - Governance - Transparency



SERVING OUR PARTNERSHIP AND OUR COMMUNITIES

The Mazars organisation is based on democratic partnership. It gives each Partner the right to vote on the strategic decisions involving the future of the partnership. This kind of responsibility is central to Mazars' principles and practices. It runs throughout the organisation, and is daily expressed in the way we exercise our profession, and in the relationship Mazars maintains with its social and economic environment.

Mazars: Corporate Citizen

An authentically democratic model

Since 1995, Mazars has been building a completely original form of integrated partnership that still remains faithful to the values professed and defended by its founders, and the champion of truly democratic association. By integrating Partners and firms who share values that go deeper than cultural differences, who share the same ideas about our profession and the same demanding standards of excellence, Mazars is patiently and determinedly building a strong international organisation of professionals who have also chosen to share both risks and rewards.

This Organisation constitutes all the member entities who have signed an agreement of cooperation with Mazars Scrl, a Limited Responsibility Cooperative Company headquartered in Belgium, which in itself has no professional activity, and whose shareholders are Partners in the member firms. In this respect, they are the only owners of Mazars' capital. The mission of Mazars Scrl is to define the strategic objectives of the Organisation, and to coordinate their implementation at member firm level. The Organisation also has specific responsibility for promoting and protecting the Mazars brand throughout the world.



“MAZARS IS AN ORGANISATION OF PROFESSIONALS WHO HAVE CHOSEN TO SHARE BOTH RISKS AND REWARDS.”

Once appointed, all Mazars Partners sign a contract that allows them to transfer their interests only to parties approved or designated by Mazars Scrl. The shares in member firms can, in principle, be only owned by the Partners of Mazars Scrl. The consolidated financial results of Mazars Scrl include those of the member firms and are prepared to comply with IFRS standards and jointly audited by BDO and Horwath.

3-yearly election proceedings

Mazars is not simply a collection of national firms, but an integrated organisation of professionals sharing technical and growth goals, commitments to invest, risks and profits, so that there is a form of an equality between all countries.

Mazars has put in place a governance structure designed to ensure the security of the Organisation on a permanent basis. Gathering at least once a year for the General Assembly, the Partners remain at the

heart of all governance and all decisions taken by Mazars Scrl. Every year, they approve the major strategic and operational directions of the Group, the appointment of new Partners and the consolidated financial results. Within this framework, Mazars Partners elect every three years the members of the management and control bodies.

This is the framework within which, every three years, Mazars Partners elect the members of the management and governance bodies, and approve the major strategic and operational directions of the Group, the appointment of new Partners and the consolidated financial results of the previous year.

The direction of Mazars Scrl is the responsibility of its Group Executive Board (GEB), under the supervision of the Governance Council (GEC). The direction of each national entity is carried out by its own Board, elected by the Partners of the entity concerned, the candidates having been submitted for prior approval by the Group Executive Board.

3 years

Mandate for management and governance bodies

Caroline Van Troeyen,
Group General Secretary



SERVING OUR PARTNERSHIP AND OUR COMMUNITIES

THE BOARD OF DIRECTORS

The Group Executive Board, whose mandate runs until December 2009, currently comprises:

- Patrick de Cambourg, President,
- Philippe Castagnac,
- David Evans,
- Jos van Huut.

- The Group Executive Board is elected for three years by the Partners at the General Meeting. They elect the President, then, on his proposal, the other members.
- To be eligible for the Group Executive Board, each candidate must be able to show a history of at least five years with one of the member entities, and to have been a full Partner for at least two years.
- The members of the Group Executive Board undertake to step down once they reach the age of 65.
- Together, the Partners gathered at the General Meeting can remove any member of the Group Executive Board from office.

5 years

Minimum service required to be eligible for the Group Executive Board.

FOCUS

“Our governance structure is designed to ensure the security of the Organisation on a permanent basis.”

Jean-Louis Lebrun
President of the
Governance Council



Ensuring the proper functioning of institutions: the Governance Council

The Governance Council is charged with overseeing the proper functioning of the Mazars organisation. Its members (between 4 and 16) are elected every three years by the Partners gathered for the General Meeting. Their mandate runs parallel to that of the members of the GEB.

The Governance Council has particular responsibility for ensuring that the various institutions function effectively and develop positively. They regularly evaluate the performance of the Group Executive Board and its members, and the Country Executive Committees, and verify that the principles of good governance are being followed, that the democratic partnership is running smoothly, and that the professional and ethical values stated in our Partnership Charter, are being respected. They also examine budgets and accounts and coordinate the certification of Mazars' consolidated accounts.

The Governance Council additionally supervises the effectiveness of the risk management system. They



examine and approve, together with the GEB, the integration of new firms as well as individual candidates for Partnership. Finally, they represent the Partners in discussions at Group and country level. In addition, the Governance Council supervises the effectiveness of our risk management system. It examines and approves the acceptance of new member firms as well as individual candidates for partnership. Finally, it acts as the voice of the Partners in discussions at Organisational and country level.

Clear and transparent methods of remuneration

Partners are remunerated in equal proportion according to the performance of the national member entity to which they contribute, and to the performance of the Mazars Organisation overall. At the Group level, the measure is the 'operational performance', after the deduction of any unforeseen expense such as litigation, which remains the sole responsibility of the national entity concerned. Profits are shared between Partners in proportion

to the number of shares or 'base points' they hold. Financing business activity depends exclusively on each national member entity and follows the same logic of proportionality as the division of profits. Several countries have also opted for a bonus system based on individual performance, which is funded from a purse representing up to 10% of the profits of the country concerned. Ratified by the Governance Council on advice from the Group Executive Board, base points are allocated to Partners according to the collective performance of their country and individual performance of each Partner, which is assessed against various criteria: professionalism and technical contribution, importance and complexity of assignments, contribution to the general development of local entities and of the Group, level of managerial responsibility, performance in financial management, partnership spirit... None of the criteria listed above is evaluated in isolation, but most importance is placed on technical competence and partnership spirit.

The mandate of the current members of the Governance Council runs until the end of 2009:

- **Jean-Louis Lebrun**, President, France;
- **Michel Barbet-Massin**, Vice-President, France;
- **Philippe Bouillet**, France;
- **Patrice de Folleville**, Germany;
- **Tim Hudson**, United Kingdom;
- **Kim Hurst**, United Kingdom;
- **Ruud Krouwer**, Netherlands;
- **Pierre Sardet**, France;
- **Claudio Tedoldi**, Italy;
- **Aureel van Wersch**, Netherlands (until 31st August 2008).

“ADAPTING OUR GOVERNANCE TO THE GROWTH OF MAZARS”



How do you view the past year for Mazars?

In evaluating 2008, I think there are several things we need to highlight. The first is that the year has been a very positive one for the growth of our partnership. We've brought on board some big firms in markets with major economic potential, including Germany, South Africa and Brazil. As far as our financial performance goes, it has dropped back a little in comparison to previous years, but is still perfectly honourable when

you consider the economic predicament of the countries where we have been most active. Given the situation, we have to find ways of rationalising our expenditure without undermining the development ambitions for 2010 that came out of the strategic plan Odyssey project.

What, more specifically, has the Governance Council been working on this year?

In 2008, we have done significant work on re-

writing our corporate documents, in particular our partnership Charter and our statutes. This was an essential exercise and we're satisfied that we've made good progress. Our goal is to align the content of these documents with the Organisation's continuing expansion. We have also simplified the language.

Is Mazars' geographic expansion also leading you to consider new governance structures?

We do think that in the most important countries in the partnership, Governance Councils, (or at least local administrative or governance structures) could be created. As far as the other countries go, members of the Governance Council might each be charged with overseeing a different geographic entity, whether regional or national. It also seems to me that this restructuring should go beyond our Council and extend to partnership life as

a whole with, for example, the organisation of Partners' Meetings at the local level. Anyway, going back to the Governance Council, we think that other developments ought to be encouraged.

Which, in particular?

First of all, engaging more with our environment through the nomination of individuals outside Mazars. Then, because we have to mirror the partnership as it develops, we should be aiming for better geographic representation, and promoting the involvement of Partners from different professions within the Group. We also have to work towards greater gender equality. Finally, on a more general level, we need to think about the coming generations of Governance Council members as key executive figures: how to encourage candidacy, and how to continue finding people with appropriate career profiles.



Mazars: Responsible World Citizen

From the time Robert Mazars founded the firm in the 1940s, right down to the international organisation of today, the concept of responsibility has remained at the heart of our development. Our current teams have directly inherited the values of independence, transparency and responsibility handed down to them by the company's founders. They, in their turn, will pass on to future generations this 'code of conduct' that rules the way Mazarians relate to each other, and to their clients.

Professional responsibility, in everyone's interest

Mazars' responsibility, in guaranteeing the reliability of financial information, is, above all, to be professional in the service of our clients, of businesses and of the markets. This responsibility flows naturally from the way we conceive our profession, putting

people first and favouring service in the general interest over pure profit-seeking. It also leads us to believe that rather than a proliferation of rules, our profession should be founded on principles, followed every day by professionals whose ethics and technical excellence are irreproachable.

It is just this kind of thinking on responsibility, to our clients, colleagues and the markets in general, that has led Mazars to publish an Annual Report every year since January 2006, notably presenting its accounts in compliance with IFRS standards. (See Part IV, page 57)

Involved in the debate on ideas

Responsibility, by extension, also means for Mazars an active involvement in public debate, through stating opinions, through sponsorship initiatives

SERVING OUR PARTNERSHIP AND OUR COMMUNITIES

and participating in several significant events. Under the guidance of Patrick de Cambourg, we have also published a book of interviews with the top managers of major European, Asian and Middle-Eastern companies. Each of these personalities of the economic world expresses in the book what responsibility means for them as a director and for the company they run. The book, 'Corporate Accountability and Trust - Thoughts from 12 Top Managers' (Editions Economica) is on sale in bookshops in French, English, Spanish and Arabic.

Mazars also sponsored the last two conferences of 'Cité de la Réussite'. These three-day events at the Sorbonne University in Paris, focus the minds of hundreds of academics, economists, managers, politicians, artists and philosophers on the great debates of the day. Following on the theme of 'responsibility', this year's chosen topic was 'commitment'. These two subjects are a perfect reflection of Mazars' favourite issues, and an integral part of our vision and values as embodied in the Mazars Way. (See Part III, page 30)

Since 2007, Mazars has been a partner of the Women's Forum, whose purpose is to promote, through dialogue and debate, women's access to positions of corporate responsibility, in France and internationally. In early 2008, we went to Shanghai for the launch of the first Women's Forum conference in China, and we will be participating in the second conference in Beijing, in 2009.

In September 2008, the Mazars office in Moscow sponsored a breakfast for women directors in Russia, to help encourage the exchange of ideas and best practices. In Deauville, October 2008, we took active part in the Women's Forum by sponsoring a lunch debate on the theme of professional priorities for 2009 in the light of the current economic situation, and by speaking at the Men's Corner, where Philippe Castagnac talked about corporate diversity.

The Women's Forum provides a context for reflection and debate on the role of women in business and society in general, promoting diversity and international openness, which makes it all the more appropriate for Mazars to support this project. Our partnership with the Women's Forum has also sparked a surge of discussion and thinking on the nature of diversity in general, and the development of women's roles in business and balance between all our personal and professional lives.

Finally, for the third year running, Mazars is sponsoring the NGO, 'Vocations Patrimoine', which under the presidency of researcher and paleontologist Yves Coppens, and in partnership with UNESCO, finances the projects of students from around the world who are working to become World Heritage Site Managers. Having helped Iryna Kravets, a Ukrainian national, to study the management of heritage sites in the old and new cities of Edinburgh and Kiev, Mazars went on to finance the

Anne Belvèze, Managing Partner, Russia; Muriel Bachelier, Director of The International Agency and Aude de Thuin, President and founder of the Women's Forum.



“*Cité de la Réussite, Vocations Patrimoine, Women’s Forum: Mazars promotes dialogue and diversity around the world.*”

research project of Kinley Gyeltshen, a student from Bhutan working on the site of Peking Man in China. This year, we support Yones El Sayed, graduate in Archeology, Cairo University, who will be trained to become a manager for the Abu Mena site (Egypt) and to draw up action plans to maintain and protect this ancient city, close to Alexandria. For the first time in 2008, Mazars also lent support to Manager’s Day, an event organized in the context of ‘Vocations Patrimoine’ and attended by numerous personalities, directors, decision-makers and experts, as well as students, under the aegis of the French Ministry for Culture and Communication. The day was dedicated to discussions on the question of UNESCO World Heritage Site management, and its challenges. Patrick de Cambourg took part in this occasion, to demonstrate the parallel between managing a business and managing a classified site.

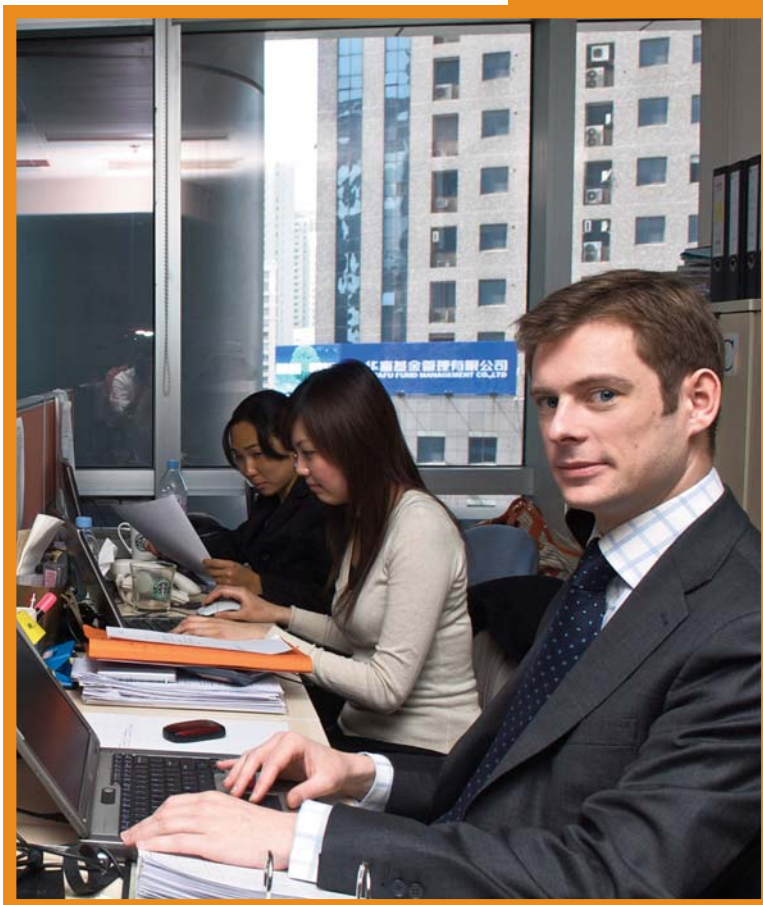
Getting to grips with society’s challenges - in all our 47 countries

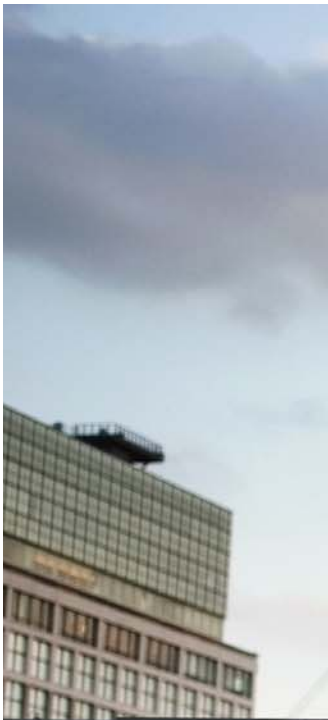
Mazars teams throughout the world work on a daily basis, and through concrete local initiatives, in the service of their communities. Many of the groups or NGOs supported by Mazars, work on helping children in need. In China, for example, we are working with the group ‘Couleur de Chine’ to help more than 5,000 children from the ethnic minorities Miao, Yao and Dong (mainly girls), whose families are too poor to cope with the cost of schooling them. In Madagascar, we have helped build a school.

In addition to these very targeted local actions, we are involved in a growing number of countries in providing audit and accountancy services free of charge to NGOs. Amongst others, these countries

currently include China, the United Kingdom, Hungary, Poland, the Czech Republic, Turkey and Morocco.

“In many countries of the partnership, Mazars auditors and consultants provide their services free of charge to NGOs.”





**“WE ARE PURSUING THE
EXPANSION OF OUR
GEOGRAPHIC PLATFORMS.”**





SERVING OUR PEOPLE AND OUR DEVELOPMENT

Talents - *Integration* - **Training** - International transfers - **International development** -
Recruitment - *Strategy* - Professional development - **University** - *Talents* - *Integration* - **Training** -
International development - **International transfers** - *Recruitment* - **Strategy** - *Integration*



SERVING OUR PEOPLE AND OUR DEVELOPMENT

Over the last few years, Mazars has been accelerating its geographic development and has confirmed its position as a fully-fledged, independent, international actor. This strong associative growth goes hand in hand with a policy deliberately designed to attract, retain and develop the best talents for our teams around the world.

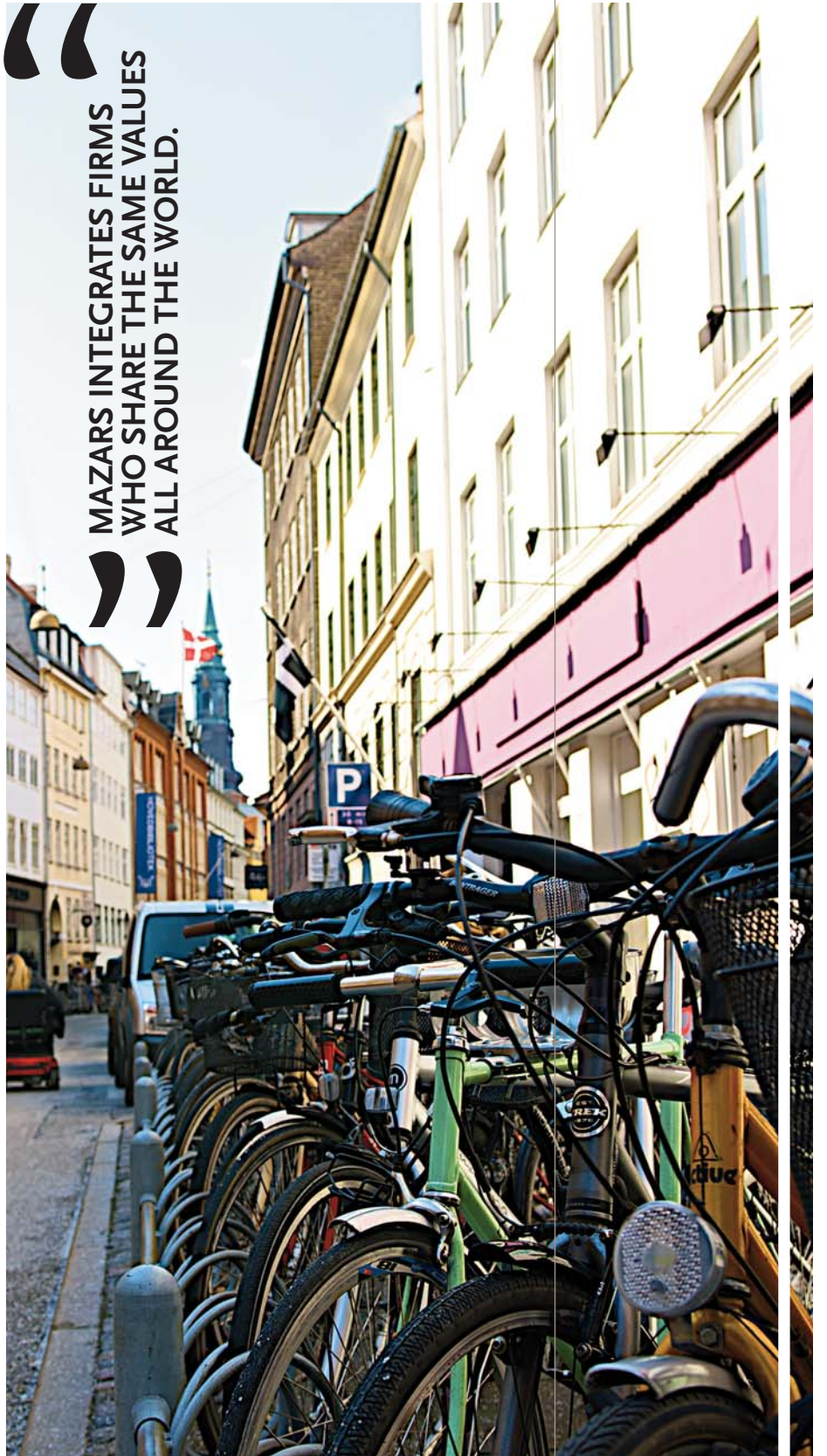
Serving our
clients wherever
they need us

Mazars' global presence today follows the structure of the five major geographic platforms: Europe, Asia-Pacific, Africa, the Middle East and the Americas. This includes all 47 countries belonging to the Mazars international, integrated partnership from September 1st.

Every office in every country has been selected because it shares the same values, the same ambitions and the same demanding standards of quality cherished by the Group. Each of them brings its own particular experience, competences and client portfolio to build the company's capacity to act on the international scale.

Praxity creates privileged access to the global market

Praxity, AISBL, is a global alliance of independent firms. Organised as an international not-for-profit entity under Belgium law, Praxity has its administrative office in London. As an alliance, Praxity does not practice the profession of public accountancy or provide audit, tax, consulting or other professional services of any type to third parties. The alliance does not constitute a joint venture, partnership or network between participating firms. Because the alliance firms are independent, Praxity does not guarantee the services or the quality of services provided by participating firms.



“ MAZARS INTEGRATES FIRMS WHO SHARE THE SAME VALUES ALL AROUND THE WORLD. ”

“A STRONGER PRESENCE IN STRATEGIC AREAS FOR GROWTH”



John Mellows

What are the major priorities for Mazars' geographic development?

John Mellows: The Odyssey project we carried out in 2006 enabled us to identify the major priority regions for our geographic expansion. One of these was Asia-Pacific, a region where we had relatively little presence until 2007. That's why I transferred to Singapore, to coordinate

the development and integration of new firms at ground level. Today, Mazars has offices in around ten Asia-Pacific countries, including the most significant, China and India, and we still have a long way to go.

Frédéric Allilaire: Latin America also represents a priority region for developing our business.

We began our expansion there just over ten years ago, in Brazil, and went on to accelerate our growth, not only by increasing our presence in Brazil, but by opening offices in Mexico, Argentina, Chile and Venezuela. We have also been working harder on our development in the Middle East, with the creation of a regional centre in Dubai, Mazars Middle East LLP. This structure is designed to be a focus for all the firms we are working with in the Gulf and the United Arab Emirates.

What have been the major operations for 2008, in the regions you are responsible for?

Frédéric Allilaire: In Latin America, we have brought on board 150 professionals in Salvador de Bahia, to further reinforce our presence in Brazil. That will give us three big offices, in Bahia, Rio de Janeiro and Sao Paolo, and two smaller ones in Recife and Porto Alegre, plus 500 staff and the genuine capacity to handle the big Brazilian, South American or

international organisations. We're also about to double our manpower in Chile, where we will now have more than 150 professionals working with us. Of course, we also need to mention our growth in southern Africa. In South Africa, Mazars is now a national firm, with nine offices and 800 staff, who cover our entire service offer. We are also consolidating our presence English-speaking Africa, with an office in Botswana. Our goal is to develop our presence throughout the south cone of Africa.

John Mellows: This year we have integrated a firm of 90 people in Thailand, serving international clients and, through a joint venture, Japanese companies working in the country. We have 150 new staff in Kuala Lumpur, thanks to the integration of the sixth largest firm in Malaysia. Through a merger, we have also more than doubled our capacity in Vietnam, in Hanoi and Ho Chi Minh City, and are now working in Indonesia. Finally, we have signed

two integration agreements in Australia, one in Sydney and one in Perth. All together, Mazars now has more than 1,800 staff working in Asia – Pacific, a region with exceptional development potential.

Are there any other foreseeable short-term developments?

John Mellows: In Asia-Pacific we fully anticipate having a new Mazars practice in Indonesia. Its clients include Asia Development Bank and The World Bank. It also audits some of the largest companies listed on the Jakarta Stock Exchange including the 3rd largest paper and pulp company in the world. We are actively seeking new partners in Japan, South Korea and the Philippines. We will also have to strengthen our capacities in China, where we anticipate more assignments linked to more companies being floated on the stock market, and where the forthcoming move to adopt IFRS standards will also have a positive

impact on our business. The situation is similar in India and Indonesia, who have declared their intentions to conform to IFRS accounting standards by 2011. Finally, we have to make sure we're in a position to adapt to the rapid growth of our business in Hong Kong and Singapore, thanks to the global trend for shifting financial and economic activity to the Asian markets.

Frédéric Allilaire: We are satisfied with our coverage in Latin America today, having reached the critical size in two major countries, Mexico and Brazil. These are the two most powerful regions economically, and we are being asked to play an increasingly international role there. We continue to look towards Southern Africa, where we are seeking opportunities to develop a direct presence in several countries. In the Middle East, as I mentioned before, we want to use Mazars Middle East LLP as vehicle for our development in the region. It's hard to give



Frédéric Allilaire

more details on the projects in progress today, but our belief is that even though the current economic situation might encourage us to be more cautious, it must not be allowed to prevent our drive for globalisation, or the development of the critical mass required to facilitate the movement of clients between different continents.

SERVING
OUR PEOPLE
AND OUR
DEVELOPMENT

MAZARS
WORLD MAP

at September 1st 2008

(Before the election of Partners and the integration of new entities proposed at the General Meeting in December 2008.)

Staff: total average staff numbers 2007/2008, including Partners

EUROPE

Austria
Staff: 11
Partner: 1

Belgium
Staff: 74
Partners: 6

Czech Republic
Staff: 109
Partners: 3

Denmark
Staff: 18
Partners: 3

France
Staff: 2 110
Partners: 140

Germany
Staff: 388
Partners: 26

Hungary
Staff: 104
Partner: 1

Ireland
Staff: 196
Partners: 12

Italy
Staff: 302
Partners: 13

Luxembourg
Staff: 85
Partners: 3

Netherlands
Staff: 823
Partners: 59

Poland
Staff: 121
Partners: 3

AMERICA

Argentina
Staff: 58
Partners: 4

Brazil
Staff: 226
Partners: 5

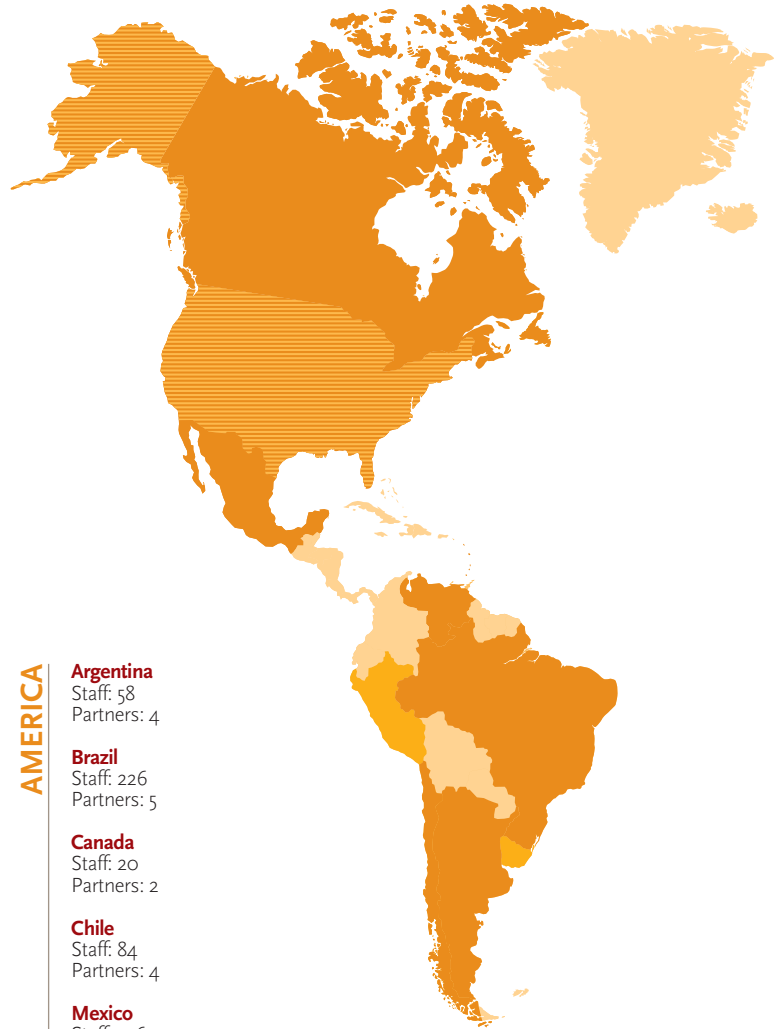
Canada
Staff: 20
Partners: 2

Chile
Staff: 84
Partners: 4

Mexico
Staff: 416
Partners: 3

United-States
Staff: 39
Partners: 6

Venezuela
Staff: 51
Partners: 3



- Integrated countries
- Correspondent countries & Joint-Ventures (.)
- Mazars Team America partner firms

Portugal
Staff: 110
Partners: 8

Slovakia
Staff: 48
Partner: 1

Turkey
Staff: 154
Partners: 4

Roumania
Staff: 71
Partner: 1

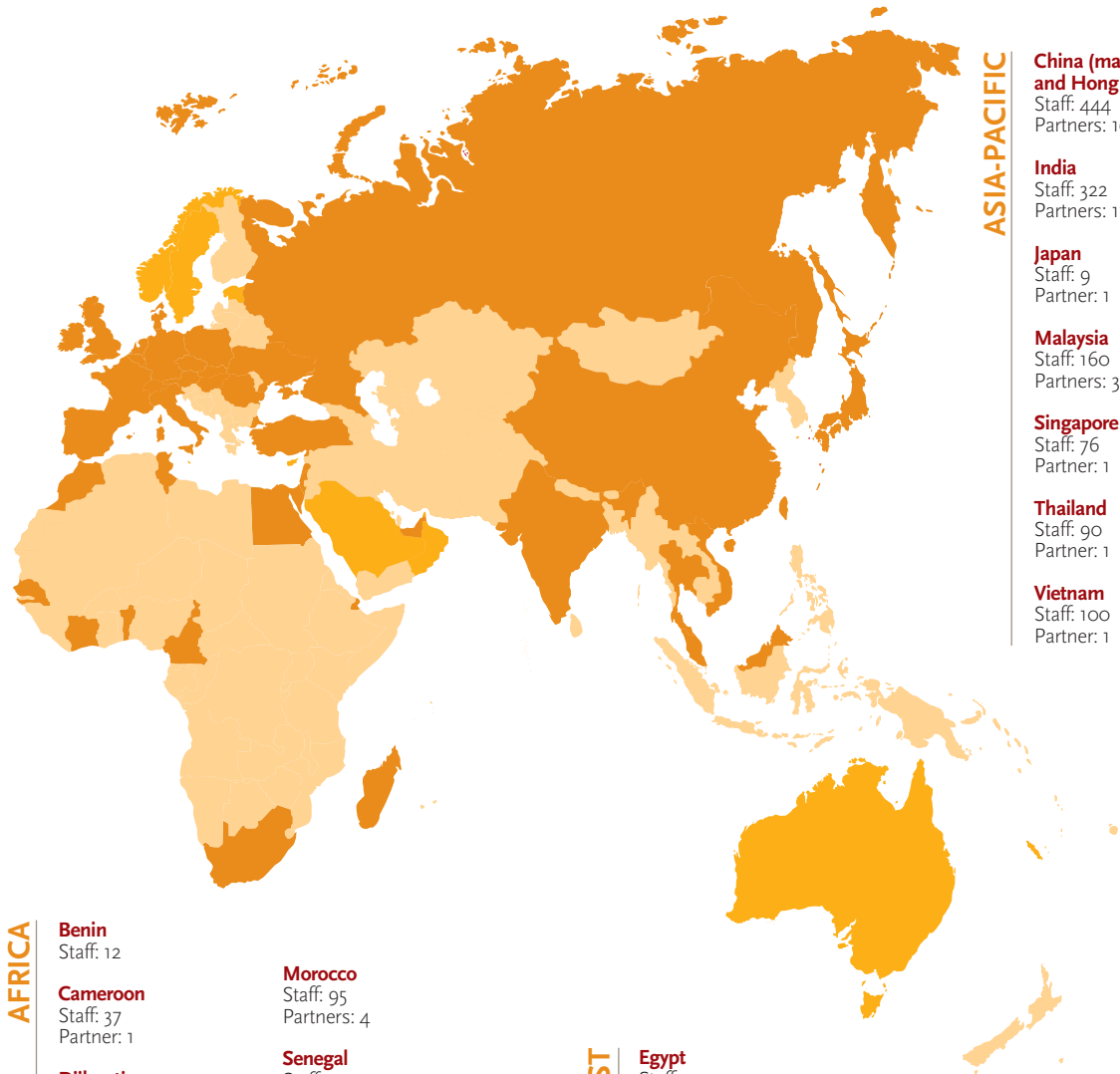
Spain
Staff: 287
Partners: 16

Ukraine
Staff: 3

Russia
Staff: 77
Partner: 1

Switzerland
Staff: 44
Partners: 5

United-Kingdom
Staff: 1186
Partners: 64



AFRICA

Benin
Staff: 12

Cameroon
Staff: 37
Partner: 1

Djibouti
Staff: 2

Ivory Coast
Staff: 32
Partner: 1

Madagascar
Staff: 96
Partners: 4

Morocco
Staff: 95
Partners: 4

Senegal
Staff: 40
Partner: 1

South Africa
Staff: 376
Partners: 21

Tunisia
Staff: 83
Partners: 4

MIDDLE-EAST

Egypt
Staff: 452
Partners: 11

Lebanon
Staff: 9
Partner: 1

United Arab Emirates
Staff: 38
Partners: 2

ASIA-PACIFIC

China (mainland China and Hong Kong)
Staff: 444
Partners: 10

India
Staff: 322
Partners: 11

Japan
Staff: 9
Partner: 1

Malaysia
Staff: 160
Partners: 3

Singapore
Staff: 76
Partner: 1

Thailand
Staff: 90
Partner: 1

Vietnam
Staff: 100
Partner: 1

SERVING
OUR PEOPLE
AND OUR
DEVELOPMENT



**SUCCESSFUL INTEGRATION:
A PRIORITY**

To ensure the long-term future of its growth, Mazars places serious emphasis on the proper integration of new countries within the partnership.

With this in mind, a steering group has been set up to define and implement, for each country joining the Group, an integration roadmap that sets out all the different stages for achieving full conformity with the Group's standards, particularly in financial terms. Various aspects are then evaluated to obtain a complete and detailed picture of the situation of each new country coming in. In this way, risk management, quality, segmentation of the service offer according to the International Lines PIE, OMB, Tax and, in certain cases, Law, internal

tools and methodologies, management of human resources, brand and communication strategies, are all thoroughly reviewed.

The goal of these evaluations is to facilitate the progressive and harmonious integration of all new members into the partnership, without imposing on them any one way of doing things, or any kind of mono-culture. This is how Mazars proves its capacity to put all the different cultures in the company on the same equal footing, to harness and harmonise their strengths and contributions for the enrichment of the Group as a whole.



Hilton Saven, *Managing Partner in Southern Africa.*

“Being integrated in the Mazars partnership gives us access to the resources of an international organisation, and the opportunity to align ourselves with processes and standards that further raise the quality of service we offer our clients. Our capacity to handle major multinationals has also increased.

Concerning the actual stages of integration, everything is going very smoothly for us, because we already shared the same priorities and the same values as Mazars, and had similar approaches. As a result, it has been relatively easy for us to align our methods and our way of working with the Group's.”

Lucette Poliquin *Managing Partner, Mazars Canada.*

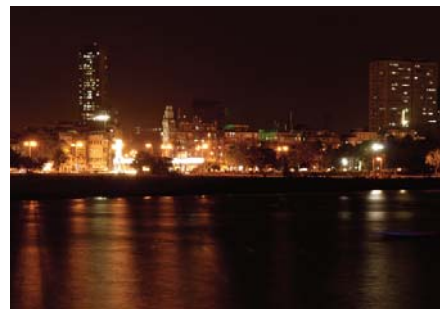
“We had already been working with Mazars for several years and we knew the values and the demands for quality that characterise the partnership. Our integration was a logical progression of all this and is going very smoothly. It enables us to considerably reinforce our capacities, and to provide the Canadian market with a genuine alternative to the services offered by the big firms here. We're convinced that this will answer the needs of businesses and the market.”

Luis Martinez, *Mazars Partner, Chile.*

“Joining the Mazars partnership will enable us to grow our capacities to service the major Chilean companies. We are now part of an international group that is already firmly established in Latin America. We benefit from both the additional resources, and the prospects for very promising regional cooperation. On a sub-continent that is affirming itself as an area of rapid economic development on the global scale, being integrated within Mazars affords us a very strong opportunity for growth.”

Rajeev Saxena, *Partner, and Atul Puri*, *Senior Manager, Mazars in India.*

“Integration is an ongoing process. The goal is to progressively align our policies, our procedures and our tools with those of the Group, in technical areas such as audit, for example, as well as in Human Resources and Communication. In concrete terms, for us, it also means more business being referred to us by the Group, notably via the United Kingdom, France and Singapore. Today, we rank among the 10 top players in India, and our ambition is to develop even further. Finally, on the human level, belonging to an international group enables us to make more contacts, and swap ideas with our colleagues in other offices. It is a truly enriching experience, in terms of expertise and culturally too.”



Reda Ayoub, *Financial Studies specialist*, **Ihab Fakhri**, *tax advisor* and **Ahmed Fawzy**, *auditor at Mazars in Egypt.*

“The outcome of the process of integrating our firm within the Mazars Group is firstly the opportunity to work in an international company, within transnational teams, on assignments that cross borders. It also means we benefit from Mazars resources in technical, methodological and human terms.”

SERVING
OUR PEOPLE
AND OUR
DEVELOPMENT

C

herishing
talents wherever
they grow

Mazars has put in place an ambitious strategy for Human Resource Management, designed to attract, retain and foster the development of the most talented individuals.

Applying a genuine 'employer brand' approach, with the tagline 'you make all the difference', Mazars has built up its relationships with the best colleges and universities in every region where it has a presence. The objective is to develop the best conditions in every partnership country to guarantee the flow of talents towards Mazars, in quantity as well as quality, in the short, medium and long term.



Anne Belvèze,
Managing Partner, Mazars in Russia

EXEMPLARY INITIATIVES

"In the last few months, we have established stronger relationships with the country's most prestigious universities. To reinforce students' awareness of who we are, we take active part in the conferences organised by these universities, and we work on arranging placements and practical courses. We also try to get

involved in student life. In 2007 we sponsored a cycle of conferences organised by MGIMO, the Moscow State Institute of International Relations, at the Russian Federation's Ministry for Foreign Affairs, which is one of the top Russian universities specialising in courses on finance and economics."

PROMOTING INTERNATIONAL CAREERS

At Mazars, we place tremendous importance on international mobility. We are now offering those who work with us the chance to gain a number of years' experience of living in another culture and working in a different way. This can happen from as early as day one. It's a doubly-efficient approach in that it helps boost our ability to retain talents, while improving our capacity to look after our international clients.

Olivier Manaças Pilot Debienne,

Audit Senior Manager: from Lisbon to Paris

"I started my career at Mazars in Portugal, in 2004. In 2006, I got the chance to move to Paris for three years. In the first few months I had to adapt to a new language, a new culture and a new way of thinking. The language barrier turned out to be harder to overcome than I first thought, especially in the audit context. Moving abroad enabled me to meet a lot of people. I also enriched my technical knowledge and my 'soft skills'. I'm convinced that these new abilities will help me give my career a real boost when I go back to Portugal."

Gokhan Almaci,

Audit Senior Manager: from Istanbul to Milan

"I started my career at the Istanbul office in 1996, before moving to Milan in 2005. If you feel you are ready, if you have chosen your destination and defined your professional objectives, then moving abroad is a tremendous experience. In my case, I learned a new language, obtained my Italian accountancy certificate, and on top of that, developed great relationships with my Italian colleagues. I even taught them a little bit about my culture too."

Audrey Fauroux,

Audit Senior Manager: from Paris to New York

"I joined the Mazars office in New York over three years ago, after four years working in Paris. The first year in this new environment was the most complicated: new working language, new clients, new regulations. What that gave me by the same token was the chance to work in a multi-cultural team with a great team spirit. Working in New York also gave me the experience of working on multi-national assignments for European clients. Today, as a Senior Manager, I am directly involved with the commercial development of our office, managing client relationships, identifying new opportunities, recruiting and training new staff. I strongly encourage Mazars employees to seize the chances for international mobility, because they are tremendous sources of enrichment, both professionally and personally."



SERVING OUR PEOPLE AND OUR DEVELOPMENT

TRAINING IN THE INTERESTS OF EXCELLENCE, KNOWLEDGE-SHARING AND TALENT-DEVELOPMENT

For Mazars, achieving excellence starts with the way we train our staff. Based around the Mazars University, the Group has developed technical and managerial training curricula for all its staff. Some of these are organised at Group level and complement the other training delivered to staff in all the partnership countries. The overall approach enables consistent paths of development to be followed across all the Group's professions.



TAKING CARE OF OUR STAFF

In the context of the partnership's continuing expansion and its rapid development, we believe in paying special attention to our staff. Creating a working environment in which people flourish and where dialogue is mutually rewarding, while promoting a healthy work-life balance, are key challenges. Specific initiatives addressing this have been put in place in several countries, including:

- Regular staff satisfaction surveys carried out at country level
- Road-shows run four times a year in the Netherlands, to keep all staff fully informed on Group developments, nationally and internationally
- In Russia, the organisation of regular social events to which all personnel are invited
- In France, a company concierge service for the benefit of all employees in the Paris office

Every year, a different country acts as host for the Mazariades. These flagship events in Group life take the form of a fun weekend attended by more than 700 staff from Mazars offices around the world.

Mazars University

Mazars University opened in early 2008, with a triple objective: to focus all our staff on Mazars' culture, to position Mazars as an excellence-driven player in its market, and to contribute to Mazars' engagement with social issues. Mazars University coordinates all training organised by the Group, and creates a focus for integration and for the development of consistency in professional competences. As a crossroads for all the different structures that comprise the Group, the University promotes the sharing of knowledge, experience and best practices. It will eventually expand our involvement in the economic environment and its current challenges, and help contribute to positive relations between Mazars and its different stakeholders.

AT THE HEART OF THE GROUP: THE PARTNERS

Mazars' Partners are clearly fundamental to its function, strategy and development. With Mazars Partners' Profile (MPP), we had already had in place for several years a career management system for Partners. In 2008, we went a step further by introducing Partner Development Focus (PDF initiative), adding a new dimension to MPP with a complete, computerised system for Partner assessment and development, facilitating improved career management at the heart of the partnership.



CONVERSATION WITH

**Hervé Hélias,
Partner, leader on PDF**

What the key principles shaped PDF project?

We started from the principle that it was important that Partners should carry the organisation's strategy forwards, and so it was essential to bring the individual Partner's plans together with the partnership's plans as a body.

In this new version of MPP, we have introduced tools that enable Partners to self-assess, to record their personal contribution to the company and to define, within the framework of a review carried out at least once every three years with the members of the Country Executives, the most appropriate next steps for their development and the corresponding performance review, according to their individual ambitions and the possibilities available within the Group.

How was this programme built?

First of all, we consulted all the current Partners via an online questionnaire, and took account of the results in our thinking. We then set up working groups in

the company's main countries, who built and refined the approach and the processes put in place. It was essential, in our view, that the PDF project, which will have a long term effect for Mazars, should stem from the work and thinking of the Partners themselves.

In practical terms, how has PDF rolled out?

The official launch at partnership level was at the end of September, when we went on line with a dedicated web application, supported by an appropriate communications plan. After the personal reflection carried out by each Partner, the individual reviews are studied by a development committee at country level, and brought together by the Group. Our aim was for the PDF project to be deployed in a consistent and structured manner for all the Partners in all the countries and all the offices at the same time.



Operating and financial
review
2007 / 2008

SERVING DEMANDS FOR
TRANSPARENCY AND
PERFORMANCE

GROUP EXECUTIVE BOARD REPORT ON OPERATING AND FINANCIAL PERFORMANCE DURING THE YEAR 2007/2008

FINANCIAL STATEMENTS ON THE BASIS OF IFRS FOR THE YEAR ENDED 31 AUGUST 2008

IN MILLION OF EUROS

CONTENTS

1

FINANCIAL STATEMENTS

Consolidated income statement.....	XI
Consolidated balance sheet.....	XII
Consolidated cashflow statement.....	XIV
Consolidated statement of changes in equity.....	XV

2

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Basis of preparation.....	XVI
Note 2 : Accounting policies.....	XVI
Note 3 : Scope of consolidation.....	XXI
Note 4 : Turnover.....	XXII
Note 5 : Cost of Technical Staff.....	XXII
Note 6 : Other costs.....	XXII
Note 7 : Segment reporting.....	XXIII
Note 8 : Intangible assets.....	XXIV
Note 9 : Property, plant and equipment.....	XXV
Note 10 : Client debtors and work in progress.....	XXV
Note 11 : Provisions.....	XXVI
Note 12 : Financial debts.....	XXVIII
Note 13 : Trade and other creditors.....	XXVIII
Note 14 : Corporation tax.....	XXIX
Note 15 : Contingent liabilities.....	XXIX
Note 16 : Auditors' Fees.....	XXX
Note 17 : Remuneration of the members of the Executive Board and the Governance Council.....	XXX
Note 18 : Personnel.....	XXX
Note 19 : Commitments.....	XXXI
Note 20 : Post balance sheet events.....	XXXI
Note 21 : Financing and compensation of Partners.....	XXXII
Note 22 : Incidence of entities entering the scope of consolidation.....	XXXIII

INDEPENDENT AUDITOR'S REPORT

TRANSPARENCY REPORT

Group Transparency Report.....	91
Note 1 : Description of the internal quality control system of the audit firm.....	93
Note 2 : Mazars' independence practices.....	94
Note 3 : Continuing education.....	96

**Group Executive Board Report
on operating and financial performance
during the year 2007-2008**

Our initiative to publish an annual report including our consolidated and certified financial statements taken in 2004/2005 has been maintained ever since. It remains unique in our profession, and is a defining feature of our global integrated partnership. We are therefore happy to present our report on activity and results over the past year, in full transparency.

Continuation of our long-term investment strategy...

During the summer of 2007, the world's top global economy entered a period of severe turbulence, triggered by the so-called 'subprime' crisis. It has gradually spread, resulting in the slowdown of other economies, including those of emerging countries which had hitherto seen very strong growth.

In this context, we deliberately opted to continue with our long-term development strategy, although keeping an eye on our turnover and results, ready to react in the event of significant deviations from the objectives we had set ourselves. This did not happen. Although our growth was lower than planned for in the budget, we have maintained our investment strategy to improve central support for member entities (technical expertise, human resources, training, IT, etc.), also enabling continued geographical expansion and integration of countries having recently joined Mazars.

... has resulted in strong growth in turnover...

Following significant increases in recent years (14.9% in 2005/2006 and 19.5% in 2006/2007), the turnover remained very high in 2007/2008 at €745.3m, an increase of 13.4%. In fact, the strong rise of the euro against other currencies—in particular the US dollar and the UK pound, whose average exchange rates plummeted against the euro (by -12% and -11% respectively)—reduced the turnover increase, which would otherwise have reached 16%.

As in previous years, this increase is the result of a healthy combination of organic growth (10%) and partnership growth (6%).

The continuation, finalisation and implementation of external growth projects on all the continents has resulted in the integration of Chile, Denmark, Canada, Thailand and South Africa; these countries are now consolidated into our accounts.

All the regions in which we operate have posted significant growth, with a special mention going to Africa and Asia where turnover has more than doubled.

... and reinforcement of our teams...

In addition to interval growth of the workforce in countries where we have an 'historic' presence, the strong organic and external growth in emerging countries has led to a 22.2% overall increase in the average workforce, from 7,742 in 2006/2007 to 9459 in 2007/2008. This is greater than the 13.4% increase in turnover, as the figures per capita are very much lower in these emerging countries. The symbolic threshold of 10,000 people will be crossed in 2008/2009. It equates to a doubling of the workforce in five years also providing linguistic and cultural diversity, a key foundation on which to build the 'Mazars community'. These few figures give some indication of the integration efforts required, as we enrich our organisation with these vital additional human resources, to maintain and improve both the human and professional quality of our organisation, and its genuinely international dimension. This is different from other organisation developing under a dominant

model. It forms the basis for our friendly, accessible approach to serving our clients and our markets.

Aside from the increased investments in technical, behavioural and managerial training, we held our own 'Olympic Games' in this Beijing Olympic year. The 'Mazariades' brought together more than 10% of our colleagues from across the world in a convivial, festive atmosphere. This key event complements our ambitious policy of international mobility, which is allowing a rapid (and long-term sustainable) expansion in Partner and employee exchanges.

as well as...a reduction in immediate profitability...

We traditionally launch a recruitment campaign in the summer to secure the additional human resources necessary to attain our objectives over the coming season.

Faced with a relatively sharp market slump over the year, and with growth which was satisfactory but below our initial objectives, we deliberately took a long-term view rather than making a short-term downward adjustment of resources in comparison with expenses. The young graduates that we take on each year, and train in our businesses, will form the backbone of our company in years to come. As we have taken the longer view in a less favourable economic environment, we have dropped below the standard gross margin rate (the margin generated after cost of technical personnel) which we set at 55%: in contrast with previous years in which the rate reached or exceeded this threshold, it stands at 52.7% for 2007/2008.

While the relative weighting of administrative and general costs is slightly down at 31.9% (minus 0.9 percentage points from the previous year), the reduction in the gross margin rate can be felt at the level of the surplus, which stands at 19.7% of turnover. This is a reduction of 1.7 percentage points, or -8%, from the levels attained in previous years.

... with a slight impact on our financial situation, which nevertheless remains robust

Funding requirements relating to operational working capital and non-current assets were kept under control during the year. There is however room for improvement, particularly as regards the former, as accounts receivable and work in progress represent almost 4 months of average turnover. At 16.4% and 14.2% of turnover respectively, they are down by almost 1 point on the previous year.

Financing from the Partners is also down, due to the combined effect of the entry of new entities with different financing structures (non-current portion) and the fall in our profitability (current portion).

This reduction (from 25.2% to 21.6% of turnover) has led to an increase in our net debt from 4.6% to 7.5% of turnover. It follows an increase in the previous year, primarily due to the specific characteristics of two external growth which was operations (UK, Germany).

However, the increase of our debt remains under control, resulting in financing expenses of less than 1% of turnover (0.8% in 2007/2008). The ratio of net financial debt to equity stands at 1/3, using the definition appropriate to our partnership structure (i.e. including debts to Partners). It leaves us the necessary room for manoeuvre to continue with our development and suggests that our financial structure may reasonably be described as 'robust'.

Our international lines have proved themselves as growth vectors...

Our activities can be broken down:

by client type:

- **PIE** (Public Interest Entities) and
- **OMB** (Owner Managed Businesses)

and by service offering:

- **TAX** (tax consultancy) and
- **LAW** (legal consultancy).

The performance of the international lines is tending towards a more equal balance, particularly as regards PIE and OMB:

IN MILLIONS OF EUROS	2006/ 2007	2007/ 2008	△ %
PIE	294.9	324.7	+10.1%
OMB	277.9	319.6	+15.0%
TAX	75.3	86.2	+14.4%
LAW	9.1	14.8	+62.1%
TOTAL	657.2	745.3	+13.4%

The PIE segment is up 10.1% at current exchange rates, showing continued strong growth: +13% on a comparable basis, with a small contribution from external growth. We now have more than 350 audit engagements at listed companies, of which 250 are in Europe where we are the fifth-largest audit firm in this segment. The same goes for France, where we are likewise in fifth position with more than 130 engagements (of which 12 are for the Paris Stock Exchange CAC 40 companies). Certification engagements in France are awarded on a six-year renewable basis. We have consistently been re-appointed for the assignments expired during the past year, as well as winning the confidence of several new large clients.

In the OMB segment, where turnover is up 15.0% on a comparable basis, we targeted clients who were expanding across borders in order to be able to offer a coordinated trans-national service, as well

as embarking on a long-term restructuring of our business models. These initiatives are starting to bear fruit, as the reported increase of 18% (on a comparable basis) is derived half from organic growth, which is new, and half from external growth.

Recent external growth operations, particularly the German operation at the start of 2007, have contributed to the strong performance of the TAX and LAW businesses.

In tax consultancy, our *Transfer Pricing* offer has been particularly well received in countries such as the UK, the Netherlands, Hungary and Turkey; in the latter, we were nominated 'best tax consultancy firm'.

At the end of 2007, *Marcus Partners* brought together almost 150 corporate lawyers from Germany, France, Spain, Italy and Romania, with specialist expertise in property, banking, insurance and telecoms. Together, they form the LAW international line within our organisation. This framework was created to ensure that auditors and lawyers remained independent of one another, in line with their respective ethical and independence rules.

... while the national entities take responsibility for managing and developing close relationships with clients

Although **France** has seen genuine commercial successes, growth has been lower than in previous years for both the PIE and OMB segments, at 6.5%. As regards PIE, it should be noted that this growth rate is higher than that reported for the French market in the stricter sense, and does not fully reflect the increased contribution made by the French teams to other Group entities due to expansion activities by our large clients outside France, particularly in emerging economies. As regards OMB, we are continuing with our policy of updating our offer and structures, and this is starting to bear its first fruit. The country's profitability remains strong despite the effects of the economic climate.

In the **UK**, Mazars distinguished itself by winning the *Large Firm of the Year 2008* in the Accountancy Age. It recognises its substantial growth, active engagement in audit industry debates and the move

to a prestigious, state-of-the-art new building in London... opposite the Tower of London! Turnover is up 20.2%, which is particularly good, although profitability is slightly down.

Turnover has risen by 8.9% in the **Netherlands**. We have strengthened our presence in the east of the country by taking over a firm with turnover of €4.5m and an OMB clientele (50 employees) during the course of the year. Overall, despite this progress, organic growth and profitability are still disappointing.

Turnover for these three major countries accounts for a decreasing proportion of overall turnover (down from 68% to 64%, a fall of four percentage points), in line with our objectives and due to the rise of emerging countries. This decrease is matched by a commensurate rise in the proportion of turnover accounted for by Africa, the Middle East, Latin America and Asia.

In **Germany**, we took over Hemmelrath's audit, tax and legal consultancy activities during the course of the previous year. This was a major operation, as these practises were larger than our own, requiring financial and managerial support from our international organisation. Year-on-year, we had hoped that growth would be higher than 4.2%, although the operation has caused turnover to multiply by 2.5 between 2007/2008 and 2005/2006, which was the year preceding the merger. We hope to break even in 2008/2009.

In **Italy**, we benefited in previous years from large one-off business advisory engagements. Given the current state of the financial markets, we were unable to renew these large assignments, but continued to make progress as regards recurring engagements, resulting *in fine* in a 2.8% increase in turnover. This excludes the €1.6m impact of the integration of a legal consultancy practice previously operated as a Joint-Venture.

In **Spain**, our offices now house nearly 300 people and turnover is up 7.2%. We have also strengthened our expertise in insurance audit.

In **Northern Ireland**, we have integrated a Belfast firm in liaison with our Mazars UK entity. This firm has a good range of contacts and recognised expertise in project financing consultancy and public-private partnership consultancy. In the **Republic of Ireland**, we are now recognised as a significant player, particularly in the banking and

financial institutions sector. We are regularly consulted by the Central Bank and Financial Services Authority. Overall, the accounting period 2007/2008 has been excellent with turnover growth of 14.9%.

In the rest of **Western Europe**, we have integrated our former correspondent in **Denmark** (turnover of €2.1m) and seen significant growth in **Belgium** (+9.5%), **Luxembourg** (+20.7%), **Portugal** (+9.2%) and **Turkey** (+8.6%). Our Joint-Venture in **Sweden** has maintained stable fee income, but turnover fell in **Switzerland** where a partial spin off was not totally balanced out by the launch of new audit activities in the banking and insurance sectors.

We have maintained an ongoing policy of investment and expansion in **Central and Eastern Europe** for more than a decade, and this has once again been rewarded by excellent performance with overall growth of 40%: **Austria** +8.4%, **Hungary** +24.5%, **Poland** (where we have opened a second office in Krakow) +41.7%, **Czech Republic** +36.3%, **Romania** (where we integrated the local subsidiary of the German firm Hemmelrath in 2006/2007) +76.6%, **Russia** +49.0%, **Slovakia** +45.1% and **Ukraine** +17.0%. After benefiting from financial support from the organisation to offset their initial losses, these countries have been posting significant profits for several years now, allowing them to contribute in their turn to our expansion in other regions.

In **North America**, our correspondent in (French speaking) **Canada** joined us at the start of 2008 and will serve as a base for further growth, including in the Anglophone provinces. Our Joint-Ventures – in place since the beginning of the decade – with firms now members of Praxity on the East and West Coasts of the **United States** have benefited from significant new engagements, referred from France. In euros, turnover remained stable (+2.2%) but in dollar terms it actually rose by 16.1%.

Our presence in Latin America has now expanded to cover 5 countries following the successive integration of **Mexico**, **Venezuela** and most recently, in 2007/2008, our correspondent in **Chile**, joining **Brazil** and **Argentina**. Following its integration, Mazars Chile has begun negotiations with a view to a combination with one of its peers. This operation will put us in fifth position in the country (180 people). In **Argentina**, turnover is up 20% in local currency. In **Brazil**, the 2007/2008 accounting period saw the full impact of the 2006 merger, with turnover up 23%. Another large operation should give us better

coverage of the country from 2008/2009, with a presence in 6 cities (including Rio, Sao Paolo and Salvador, Bahia) and stronger tax and business advisory teams. In total, there are 400 employees and Partners, whilst growth of more than 50% is expected for 2008/2009.

In **Africa**, the past year was marked by the integration of **South Africa**, where we previously operated in a Joint-Venture structure with the same firms, members of Praxity. The Johannesburg, Cape Town and Paarl firms joined us in the first phase; the remaining firms in the country will follow suit in a second phase, planned for 2008/2009. In total, more than 600 employees spread across 7 offices. As well as giving us a presence in this country, this will provide us with a base for future expansion in Anglophone Africa where we have not previously had a presence.

In Francophone Africa, we have sustained our activities in **Ivory Coast** despite the unfavourable environment, and developed our businesses in **Cameroon**, which can also provide us with support for the **Benin** office. **Senegal** (40 people) continues to see steady growth. In **Morocco**, major business advisory engagements in the banking sector and on IFRS1¹ have contributed to growth of 19.5%. **Tunisia** has posted growth of 24% and we are now in fifth position in the country. In **Madagascar**, where we employ nearly 100 people, we are one of the largest firms in the country, with a clientele made up of the biggest local companies.

In the Middle East, we integrated **Egypt** and carried out a merger operation in the **United Arab Emirates** during the previous year.

In **Egypt**, where we sponsored an OECD Forum bringing together almost 500 participants from across the Middle East, we employ more than 400 people split between our Cairo and Alexandria offices. Our turnover has risen 8% in local currency.

In the **Emirates**, turnover and the workforce (38 people) have doubled year-on year, while in **Lebanon**, in a climate which continues to be extremely difficult, we have seen turnover rise by 30%.

If we had to choose the '**Mazars region of the year**', it would be a hard decision to take. Asia might well be the winner. Here, we are reaping the

fruits of an investment by the creation of a regional centre administered from **Singapore**, where we have put in place an organisation in charge of management, coordination and technical support (training, US GAAP expertise). Other projects are on the point of completion. In addition we have already integrated **Thailand** (80 people) and **Malaysia** (160 people), as well as seeing continued strong growth in continental **China** (+28%, 230 people in our Beijing, Shanghai and Guangzhou offices) and continued with the restructuring of our **Hong Kong** office (220 people).

In local currency, turnover has seen strong growth in **India** (320 people), in **Singapore** (80 people) and in **Vietnam** (26 people split between Ho Chi Minh City and Hanoi) where we are currently in the process of integrating a Vietnamese firm employing 80 people.

We are still lacking an adequate presence in **Japan**. It is a difficult market for the profession; we are continuing our efforts there with a view to a combination with a Japanese firm.

2008/2009 brings opportunities as well as risks

2007/2008 is a chapter in our history now behind us. Overall, it was a good year, thanks to our steady commitment to maintaining and implementing our development strategy. Our institutional model of an integrated international partnership has demonstrated and proven its strength and suitability by creating the conditions for sustained organic and external growth; acknowledging the cultural diversity of new countries that may in some cases be quite distant from our European origins; and surviving in both favourable and unfavourable economic conditions.

However, we cannot remain indifferent to the serious economic difficulties looming at global level. We will do our utmost to maintain our institutional model continue to invest and expand (even if deferral is desirable in some cases) and redouble our vigilance on turnover and costs. These highly unsettled times are likely to create opportunities which we must be ready to seize.

It is inevitable that the global economic environment will be profoundly changed by the current turmoil, the length and intensity

¹ International Financial Reporting Standards, now adopted in more than 100 countries.

of which cannot currently be predicted. It is up to us to prepare for whatever hand we are dealt.

In our current budget projections for 2008/2009, we are expecting a double digit turnover growth and an improvement in profitability, based on both the restoration of our margins (without compromising our human resources policy) and particular attention to our general costs (without compromising our investments). We are aware that this is a challenge, and we believe that the Association is ready to meet that challenge. We are also aware that it is for Mazars essential to focus above all on the needs of those who put their trust upon us, over and above our proper performance and our ambitions.

A handwritten signature in black ink that reads "Patrick de Cambray". The signature is written in a cursive, flowing style.

On the behalf of the Group Executive Board

Mazars Srl
Financial statements on the basis of IFRS
2007-2008, for the year ending 31 August 2008

Consolidated income statement

IN THOUSAND OF EUROS			
	Notes	31/08/2008	31/08/2007
Turnover	4	745,314	657,244
Cost of technical staff	5	- 352,182	- 296,027
Gross margin		393,132	361,217
Cost of administrative staff		- 58,457	- 48,671
Other costs	6	- 158,776	- 150,281
Depreciation and provisions	8,9 and 11	- 20,534	- 16,648
Operating surplus		155,365	145,617
Amortisation of client relations and write-down of goodwill	8	- 2,373	- 1,057
Financing costs		- 5,864	- 3,482
Results of discontinued operations			
Surplus before Partners' compensation		147,128	141,078
Partners' compensation	21.2	- 147,028	- 140,881
Result before tax		100	197
Tax	14	- 76	- 179
Result after tax		24	18
Result per share (in €)			
- before dilution		0.29	0.27
- after dilution		0.29	0.27

Consolidated balance sheet

ASSETS

IN THOUSAND OF EUROS			
	Notes	31-august-08	31-august-07
Non-current assets			
Intangible assets	8	57,636	55,464
Property, plant and equipment	9	39,212	32,488
Other non-current assets		8,869	8,929
Total Non-current assets		105,717	96,881
Current assets			
Client debtors and work in progress	10	245,448	226,190
Other current assets		44,940	40,876
Cash and cash equivalents		33,475	39,659
Total Current assets		323,863	306,725
TOTAL ASSETS		429,580	403,606

Consolidated balance sheet

LIABILITIES

IN THOUSAND OF EUROS			
	Notes	31-august-08	31-august-07
Shareholders' funds		377	310
Non-current and current debts due to Partners			
Non-current portion	21.1	93,771	90,062
Current portion	21.1	67,528	75,541
Total Current and non-current debts due to Partners		161,299	165,603
Other non-current debts			
Long-term borrowings (over one year)	12	46,460	38,238
Long-term provisions	11	10,193	11,665
Total Other non-current debts		56,653	49,903
Other current debts			
Long-term borrowings (up to one year)	12	17,710	14,058
Current bank borrowings		25,222	17,534
Trade and other creditors	13	162,148	149,473
Current provisions	11	6,171	6,725
Total Other current debts		211,251	187,790
TOTAL LIABILITIES		429,580	403,606

Consolidated cashflow statement

IN THOUSAND OF EUROS		
	2007-2008	2006-2007
I- Operating activities		
Net Result	24	18
Adjustments for: Depreciation, amortisation and provisions	16,221	10,368
Gains on disposals of property, plant and equipment	169	209
Self-financing capacity	16,414	10,595
Change in current assets	- 21,194	-16,782
Change in current liabilities	11,282	2,156
Change in current debts due to Partners	- 8,013	11,371
Change in working capital requirement	- 17,926	-3,255
Net cash generated from operating activities	- 1,512	7,340
II- Investing activities		
Purchases of property, plant and equipment and intangible assets	- 27,671	-39,203
Proceeds from disposal of property, plant and equipment and intangible assets	1,343	1,247
Change in financial assets	2,430	-3,667
Net cash flow on acquisition and disposal of subsidiaries	- 2,018	1,297
Net cash used in investing activities	- 25,916	-40,326
III- Financing activities		
Change in non-current debts due to Partners	2,594	1,737
Increase in capital	26	27
Repayments of borrowings	10,483	23,636
Net cash from financing activities	13,103	25,400
Net increase in cash and cash equivalents	- 14,325	-7,586
Effect of foreign exchange rate changes	453	575
Cash and cash equivalents at beginning of year	22,125	29,136
Cash and cash equivalents at end of year	8,253	22,125

Consolidated statement of changes in equity

IN THOUSAND OF EUROS		
	2007-2008	2006-2007
Shareholders' funds at the beginning of the year	310	265
(of which share capital)	(164)	(138)
(of which reserves)	(146)	(127)
Increase in capital	43	27
Result for the year	24	18
Shareholders' funds at the end of the year	377	310
(of which share capital)	(207)	(164)
(of which reserves)	(170)	(146)
NUMBER OF SHARES, OF 2.5 EUROS EACH, IN ISSUE AT THE YEAR END	82,993	65,627

Note 1

BASIS OF PREPARATION

The financial statements together with the attached notes for the year ending 31 August 2008 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 Scrl 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 Scrl shareholders ('The Mazars Partners'), all of whom are practising Partners in Mazars entities ('The Entities'), have deemed that, for financial information purposes, Mazars Scrl 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 Scrl 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 Scrl, together with the tax, relates solely to the operations of Mazars Scrl. 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 2 Notes to the financial statements 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	sump indemnities Pension plans
France	x	
United Kingdom		x
Germany		x
Turkey	x	
Ivory Coast	x	
India	x	x
Italie	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 45 operational entities and two joint ventures from 47 countries. One joint venture became operational entity from 1st

September 2007. The main contributing entities are shown in the table below:

Country	Scope of consolidation 2007-2008
Consolidating entity:	
Belgium	Mazars Scrl Rue Gachard 88 - B-1050 Brussels
Operating entities:	
France	Mazars & Guérard Sa 61 Rue Henri Régnault - 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
The United Kingdom	Mazars LLP Tower Bridge House - St Katharine's Way - E1W 1DD London
Spain	Mazars Auditores Se Arago, 271 08007 - Barcelona
Germany	Mazars Revision & Treuhand GmbH 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	10 countries
Rest of the World	Europe (5), North America (2), Central and Latin America (5), Asia Pacific (6), Africa and the Middle East (12)

Newly added turnover comes from 4 different countries: Denmark, Chile, Canada and Thailand.

Furthermore, external growth operations took place in the UK, the Netherlands and in South Africa (previously a joint venture).

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

The impact of these changes in scope on the accounts is outlined in Note 22.

Note 4. TURNOVER

IN THOUSAND OF EUROS		
	2007-2008	2006-2007
Fee notes rendered	770,681	674,345
Re-billable costs	-29,643	-26,624
Change in work in progress	4,275	9,523
TOTAL	745,314	657,244

The turnover for 2006-2007 converted to a yearly average rate should have been 640,648. Consequently turnover at constant exchange rates should have increased by 16% in 07/08.

Note 5. COST OF TECHNICAL STAFF

IN THOUSAND OF EUROS		
	2007-2008	2006-2007
Personnel costs	336,532	275,298
Sub-contractors' costs	15,650	20,729
TOTAL	352,182	296,027

Note 6. OTHER COSTS

IN THOUSAND OF EUROS		
	2007-2008	2006-2007
General Expenses		
Property costs	52,940	43,632
Tax, insurance and professional charges	21,045	20,596
General services	25,928	25,041
Other	58,362	55,525
Sub-total	158,276	144,794
Exceptional costs	500	5,487
TOTAL	158,776	150,281

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

- 1,900 in costs relating to entries into the perimeter, and taking into account 12 months of general expenses from new entities last year (6,994).
- 2,684 in costs following growth operations in the Netherlands.
- the pursuit of integrated development projects in information systems.

Furthermore, due to comparability issues, we have redefined the lines of 'Other expenses' and 'Cost of administrative staff' for 2006/2007 with a total of 1,468. Likewise, the amount of non-chargeable tax is from now on represented in the "Other costs" line and not in the "Tax, insurance and professional charges" line. A total of 3,638 has been reprocessed between these two lines in 2006/2007.

The line "Exceptional Costs" includes in 2007-2008 the additional costs of integration from the growth operation in Germany in 2006-2007.

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. Since 2006/2007 they have been 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). A detailed analysis of the figures for 2006-2007 was carried out and they have been restated so they can be compared with those of 2007-2008.

Balance sheet

	31 august 2008			31 august 2007		
	Client debtors	Work in progress	TOTAL	Client debtors	Work in progress	TOTAL
PIE	88,135	22,003	110,139	79,343	18,115	97,457
OMB	82,720	20,017	102,736	79,430	19,862	99,291
TAX	17,990	8,205	26,195	15,866	9,344	25,210
LAW	5,242	1,136	6,378	2,668	1,562	4,231
TOTAL	194,087	51,361	245,448	177,307	48,883	226,190

Income statement

	2007-2008			2006-2007		
	Turnover	Cost of Technical Staff	GROSS MARGIN	Turnover	Cost of Technical Staff	GROSS MARGIN
PIE	324,750	- 153,308	171,442	294,930	- 128,520	166,410
OMB	319,607	- 152,465	167,142	277,872	- 132,191	145,681
TAX	86,151	- 40,194	45,957	75,310	- 31,528	43,782
LAW	14,806	- 6,215	8,591	9,132	- 3,788	5,344
TOTAL	745,314	- 352,182	393,132	657,244	- 296,027	361,217

Presentation by geographical zone

In 2007-2008, slightly less than 90 % of the Mazars organisation's turnover was made within the European Union, which is a stable level when compared with last year.

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 2008-2009.

Note 8.

INTANGIBLE ASSETS

Net Value

	Net value 31/08/08	Net value 31/08/07
Client Relations		
France	2,325	2,829
Hungary	154	182
The Netherlands	2,523	1,745
Singapore	5,876	7,788
The United Kingdom	1,916	-
Other	102	102
SUB-TOTAL CLIENT RELATIONS	12,896	12,646
Goodwills		
France	18,662	19,036
Hungary	356	356
Ireland	880	1,146
The United Kingdom	6,598	7,086
The Netherlands	3,654	3,654
Germany	3,840	4,030
Denmark	1,372	-
Canada	261	-
Hong Kong	976	960
Egypt	630	649
Singapore	1,736	3,683
Thailand	621	-
Other	291	94
SUB-TOTAL GOODWILLS	39,877	40,694
Total Client relations and Goodwills	52,773	53,340
Other intangible assets	4,863	2,124
TOTAL	57,636	55,464

The movement in the year in Client Relations and Goodwill are included under the following headings:

	Clients relations	Goodwill	Total
Acquisitions/Disposals	1,823	4,057	5,880
Write-downs	- 320	- 509	- 829
Exchange variation	- 1,181	- 1,243	- 2,424
Definitive allocation	2,046	- 2,867	- 821
Sub-total	2,368	- 562	1,806
Amortization	- 2,118	-	- 2,118
Depreciation	-	- 255	- 255
Sub-total	- 2,118	- 255	- 2,373
NET VALUE	250	- 817	- 567

These changes are mainly due to growth operations in Denmark, Canada, the Netherlands and Thailand.

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

Note 9.

PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings	Motor vehicles and other eqpmt.	Furniture and office equipment	TOTAL
Cost at the beginning of the year - 1 September 2007	39,177	7,309	35,390	81,876
Acquisitions	8,420	2,196	13,060	23,676
Disposals	-5,455	-1,787	-1,117	-8,359
Change in scope of consolidation	-4,108	-826	1,187	-3,747
Cost at the end of the year - 31 August 2008	38,034	6,893	48,519	93,446
Depreciation at the beginning of the year - 1 September 2007	-23,084	-2,982	-23,322	-49,388
Charge and impairment loss for year	-4,247	-1,227	-6,584	-12,059
Reversal of depreciation on disposals	3,306	1,010	994	5,310
Change in scope of consolidation	3,344	336	-1,778	1,902
Depreciation at the end of the year - 31 August 2008	-20,681	-2,863	-30,690	-54,234
Net book value 1 September 2007	16,093	4,327	12,068	32,488
Net book value 31 August 2008	17,353	4,030	17,829	39,212

Note 10.

CLIENT DEBTORS AND WORK IN PROGRESS

	31 august 2008	31 august 2007
Client debtors net of provisions	194,087	177,307
Work in progress net of payments on account	51,361	48,883
TOTAL	245,448	226,190

Note 11.

PROVISIONS

	31-aug-07	Reclassification/ Changes to scope of consolidation	Additional provisions made in the year	Utilization of provisions	Unused amounts reversed	31-aug-08
Professional risks	4,059	- 164	732	- 1,934	- 275	2,418
Retirement benefits liabilities (excl. Partners)	4,855	6	1,011	- 1,069	- 20	4,783
Vacant properties	3,534	- 279	1,406	- 1,486	- 198	2,977
Other	5,942	- 178	3,286	- 2,521	- 343	6,186
TOTAL	18,390	-615	6,435	-7,010	-836	16,364

	Portion up to one year	Portion over one year	TOTAL
Professional risks	1,445	973	2,418
Retirement benefits liabilities (excl. Partners)	754	4,029	4,783
Vacant properties	1,004	1,973	2,977
Other	2,968	3,218	6,186
TOTAL	6,171	10,193	16,364

The write-back on the provision for Professional risks mainly concerns Italy, for a total of 1,050 and the UK for a total of 576.

The provisions for Vacant Properties on the 31st August 2008 mainly concern two countries: the Netherlands (514) and the UK (2,026).

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 31/08/08 for each of the schemes in Note 2, "accounting principles and methods", are as follows:

	Discount rate	Expected return rate on hedging assets
France	4.57%	NA
UK	6.70%	5.80%
Germany	5.20%	5.00%
Turkey	11.00%	NA
Ivory Coast	6.50%	NA
India	8.50%	8.00%
Italy	4.10%	NA

The retirement benefits provisions using the corridor were recalculated at the beginning of the period to take into account India and the

correction of an error concerning the UK. The total amount of these changes was 805.

Using the corridor

	31-august-04	31-august-05	31-august-06	31-august-07	31-august-08
Retirement benefits provisions at the beginning of the period	2,895	3,201	3,444	3,272	4,259
Total cost for the financial year	568	503	786	437	588
Retirement benefits paid	- 262	- 260	- 958	- 255	- 72
Retirement benefits provisions at the end of the period	3,201	3,444	3,272	3,454	4,775

Reconciliation with provisions recognised in the consolidated balance sheet:

Total of entitlements recalculated under IAS 19	3,201	3,444	3,272	3,454	4,775
- portion of provision pertaining to certain Partners (*)	- 1,039	- 1,131	- 1,233	- 1,284	- 2,090
+ recognised assets (**)	1	129	688	909	722
SUB-TOTAL RETIREMENT BENEFITS PROVISIONS TO BE RECOGNISED IN THE ACCOUNTS	2,162	2,442	2,727	3,079	3,407
Retirement benefits provisions recognised in the statutory accounts (***)	1,252	1,255	1,580	1,776	1,376
TOTAL RETIREMENT BENEFITS PROVISIONS EXCL. PARTNERS	3,414	3,697	4,307	4,855	4,783

(*) Provision included under Non-current and current debts due to Partners

(**) included under Other creditors

(***) Provision in accordance with IAS 19

Note 12.

FINANCIAL DEBTS

	31-aug-08	31-aug-07
Long-term borrowings:		
less than one year	17,710	14,058
over one and less than five years	43,675	36,013
over five years	2,785	2,225
sub-total over one year	46,460	38,238
Current bank borrowings:	25,222	17,534
TOTAL	89,392	69,830

External growth operations as well as investment in information systems have largely been financed through banking loans.

Part of this debt (10,000) 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 profit of 48.

Note 13.

TRADE AND OTHER CREDITORS

	31-aug-08	31-aug-07
Trade and other creditors	74,458	66,139
Social charges	45,517	48,322
Tax payable	42,173	35,012
TOTAL	162,148	149,473

The "Trade and other creditors" line shows debts contracted by the organisation from buying back the shares in some consolidated

entities. At 31 August 2008, the corresponding debt was 8,897.

Note 14.

CORPORATION TAX

The tax payable breaks down as follows:

Tax payable	2007-2008	2006-2007
Partners ("Partners' compensation")	6,735	8,442
The Entities ("Other costs")	896	3,638
Mazars Scrl	76	179
TOTAL	7,707	12,259

The amount of deferred tax is as follows:

Deferred tax	2007-2008	2006-2007
Deferred tax asset	7,493	7,572
Deferred tax liability	1,587	1,101
TOTAL	5,906	6,471

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 2008 or 2007.

Note 16.

AUDITORS' FEES

For the year ended 31 August 2008, the auditors' fees can be broken down as follows:

	2007-2008	2006-2007
BDO member firms	261	235
Horwath International member firms	611	472
Other	321	278
TOTAL	1,193	985

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 to 7,802 for the period 2007-2008. This was either paid during the year, or constitutes a current liability.

Note 18.

PERSONNEL

Average numbers ^(*)	2007-2008	2006-2007
Partners	481	402
Technical staff	7,439	6,114
Administrative staff	1,539	1,226
TOTAL	9,459	7,742

(*) in full-time equivalents

Note 19.

COMMITMENTS

	31 august 2008	31 august 2007
Non-cancellable lease commitments:		
Less than one year	39,965	33,060
Over one and less than 5 years	114,559	102,665
Over 5 years	60,285	76,559
SUB-TOTAL	214,808	212,283
Amounts receivable from non-cancellable sub-letting contracts	5,980	7,874

Note 20.

POST BALANCE SHEET EVENTS

There are no significant post-balance sheet events that need to be reported for 2007-2008 which may have had an impact on annual figures.

However, it should be noted that of 1st September 2008, a Malaysian entity with 3 Partners, 160 staff and with a business worth around 2,150 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-august-08	31-august-07
Non-current debts:		
Permanent financing	79,552	79,290
Provisions for retirement benefits	8,866	11,008
Bond issues	11,259	6,235
Deferred tax	- 5,906	- 6,471
	93,771	90,062
Current debts:		
Deferred compensation	67,528	75,541
TOTAL	161,299	165,603

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. The line "Bond Issues" concerns mainly the financing of the association in France and for the remaining

part experienced managers. A new loan was applied for up to 5000 at the end of July 2008 by the Partners and should serve as finance for future developments.

21.2: Partners' compensation

	2007-2008	2006-2007
Dividends	21,175	17,319
Tax paid and payable by Partners	6,735	8,442
Salary and social charges	60,581	58,880
Fees and partnership profits	58,537	56,240
TOTAL	147,028	140,881

Note 22.

INCIDENCE OF ENTITIES ENTERING THE SCOPE OF CONSOLIDATION

	South Africa	Denmark	Thailand	Chile	Canada	Others	Total
Merger date	1-sep-07	1-sep-07	1-sep-07	1-sep-07	1-jan-08		
Personnel numbers (**)							
Partners	21.0	3.0	1.0	4.0	1.3	0.0	30.3
Technical staff	276.0	14.0	72.0	69.0	17.5	42.1	490.6
Administrative staff	79.0	1.0	17.0	11.0	1.3	9.0	118.3
TOTAL	376.0	18.0	90.0	84.0	20.1	51.1	639.2
Consolidated income statement							
Turnover	13,062	2,124	1,798	1,803	1,206	2,735	22,728
Operating surplus (**)	4,596	292	191	575	29	580	6,263
Assets							
Total Non-current assets	598	1,609	808	35	313	1,100	4,463
Total Current assets	7,077	571	546	390	805	2,067	11,456
TOTAL	7,675	2,180	1,354	425	1,118	3,167	15,919
Liabilities							
Non-current and current debts due to Partners (***)	4,552	70	271	39	201	2,748	7,881
Other non-current debts	273		52	3	141		469
Autres dettes courantes	2,723	2,456	748	377	537	555	7,396
TOTAL	7,548	2,526	1,071	419	879	3,303	15,746

(*) in full-time equivalents

(**) After Organisation's contribution

(***) Before Organisation's contribution

In the absence of finalised accounts at 31 August 2007 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 2007-2008 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.

In 2007-2008 we saw the full effect of growth operations carried out during 2006-2007 within existing entities. This is valued in terms of turnover at 25,000.

Independent auditors' report For the year ended 31 August 2008

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 2008. 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 2008, 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.

Brussels and London, November 28 2008



BDO Atrio Réviseurs d'Entreprises
André Killesse
Belgium

Horwath Clark Whitehill LLP



Horwath Clark Whitehill LLP
Stephen Gale
United Kingdom

Group Transparency Report

We want our Annual Report to reflect the best practices in terms of transparency. Even though we are not obliged by regulation to publish a Group Transparency Report, we decided to produce it. We included a 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”).

On www.mazars.com click on “about Mazars” then on “Ethics and Transparency” to access the country Transparency Reports. The complete Transparency Reports for each country are available on their websites. In line with the commitment to put in place the best practices in terms of transparency, Mazars

have published these reports in two languages (national language and English) in order to make sure this information is available to everyone.

www.mazars.com

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 34 to 38
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 34-38 and 44-49
c) a description of the governance structure of the audit firm;	See pages 34-38
d) a description of the internal quality control system and a statement by the administrative or management body on the effectiveness of its functioning;	See Note 1 and page 29 in the current report. See country Transparency Reports for possible specificities
e) an indication of when the last quality assurance review referred to in Article 29 took place;	National information, see Transparency Reports of country concerned
f) a list of public-interest entities for which the audit firm has carried out statutory audits during the previous financial year;	See country Transparency Reports, as PIEs definitions may differ from one country to the other due to local transposition of the 2006 - 43 EU directive
g) a statement concerning the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted;	See Note 2 and page 29. For the statement, see country Transparency Reports
h) a statement on the policy followed by the audit firm concerning the continuing education of statutory auditors referred to in Article 13;	See Note 3 and pages 29 and 54. For the statement, see country Transparency Reports
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 statements from page 57. Excludes details of legal fees which are given in country Transparency Reports
j) information concerning the basis for the Partner's remuneration.	See page 37

Note 1.

DESCRIPTION OF THE INTERNAL QUALITY CONTROL SYSTEM

Maintaining Quality

Quality of people: The high standards of quality for our work require that we recruit highly talented individuals, who have the ability to take on ever increasing responsibilities. Our ability to attract and keep talents is one of the key elements in insuring appropriate client relationships.

Mazars' strategy in terms of training (refer to Note 3), counselling and compensation strongly emphasises this high standard of audit quality.

The Quality Control System includes **policies and procedures** in the following areas which are set out in detail in our Quality Assurance Manual:

- Responsibility and leadership;
- Independence and objectivity;
- Audit policies and methodology;
- Acceptance and continuance of engagements;
- Human resources;
- Planning and supervision of engagements;
- Technical consultation;
- Audit documentation;
- Engagement quality control review.
- Confidentiality;
- Monitoring of the quality control system;
- Managing cross-border engagements;
- Complaints and allegations.

These processes are regularly updated to include changes in international standards and users' suggestions which have the objective of improving the effectiveness and the relevance of the Quality Control System.

A Global Assurance Program and internal inspections

Mazars has put in place an international Quality Control System covering all entities in the organisation, whether they are integrated

members or linked by a correspondent agreement. Quality control is operationally managed by an International Quality Control Committee (IQCC) which reports to both the Group Executive Board and the Risk Management & Audit Technical Excellence Steering Group.

Two types of quality assurance reviews are in place:

- a reporting involving a self-assessment by the countries on their compliance with IFAC standards, completed by the results of internal and external quality control and an action plan in respect of the main areas identified for improvement. This reporting, which is called ReQAR (Reporting on Quality Assurance Review), covers aspects relating to audit methodology, ethics and the internal Quality Assurance and Control System,
- a periodic inspection, which is called IQAR (International Quality Assurance Review), performed by Mazars reviewers from different countries,
- each Partner in charge of quality control in the member firms prepares an action plan capable of addressing the findings of the IQAR or the ReQAR. The action plan must be submitted for approval to the country's Executive. The Partners in charge of monitoring by geographical zone are also informed of these action plans and follow-up the implementation with the help of the IQCC.

Each year the entities assess and supervise their Quality Control System by implementing a monitoring programme which involves an assessment of the adequacy and effectiveness of the firm's procedures and a review of engagement files. Each Partner is reviewed at least every three years. The results of the engagement file reviews are taken into account in determining the Partners' compensation. Once a year, the firm communicates the results of internal and external quality control reviews to Partners and Managers, including the firm's Executive Board. This communication must be sufficiently detailed to enable the necessary corrective measures to be taken, both at the level of the firm and of the individuals in question. This summary includes as a minimum:

- A description of the procedures applied and of the scope of the quality control review;
- Conclusions of the reviews pertaining to the firm's procedures and to the audit engagements;
- Action plans if need be.

Entities that are candidates for admission into the Mazars partnership must undergo a prior technical control by the International Quality Control Committee. The quality control review report is included in the admission file submitted to the GEB and the GGC for approval before the vote by the Partners. It can be accompanied by an action plan which is naturally monitored by the International Quality Control Committee and the head of monitoring of the geographical region to which the new member belongs.

Statement on the effectiveness of the Quality Control System

Mazars was named one of the first full members of the Forum of Firms as of the 22nd January 2008 after reporting it had implemented a globally coordinated quality assurance program, committed to the use of International Standards on Auditing (ISAs) and met other specific ethics requirements.

Established in 2002, the Forum of Firms (FOF), which is a significant part of the International Federation of Accountants (IFAC), is an association of international accounting networks or firms that perform audits of financial statements that are or may be used across national borders, and that vow to promote the consistent application of high quality audit practice worldwide.

Members of the Forum voluntarily agree to meet certain requirements as detailed in the FOF Constitution.

Commitment to the obligations of membership in the Forum contributes to raising the standards of the international practice of auditing in the interest of users of the profession's services. In order to achieve full membership status, Mazars had to commit to meet the Forum's membership obligations which require members to:

- Maintain appropriate quality control standards in accordance with International Standards on Quality Control issued by the International Auditing and Assurance Standards Board (IAASB) in addition to relevant national quality control standards and conduct, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews;
- Have policies and methodologies for the conduct of transnational audits that are based, to the extent practicable, on ISAs issued by the IAASB, and

- Have policies and methodologies which conform to the IFAC Code of Ethics for Professional Accountants and national Codes of Ethics.

Mazars is involved in IFAC's work through its presence in three of its committees:

- Transnational Auditors Committee (TAC), which is the executive arm of FOF;
- International Ethics Standards Board of Accountants (IESBA);
- Small and Medium Practices Committee (SMP).

Therefore Mazars stated, on the basis of its Quality Control monitoring conclusions, that it met the membership obligations of the Forum of Firms, in all material respects, in December 2007.

Note 2. **INDEPENDENCE PRACTICES**

Mazars' independence practices

The Mazars Code of Conduct for Objectivity and Independence

In order to form a basis for the widespread adoption of its core values throughout the Group, Mazars adopted a Code of Conduct for Objectivity and Independence (CCOI), which is compliant with IFAC Code of Ethics and 8th Statutory Audit Directive. Each country member of the organisation evaluates the equivalence of national rules with the measures contained into the CCOI, and communicates, if necessary, to the other members of the organisation, the more restrictive national measures, which are documented as Country Specific Provision (CSP).

The Code is distributed to all Partners and staff. Ethics form an integral part of the firm's professional training programme.

Systems to safeguard independence

These systems involve the following key procedures:

- A procedure for acceptance and continuance of engagements which enables evaluation of the level of the client related risks, the firm's ability to perform the engagement and ethical risks in terms

of independence and conflicts of interest. Provision of additional services to an audit client is systematically subject to prior authorisation from the lead group audit Partner and, in some cases, to the opinion of the firm's head of ethics. It is also subject to authorisation of the client's audit committee when the client has put in place a procedure for the prior approval of such services;

- An inventory of services rendered to audit clients. This inventory is performed in all entities in the organisation that work for both the parent company and its subsidiaries. Members of the organisation must provide half-yearly or yearly reportings of fees to the Partners in charge of the audit at group level;

- An annual declaration of independence by Partners and staff and thorough review of all situations that could compromise independence. In this respect, all Partners of the Mazars' organisation or their immediate family cannot hold a direct or an indirect financial interest in the listed assurance clients of the organisation. Personal or family relationships between a member of the audit team and a member of management of the audited company, or a person holding a key position for the audit, are also prohibited. Lastly all entities and Partners, and staff working on the audit engagement, must not have any financial or commercial relations with an audit client except for normal financial relations with a banking client;

- Access for all in house professionals to a list of audit clients subjected to specific ethical requirements;

- Training for technical staff on ethical rules and on the firm's procedures in the area of ethics;

- Compulsory technical consultation with the professionals designated by the firm on technical matters, ethics and any other areas;

- Limits on fees per client for both the entity and the organisation as a whole, in order to avoid financial dependence on one or several clients;

- Clear rules regarding conflicts of interest. When there is such a threat, either the assignment is refused, or safeguard measures are applied. These measures can be to obtain the written agreement of the clients in question before accepting the new engagement, and/or staffing the two assignments with entirely different teams and complying strictly with confidentiality requirements.

- A method of remunerating Partners that is not directly related to the level of fees billed, new clients obtained or additional engagements performed for their clients and/or to financial performance.

The RM&ATE Steering Group has also been appointed with the remit to study any problematic situations that may be brought to its attention by members of the organisation, to review any proposed departures from the CCOI by country, to verify that all changes in international ethical standards are taken into account by the organisation and to ensure that risk management procedures exist at national level.

Two-Partner teams and rotation to strengthen both independence and quality of services

All large engagements are under the responsibility of a team of at least two Partners, one of whom naturally assumes the leadership of the engagement.

Having a team of Partners strengthens the firm's independence and enables broader technical expertise to be available to the entities and groups we audit. The more experienced Partner assists with all key stages of the engagement and remains the key contact for all parties and professional staff, whether internal or external to the firm.

Furthermore the team enables a Partner to be more readily available to the management of audited entities.

Within Mazars, the rotation is applicable to Public Interest Entities for key audit Partners, who should rotate after seven years and not return to the audit team for at least two years, in compliance with the 8th Statutory Audit Directive and Exposure Draft IFAC code of Ethics.

This rotation of Partners is in place in order to lessen any risk of technical or psychological "closeness" to the client, that may impair independence. It enables the firm to have greater independence of mind in dealing with any problems with clients and in expressing opinions on financial statements.

The allocation of responsibilities to Partners in respect of recurring audit engagements and major special engagements is decided at the level of the firm's Executive Committee in order to ensure that Partners have the ability to effectively conduct and supervise all engagements under their responsibility. This allocation is reviewed on an annual basis on the basis of changes in each Partner's situation and any particular difficulties encountered on their engagements.

Note 3. CONTINUING EDUCATION

Mazars' policy regarding continuing education of statutory auditors

Mazars considers its internal training program to be of strategic importance, not only due to its content (expertise to be shared and up to date developments), but also because it is a key means of communicating with staff in respect of requirements in the areas of professional conduct and ethics.

A record of training courses taken is maintained for each staff member and Partner in order to ensure that they progressively follow the organisation's entire training program and that the training received is consistent with the responsibilities and engagements that are assigned to the staff member.

The training program includes a general syllabus to be followed by all staff at each level. The objective of this program is to enable each staff member to obtain and develop his or her expertise in auditing standards, accounting standards, auditing techniques and engagement management principles.

It also includes a sector-specific syllabus for staff working in certain sectors (insurance, public sector and concessions, banking and high technology in particular).

Audit professionals involved in transnational audits should learn about the following subject areas for the jurisdictions for which the transnational audit is conducted:

- Applicable financial reporting and auditing standards;
- Controlling of multi-location and group audits;
- Applicable listing requirements;
- Applicable corporate governance requirements;
- Applicable national regulatory frameworks;
- The global and local economies and business environments.

The firm's internal training program is complemented by external seminars that respond to the specific requirements of staff members arising from the environment and businesses of their clients.

To comply with International Education Standard for professional Accountants IES 7, effective from 1 January, 2006, qualified professionals have to:

- complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours or equivalent units should be verifiable,
- complete at least 20 hours or equivalent learning units in each year.

Internal technical meetings are also frequently held in order to ensure that staff's expertise remains up to date, to enable sharing of experience gained on certain specific engagements and to capitalize upon and address matters of current professional interest.

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**Group Marketing & Communication
Department**

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