

Annual Report
2008 / 2009



LEVERAGING
TALENT

Leveraging Talent

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“I’m young, it is true, but in noble souls valour does not wait for years”.

RODRIGO IN *LE CID*, BY 17TH CENTURY FRENCH DRAMATIST PIERRE CORNEILLE

At Mazars we believe that the same is true of talent; it’s got nothing to do with age. Our international partnership is 15 years old, and we continue to grow a little stronger every day, remaining faithful to the values passed down to us by our founders. Like the children who illustrate this Annual Report, we see the scope for adventure and ambition as limitless, so long as we focus on a balanced way to ensure the swift development of the partnership.

The other photographs in this report show Mazars staff at work around the world.

Mazars in a nutshell

PROFILE

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

As at September 2009, Mazars has its own offices in 50 countries across five continents, with more than 11,000 professionals.

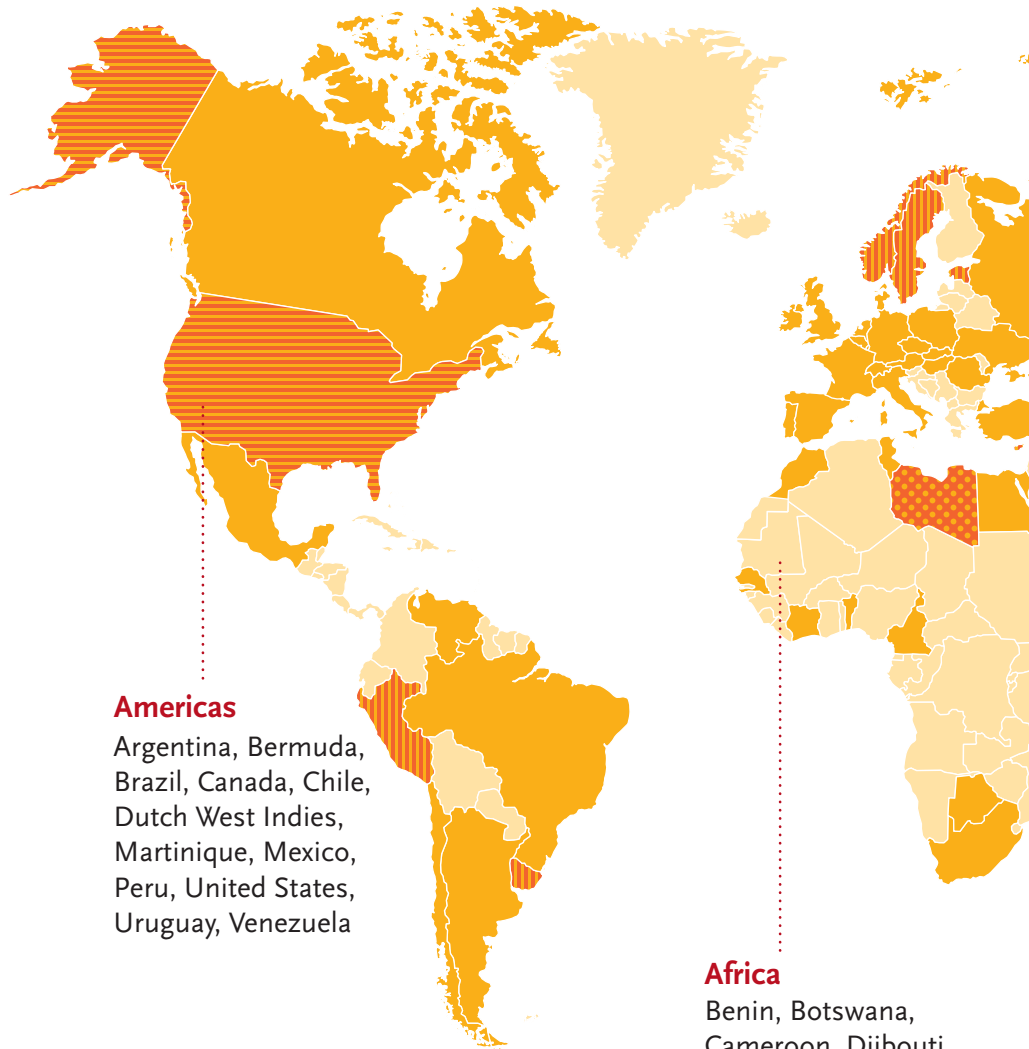
Through our integrated practices, joint ventures, agreements to correspond and Praxity, the international alliance of independent firms founded in 2007, we serve our clients in 72 countries with a total of 25,000 professionals, who all share the same commitment to quality and a common determination to 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.

Mazars world map

at September 1st 2009

(Before the integration of new entities proposed at the General Meeting in December 2009.)



Americas

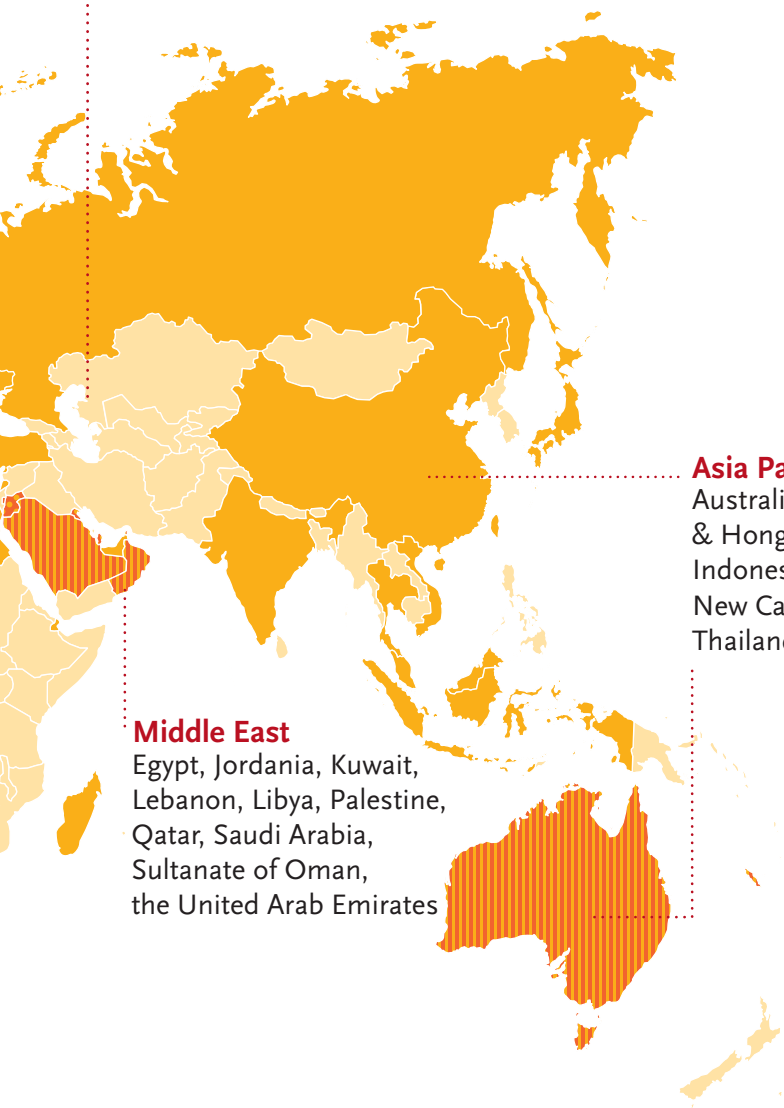
Argentina, Bermuda, Brazil, Canada, Chile, Dutch West Indies, Martinique, Mexico, Peru, United States, Uruguay, Venezuela

Africa

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

Europe

Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, France, Germany, Hungary, Ireland, Italy, Lithuania, Luxemburg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom and Channel Islands



Middle East

Egypt, Jordania, Kuwait, Lebanon, Libya, Palestine, Qatar, Saudi Arabia, Sultanate of Oman, the United Arab Emirates

Asia Pacific

Australia, China (Mainland & Hong Kong), India, Indonesia, Japan, Malaysia, New Caledonia, Singapore, Thailand, Vietnam

- Integrated countries
- Correspondent countries & Joint-Ventures
- Mazars Team America partner firms
- Local correspondents

Illustrations of a busy year

September 2008

1 Meeting Indian leaders

Mazars and MEDEF International jointly organised a business lunch for a visit to France by a large delegation of chairmen and CEOs of major Indian companies. The delegation, led by the Confederation of Indian Industry, accompanied Mr. Manmohan Singh, the Prime Minister of India, and Mr. Kamal Nath, Minister for Trade and Industry, for the 9th Economic Summit between the European Union and India.

December 2008

2 Co-opting 52 new partners

At the Annual General Meeting held in Rome, 52 new partners from 18 different countries, including 10 women, were voted into the partnership, bringing the total number of partners in the Mazars Group to 562.

3 Marccus Partners supports NYSE Euronext in Qatar

Teams from Marccus Partners advised NYSE Euronext on its strategic partnership with the Stock Exchange in Doha (DSM), Qatar. This merger enabled NYSE Euronext to acquire 25% of the Doha securities market and establish its presence in the Middle East. NYSE Euronext called on the expertise and experience of Marccus Partners in Paris and Dubai and on site in Doha.

January 2009

4 Mazars in Indonesia

Through the integration of Moores Rowland local offices into the partnership, Mazars now has a direct presence in the world's fourth largest population. 500 staff and partners now serve international and local clients, including 19 companies listed on the Jakarta Stock Exchange.

5 **“CEO Bicycle to Work Day”** *February 2009*

As part of its sustainable development drive, Mazars Thailand launched a day designed to encourage the chairmen and CEOs of major Thai companies to use their bikes to get to work, instead of their cars.

March 2009

6 **Launching the Arabic edition of “Responsibility and Trust”**

Following editions in French, English and Spanish, Mazars edits a new version adapted to the Arabic environment. This new edition includes interviews with company directors from Egypt, Lebanon and the UAE. It was launched at a conference on governance held in Cairo and attended by around 60 economists.

April 2009

7 **First Executive Seminar in Jakarta**

In line with our international development, we decided to hold regional Executive Seminars from this year on. The first one was held in Jakarta and brought together the Management of all our offices in Asia Pacific. Similar meetings were held in Latin America, Middle East and Central Europe.

July 2009

8 **Developing tax advisory services in Japan and China**

Headquartered at the local Mazars offices in Tokyo, a new entity, Mazars Zeirishi Hojin, enables the Group to extend its reach and to offer a complete range of tax services for companies and for individuals. A few months before, we also set up a new tax department in Shanghai.

9 **Sponsoring “La Saison de la Turquie” in France**

True to our policy of active involvement in public issues and the promotion of cultural diversity, we support “Turkish Season” in France. The season, which runs from July 2009 to March 2010, aims at helping people get to know the reality of modern Turkey through a series of cultural and economic events.

September 2009

10 **IFRS Desk for Asia-Pacific**

Setting up this structure, under the responsibility of Pascal Jauffret, follows in line with our policy of skills-transfer and the sharing of expertise. Based in Singapore, the Mazars IFRS Desk aims to promote the Group’s IFRS services to those countries in the region intending to adopt international standards and to develop technical support for regional teams, optimising their capacity to help clients successfully reach this key milestone.

“The only sustainable success is that
founded on talent...”



At this atypical time, every player in the market is having to demonstrate vigilance, responsibility and commitment, but also creativity in order to revitalise and consolidate their development model.

This challenge cannot be won alone. It is in teams that challenges are met, in teams that the best adventures are made, in teams and by uniting talents, that success can be achieved. That is why this annual report is built around the interaction of talents: the talents that form the heart of companies and enables them to innovate and grow, just like those talented teams who, at Mazars, look after our clients and help them to realise their ambitions.

Patrick de Cambourg
President of the Group Executive Board

**As an organisation,
Mazars has always been
different from the other
key players in our field.**



MAZARS' AMBITIONS

The new challenges we are having to face imply an unremitting search to improve the quality and relevance of the services we provide to our clients and the financial and economic communities.

Mazars has chosen to invest in reinforcing its capacity to act on five continents, and to offer an even wider spectrum of services to the market. In 2008-2009 we therefore pursued our geographic development, the resilience of our organic growth enabling us to consolidate our positions in and beyond Europe. Overall, we have seen our activity grow more than 6% (at constant exchange rates), half of which was organic in origin enabling us to consolidate our coverage in Europe and in the rest of the world. Over the last three years, the progression has been of 47%, 60% of which was organic.

Today, Mazars counts more than 11,000 professionals in 50 countries. These teams serve every kind of player in the market, including more than 460 listed companies, and help them to make the choices that will lead to sustainable growth.

If the current period is synonymous with difficulties, it is also a source of change and of opportunities. Markets are evolving and expectations in terms of responsibility, independence and transparency are growing stronger.

As an organisation, Mazars has always been different from the other key players in our field. Our way of developing and the way we function internally are based on strong values and concretely translate into the way our institutions work: we are organised as a partnership, which places the individual at the centre and guarantees our independence; a living, democratic organisation that ensures every one of our partners plays a real part in strategic decisions.

Beyond its internal functioning, Mazars is also a transparent organisation which recognises its responsibilities to the international economic and financial communities. This annual report, which includes our IFRS audited accounts, is a demonstration. Mazars chose to submit itself to this form of responsible accounting in 2004, to demonstrate our desire to be as transparent about ourselves as many of the companies who trust us.

DEVELOPING TALENT TO BUILD THE FUTURE

Mazars is a professional services company. At the heart of our progress are the men and women in the Group who listen to companies, who innovate and who always seek out the most appropriate solution for their clients in the spirit of service and the creation of lasting value.

In an international group, talent has many faces. We are happy to be able to bring such rich and complementary personalities together in our adventure, united by mutual trust and their sense of commitment.

Building sustainable success means building a policy for talent management across the five continents that will ensure the continuity and development of our services. It is this strategy that has enabled Mazars to maintain, in a difficult environment, a good level of organic growth. For our clients, this essential balance between experience and innovation is the sign of a trustworthy, high added value, professional relationship.

Several key areas form the backbone of our strategy for talent development:

Our culture: the Mazars Way

Mazars “citizenship”, as we call it, is more than just a word. Technical excellence is a major part of our Human Resources management, but it goes far beyond that. Mazars is a particular culture, a unique vision of our professions, a keen awareness of our role and

the importance of our assignments for all the economic and financial players. Listening, paying attention to specific problems and knowing how to communicate are, for Mazars, the vital keys in conducting our assignments successfully. Beyond their degrees, for the youngest, or their technical skills, for the more experienced, we work above all with professionals who are able to share our values and our culture and to live them out every day through their relationship with our clients.

Our sense of commitment

Our values form the foundation for our internal functioning, but have also been, since the beginning, the basis for our responsible attitude to our clients, the markets and society as a whole. Our social responsibility programmes around the world are a development of this approach and proof of how many talented men and women, individually and collectively, make up Mazars. We actively encourage and support their initiatives, whenever they reflect the Group’s values, and the key directions in our global strategy for responsibility.

Our diversity of talents

With a presence on five continents, Mazars has chosen to be a truly international Group. This does not mean exporting a single national model, however effective it might seem, but building, thanks to our differences, a partnership in which each member has a place and part to play in enriching the common model. The diversity of backgrounds of our partners and staff is a strength. To serve companies in the way that best meets their

Building sustainable success means building a policy for talent management across the five continents.



Our transparent and effective assessment system

We have opted for evaluation policies that enable us to assess the quality of the strengths at our disposal and their impact, both spontaneous and assisted, in order to help us advance more effectively in the future. This is why we have put in place a development programme specifically for partners, PDF (Partner Development Focus). This takes into account the diversity of backgrounds and ambitions that feed into the plan for the Group's development. It involves aligning personal career paths with the collective endeavour through actually mapping out the talents that make up Mazars, our strengths, and also our weaknesses, as they are and as they will be, so we can strengthen our ability to adapt to the challenges ahead.

needs and to help them develop in a complex, globalised environment, it seems obvious to us that the teams that look after them should be multicultural. This aim is embodied very practically in our policies for recruitment and career management.

Our dedicated structure for talent development

In order to promote the transference of skills and values, we founded the Mazars University. This University facilitates the teaching and exchange of skills and behaviours. It is the keystone in our strategy for developing talent in the Group.

We invite you to discover, through this annual report, the principles and values that underpin our institutions, shape our services and structure our teams. This Annual Report exists thanks to the talents of the client teams who place their trust in us, and thanks to the "Mazarians" who, every day, put their own talents at their service.

Mobilising all our talent



The Group Executive Board

What is your view, first of all, of the past year?

David Evans: This year will stay in our minds as one marked by one financial crisis and the economic downturn but our business model proved very resilient and we have devoted a lot of energy to reducing our costs while still maintaining the levels of investment necessary for our development.

Jos van Huut: The last 12 months created a real challenge. We did anticipate the events that transpired, but not the extent to which they did. The deterioration in the economic environment had immediate impacts on our business, which made an effective adaptation to this evolution imperative. Despite all this,

we did manage to maintain a positive rate of growth, with noticeably good performances in certain regions and certain areas of activity.

Philippe Castagnac: Yes, we mustn't forget the fact that our activity is still growing, and that at the end of a year which has been atypical in many ways, Mazars is a firm in good health. Just to fill in that picture, I'd like to mention three different elements. The first one is technical: the "subprime effect" prompted us in 2007 to do some emergency reviews on the quality of our clients' assets, particularly in the banking sector and the economic downturn further increased the need for this approach at the end of 2008. It was in fact essential for us to be in a position to give properly founded opinions for the certification of accounts, when they might be impacted by risky assets. The second point I'd like to make is both human and financial: we have spent a lot of time re-organising our teams and improving their efficiency in a context of considerable pressure on fees. We would far rather be careful on salaries, in particular for our partners, and manage our overheads more effectively, than be forced to make cuts in staffing. The third and final point is a strategic one: we have completely excluded the possibility of a "stop go" approach. Our policy is by definition constructed for the long term. There was never any question of doubting our plans for

development. That is why, for example, we have continued to recruit an equivalent number of graduates over the last year and, in certain cases, even more experienced senior individuals have chosen to join us.

As regards human resources, has the crisis prompted the need for any particular approach to talent management?

Jos van Huut: The situation may seem rather paradoxical. The flat state of the labour market makes it easy for us to attract the best talents, which we must if we are to prepare properly for when business picks up again. But at the same time, in certain cases, we have had to restructure some of our teams and “part company” with some of our staff. However, we still have the same desire to go on training our teams and offering them as many opportunities for career development as in previous years. That’s why, for example, it’s so important to carry on building up Mazars University, which offers transversal and international training, and to work on the consolidation of our e-learning programmes.

Philippe Castagnac: Our capacity to mobilise our talent is even more necessary in a period of crisis. Given this, the need for us to devote sufficient attention and resources to the development of our high fliers and ensure their progress towards partnership, is even more obvious. This year we will welcome just as many young promotions to partnership as in previous years. It’s true that the current state of the market allows us to further build our teams and our business also attracts experienced professionals. It’s also worth mentioning our efforts to promote diversity within the partnership. We have set up a dedicated committee, in charge of leading and coordinating initiatives launched by the Group and the national firms, and we are taking positive steps, for example, to ensure parity between men and women at every level of responsibility. This has already enabled us to increase the percentage of female partners in Mazars, from 9% to 14% in 2 years.

David Evans: We have continued to recruit. The crisis and its consequences have paradoxically helped to create new opportunities, and new, more demanding, “trend-busting” roles reserved for exceptional candidates. At the same time, we are seeking to increase the number of partners “made in Mazars” in their countries of origin, who will eventually become the local leaders we need. That’s why we have created a new Talent and Performance Management Programme, which covers all grades and has already been rolled out in several countries.

As for the PDF (Partner Development Focus) project, which is now just over a year old, this is giving us quality information on the expectations and competencies of partners which in turn enables us to gauge the effects on our long term development ambitions.

Our capacity to mobilise our talent is even more necessary in a period of crisis.



Philippe Castagnac
Member of the Group Executive Board

Our ability to adapt has been a major asset for our clients.

Have you noticed any changes in the way clients and the market perceive Mazars?

David Evans: I'm convinced that our resilience and our achievements over the past year have had an effect on the way our clients see us today. They see us as an organisation capable of "hanging in there", of working with them, supporting them and helping them, with the strictest respect for legal protocol, through some very difficult times. This ability to deepen relations with our clients by offering them innovative solutions to concretely help them through the crisis and to get back on their feet again is what helps us build more sustainable relationships with them for the long term.

Jos van Huut: Our ability to adapt has been a major asset for our clients. They are still asking us the same sorts of questions, but from a starkly different point of view. Rather than assisting companies in getting listed, we've been helping them to de-list. We've also helped them in restructuring and re-financing, against a background of increasing competition.

Philippe Castagnac: The crisis has probably strengthened Mazars' image. It's also given us the chance to work on the development of

new services that will allow us to be even more competitive when the situation improves. We've increased our capacities in the areas of corporate finance, restructuring, due diligence and internal control. We have employed lawyers who specialise in mergers and acquisitions, and we've hired actuaries... I am certain that we will come through this period even stronger than we were when it all began.

Despite a tough global environment, Mazars has pursued its strategy of international expansion...

Philippe Castagnac: As I was saying before, we have not succumbed to the short-termist temptations of the "stop go". After the major wave of international integrations into the partnership in the past 3 years, we have pursued our geographical expansion with the integration of new partners and staff, especially in Indonesia, Africa, Latin America, Canada and Belgium where we enriched our banking expertise and in France, with the acquisition of a majority interest in a top-ranked firm in Orléans and Chartres.

Jos van Huut: Mazars also pursued its international development *via* Praxity, the alliance of independent firms, of which we were one of the founding members. In a few months' time I'll be taking on the role of Chair of Praxity, for the next three years. I fully intend to go on broadening the scope of this form of cooperation, which more and more firms who share the same high quality standards are already joining. I am convinced it delivers exactly the clarity the market wants, meaning understandable relationships, whether those resulting from integration as Mazars, or those resulting from alliance as Praxity. Beyond simply increasing the membership, the progress of Praxity can be measured by the steep rise in the number of mutually referred assignments and the fact that



David Evans
Member of the
Group Executive Board

various members of the alliance are now getting together to handle assignments that none of them could have even considered individually. The chief aim of my chairmanship will be precisely to reinforce this added value in terms of business development that Praxity offers all its members. Our alliance works thanks to the dynamism of its members; it is effective because we are building a transparent model that is useful for our profession and the market as a whole.

What, finally, are the key challenges for Mazars over the next few years?

David Evans: Two elements seem to me to be key. The first is that, no matter what form the recovery takes, we will find ourselves to a certain extent in a new world. The market will be different and we will have to show fresh creativity in building the Mazars of tomorrow. The second element is that the need for talent will be even greater. As sponsor of the Talent Steering Group, my role is to lead our thoughts in order to identify the parameters that will help us to leverage talent.

Jos van Huut: The current situation presents a number of challenges. In times of recession, the natural inclination is to stick to what you know, to stay in your comfort zone. There are no comfort zones any more. We have to be able to find ways of being more effective and more productive, of creating new business, without ever, of course, compromising our quality standards. This isn't about technology, or doctrine; it's essentially about a certain mindset. We have to be ready to change, and to be flexible. The only way forward from here is through innovation.

Philippe Castagnac: The key to our success in the future lies; it seems to me, in our ability to adapt our service offering to meet our clients' new expectations, based on our own resources, or through external support. I've



Jos van Huut
Member of the
Group Executive Board

mentioned the development work we have undertaken in certain specific sectors. I am convinced that these efforts will lead to success.

More generally, the economic situation over all is still unstable. No one can predict today the downturn exit. I think we have to prepare ourselves for a phase marked by successive periods of growth and contraction, with widely diverging performances in different sectors of the economy. This demands increased vigilance, but also maintaining the will to invest in the men and women that make up our teams, taking certain risks and behaving, individually as well as collectively, as true entrepreneurs.

6%

growth for the Group
at constant exchange
rates

50

countries integrated
on five continents

A time for responsible behaviour

The financial crisis has highlighted the need for more responsible long term behaviour on the part of the financial, economic and political communities. In face of the call for more ethical behaviour, greater transparency and increased regulation, audit and consulting professionals also have an obligation to evolve and to contribute to a better functioning of the markets, in the interests of all parties concerned.



Fabrice Demarigny
Head of Capital Markets

The fall of Northern Rock in 2007 was the first warning sign. With the collapse of Lehman Brothers in September 2008, there was no longer any doubt; international finance had just entered into a crisis of unprecedented scale, which was accelerating even faster than the crisis of 1929. The effects on the creation of wealth and employment were quickly felt, first in the United States, then in Europe and finally in most of the developing countries.

Confronted with a swift and massive degradation in credit, economic activity and consumer spending, and the sharp rise in unemployment, governments reacted with measures to protect financial institutions and plans for national recovery, eventually coordinating their effects at the G20 summits in London and Pittsburgh. It became clear at

that point that the dual demand for a “more moral capitalism” and an increased need for regulation form the core of the post-crisis economic and financial model. Ways must be found to emerge from the crisis by returning to growth as quickly as possible, and, more significantly, to also implement on an international scale the kind of mechanisms and practices that would prevent the onslaught of a new catastrophe.

It cannot be denied that this declared intention on the part of the authorities matches the expectations of “world” public opinion. The “greed is good” of the past few decades is today giving way to a strong and very widely shared aspiration towards more fairness, more transparency and more ethical conduct. Every actor is expected to recognise that responsibility for part of our global financial

It is essential that the principle of transparency is applied in a much broader way across the financial markets.

stability lies in their own hands, and that their daily behaviour must be guided by the general interests of the proper functioning of the world financial and economic systems. This is, moreover, in their own long term interests.

Making the long term a priority again and demanding more transparency

In the context of new expectations from all actors in the economy, the accounting and consulting professions are adapting and confirming themselves as a force with the potential to promote healthier economic relations and a more fluid functioning of markets.

Where regulation is indispensable, the solution starts with the respect of firm, shared principles. We continue to believe in the individual and collective responsibility of all economic actors as a primary rule.

As regards the checking and certification of accounts, this implies that, within the confines of the strictest respect for regulation, a genuinely responsible interaction between the auditor and the company directors should be made possible, while still preserving the auditor's scope for appraisal and interpretation, and for exercising his or her judgement as a responsible professional at every stage of the assignment.

In the professions that assess worth, success is measured over the long term, and cannot be reduced to the maximisation of financial performance in the short term. It seems that a new definition of priorities, focused more on sustainable growth, should take the place of immediate demands for profitability. Index-linking the variable elements in remunerations to long-term objectives and taking criteria for social and environmental performance into account could, for example, facilitate a reduction in the occurrence of short-termist aberrations, and the taking of poorly-considered risks.

More in general, the governance of companies must hence forward be able to rely on a measurement of risks and a clear and solid ordering of roles and responsibilities. It is up to directors to make sure that firm moral principles are respected within an entrepreneurial and innovating dynamic. The company must also have a healthy governance structure, built around administrative or governance councils as well as on audit committees, who should be fully empowered to fulfill their roles. Granted the information necessary to perform their tasks, these decision or control bodies must then improve their effectiveness by acquiring administrators and independent members who have strong competencies in finance and risk analysis.

Of course, the key tool in taking these responsible decisions is greater transparency. It was the opacity of certain markets that enabled the abuse and aberrations that engendered the crisis. It is therefore essential that the principle of transparency is applied in a much broader way across the financial markets and in economic relations.

In favour of European and international regulation

The decisions taken by heads of state or government at the G20 summits in terms of improvements in auditing, in the trustworthiness of financial information, or the supervision and regulation of markets, are moving in this direction. We look forward to their swift and smooth (non-interruptive of competition) implementation. We must also be careful that their cumulative effect does not dampen the entrepreneurial spirit that nourishes growth.

As an example, the laws that govern the entry of SMEs to the stock exchange are worth adapting, without endangering the protection of investors, to take into account their size or their youth. The idea of a Small Business Act for the European stock market is progress in the right direction. With this in mind, questions might also be validly posed about adapting IFRS standards to the smaller business models, and about the audit procedures that could be implemented for the certification of their accounts. The widespread adoption in all the European countries of International Auditing Standards (ISA) adaptable to each specific assignment and consequently to the auditing of SMEs, would also be a real step forwards.

This is why, given the globalised nature of our economies, it would be damaging to start calling into question the existence of international accounting standards. In order to avoid this, such standards have to be more capable of

taking into account the specifics of different business models, and the action horizons of the economic actors they apply to. The pro-cyclical effects of certain standards must also be swiftly corrected.

Finally, the effective establishment of governance organs for macro prudential risks, including the Financial Stability Council (FSC) and the European System Risk Council (ESRC), are priorities if we are to have the “radar” and levers necessary for the detection and prevention of risks likely to provoke a new crisis. Equally, reforms in financial supervision systems for the major financial centres, including at European Union level, must be rapidly effected. The micro prudential governance standards agreed at G20 must be implemented, and there must be close cooperation at the international level to avoid any national authority being ever again in a position to unilaterally declare the bankruptcy of a systemic financial institution without caring about the consequences for the rest of the world.



Portrait – Mazars’ Talent

Sumit Khosla India

Franco-Indian, Sumit Khosla recently joined the Mazars teams in India after starting his career in consultancy and then financial management for a large international group.



“I could see myself in the entrepreneurial adventure that Mazars was offering me,” Sumit Khosla explains right away. After starting his career in consultancy and spending eight years in financial management for an international organisation, Sumit chose to join Mazars and develop the Corporate Finance line in India, setting up a European desk there to take care of the Group’s European clients in the country. *“We built the project together, during the process of recruitment.”* It was a decision Sumit considers a bold one, in line with the values of Mazars. *“My dual culture, French and Indian, is an asset, but entrusting the responsibility for developing a project like this to a non- “home-grown” talent, didn’t follow automatically.”* The decision proved to be well-judged, given that the match between the demands of the assignment and Sumit’s expertise and ambitions was so clear.

The hyphen between two cultures

From his office in Delhi, Sumit sounds delighted with the decision. *“I hadn’t necessarily thought of going back into advisory work, or of working in India. But a lot of the best stories are often built around chance, and being offered this project only goes to show.”* And on the business side? *“Mazars in India really has a good hand to play. We are in the position of challenger here. Beyond the potential for local transaction services, there is a growing demand for servicing more and more European businesses who are setting up in this country. That’s why our Indo-European positioning is such an advantage. As is our capacity to offer the expertise of Indian Mazars professionals who know the local regulations inside out, along with the resources of an international Group. In this context, I think of myself as a hyphen, joining these two dimensions. A hyphen that wants to ensure India continues to be one of the leading lights in Mazars’ international development.”*



RESPECT FOR INDIVIDUALS AND DIVERSITY | **TECHNICAL EXCELLENCE** | ETHICAL STANDARDS AND



CREATING VALUE
THROUGH TALENT

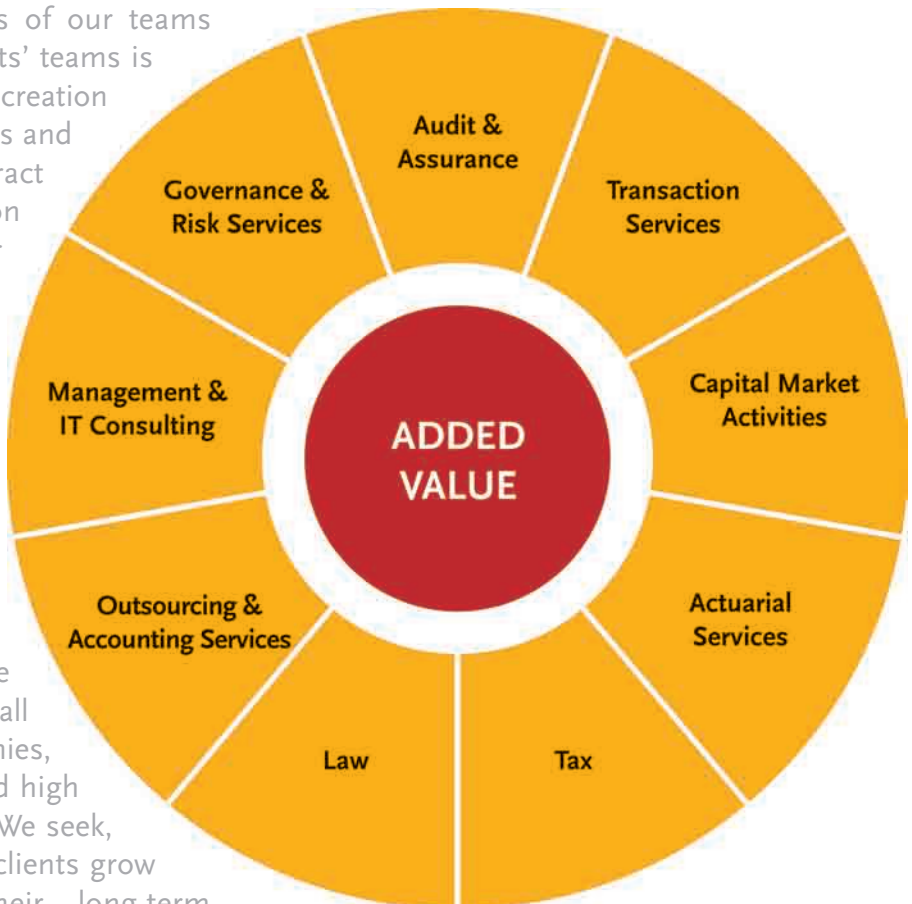


Competence, responsibility and the sense of service are the foundations on which we have built our offer. These values are expressed every day by all our teams as they interact with our clients.

Our success is our clients' success first

Combining the talents of our teams with those of our clients' teams is what results in the true creation of value. Uniting talents and allowing them to interact through teamwork on leading projects, is for us, the secret of creating long-term added-value.

Mazars has built a complete range of services, focused in eight key areas, designed to create added-value and to contribute to the success of clients in small and large listed companies, public institutions, and high net-worth individuals. We seek, above all, to help our clients grow and succeed in their long-term development by lending our expertise and sharing our talent with them.



Mazars' international portfolio of services covers the fields of audit, accounting, tax and advice to businesses.

A line dedicated to Public Interest Entities

To meet the expectations of Public Interest Entities, Mazars has set up a complete and coherent range of dedicated services. Our international teams, who offer a wide range of skills, are led by Thierry Blanchetier.



The major international listed entities have specific needs. They want their auditors to be capable, within an increasingly regulated environment, of learning the specifics of their particular businesses in order to implement an effective global strategy for risk management that delivers added value. This approach must be extendable to cover every country they do business in, with equally high standards of quality. The teams put in place internationally have to be able to communicate effectively, becoming real partners, while remaining independent and being both fully available and highly responsive.

It is precisely in order to best respond to these expectations that Mazars has set up, thanks to its internationally integrated organisation, specialised teams of individuals

with strong technical and professional skills who are used to working in international environments. These teams, selected to match the sectoral profiles of our clients, are managed by partners who are adept at making swift decisions and guaranteeing our clients the responsiveness and effectiveness they expect: this is what we call the “one team concept.”

Since the international line PIE was set up, we have worked on identifying the most suitable members of our teams to serve our international listed clients. We have put in place recruitment policies and specific training for these teams to acquire and develop the necessary skills to provide international companies with the highest quality of service on every continent. As part of our continuous



Thierry Blanchetier
Leader,
International Line PIE*

*Public Interest Entities



We have worked on identifying the most suitable members of our teams to serve our international listed clients.

effort to improve the quality of our service, we conduct regular assessments to help us adapt the profiles of our teams and the approaches implemented to make sure we answer our clients' needs as closely as possible. The diversity of our staff profiles and the way we manage their development throughout their careers, are intrinsic to this strategy. Finally, boosting our "strike force" as far as doctrine is concerned has been a key area of investment during a period in which the evolutions in standards and interpretations have been of particular significance.

By adopting this global policy for talent management, we have been able to accelerate the diversification of our services by offering, alongside statutory audit, services ranging from financial due diligence to restructuring to corporate finance, litigation support, actuarial services, valuations, internal control, auditing information systems, risk management, governance and the regulation of capital markets... This diversification was managed through the combination of targeted recruitment and internal training; it has

enabled us to be very responsive during the current period of economic downturn, and to develop specific crisis management services as well as preparing services that will be useful to our clients once the recovery is confirmed.

In conclusion, a deliberate strategy for talent management at the worldwide level, made possible by our integrated organisation, has allowed us, in the context of our strong geographic development, to maintain and improve the quality of our statutory audit services. It has also enabled us to expand our service offer on an international scale and successfully adapt to a market undergoing transformation. Maintaining a strong growth rate in our transnational activity is the best possible proof in the current economic context of 2008-2009.



To learn more:

http://annualreport.mazars.com/pie_en

CLIENT FOCUS: ALSTOM (EUROPE)

Alstom chooses Mazars

Employing over 80,000 people, a world leader in transport and energy infrastructure, this real industrial giant chose Mazars as its auditor in 2009.

A rigorous selection process

Alstom's final choice came at the end of a long and rigorous selection process. The final stage, the presentation to the Audit Committee, carried out by the operational team in charge of the assignment, proved Mazars' capacity to commit itself.

One of the challenges was to bring together the various sets of expertise and points of view of both the auditors, using shared tools. A single, dedicated portal for sharing information and methods, which had already been proven effective on other major assignments, was set up with our joint auditor.

Learning from success

Mazars is now the auditor for Alstom in 19 countries, leader for the whole of the Transport division, and handles pensions, savings and finance for the Group as a whole. *"This success showed how essential it is to know how to listen to our clients, and respect them,"* stresses Anne-Laure Rousselou, partner.

An opening for Mazars talent

This international project represents one of the opportunities that regularly allow young partners to test their abilities alongside more experienced colleagues. Practical experience on assignments of this scale is the keystone in team development.

"This experience was among those memorable times that help us as a team to transform strategic invitations to tender into real expertise," adds Cédric Haaser, partner. *"We are now delighted to be working on a close, daily basis with the Alstom teams together with the other auditor."*

MAZARS AND ALSTOM

Mazars is now the auditor for Alstom in **19 countries**, leader for the Transport division, and handles pensions, savings and finance for the Group as a whole.



The team in charge of pitching for Alstom: Grégory Derouet, Cédric Haaser, Anne-Laure Rousselou, Thierry Colin, David Chaudat

CLIENT FOCUS: BAKRIE (INDONESIA)

Mazars is the auditor of

6

of the listed companies in the Bakrie & Brothers Group.

Bakrie listed companies account for close to

50%

of the Indonesian stock Exchange.

Since the start of this year, Mazars has been the auditor for the most actively traded listed entities in Indonesia, all part of the Bakrie Group.

The flagship of the Bakrie Group is Bakrie & Brothers (BNBR), which was formed in 1942 and has a distinguished history of strong growth in all the active sectors in Indonesia: mining, plantations, oil and gas, telecommunications, property and infrastructure. BNBR holds significant holdings value in Bakrie Telecom (BTEL), Bakrie Sumatra Plantations (UNSP), Bumi Resources (BUMI), Energi Mega Persada (ENRG) and Bakrieland Development (ELTY), which hold leadership positions in their sectors. The Group Listed Companies generally account for 40% to 50% of the daily trading volumes on Jakarta Stock Exchange.

For Mazars, who have now set up office in Jakarta, this means that they will audit six of the seven companies in the Bakrie Group. “In



fact,” explains James Kallman, Mazars Senior partner in Indonesia, “*we have actually been the auditor for a few of the Group’s subsidiaries since 2002, well before we joined the Mazars partnership.*” Good relationships of trust had therefore already been built up between the Group and the teams that joined Mazars in 2009. Even so, convincing the directors of BNBR to trust almost the whole of their business to a newcomer on the market was no mean feat. “*We used our integration with Mazars as a leading argument,*” continues James Kallman. “*Since Indonesia is preparing to move to IFRS in 2012, Mazars’ recognised expertise in this area was an essential factor. And the*



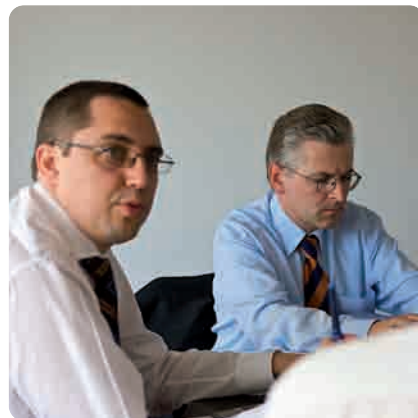
references we were able to put forward regarding our experience in the sectors where the Bakrie Group is active, also weighed in our favour in the final decision.”

BNBR’s group of companies are mainly Indonesia-centric but their business, supported by world-class partners including Tata, CIC, Mitsubishi, BHP Billiton, Glencore, and Tenaris, is truly international. A perfect fit for Mazars...

“*We in BNBR have closely looked at the credentials of Mazars, a world-class auditing firm and are pleased to entrust our external auditing work to them. We believe it is important that we utilize a quality, globally renowned firm of Mazars’ stature and we welcome them into the Bakrie Group,*” said Nalinkant A. Rathod, President Director, Bakrie & Brothers.

Serving Owner Managed Businesses

For SMEs and Owner-Managed Businesses of all sizes, Mazars provides dedicated teams of specialist advisors and auditors who unite technical expertise, sector-relevant capabilities, an in-depth knowledge of local environments and a tremendous capacity for listening. They are run under the direction of Alistair Fraser.



In a difficult economic climate, particularly in Europe, we have managed to maintain a reasonable level of performance, thanks to our ability to adapt to the needs of our market. Understanding our clients' needs and challenges is the real core of our business, and in times of crisis, these needs change. So we refocused our activity and concentrated our efforts through a very "hands-on", practical approach, for example helping our clients renegotiate funding with bankers, supporting them through the restructuring process, or helping them make the most of the talents they themselves have in place. We have spent more face-to-face time with clients this year than ever before, and quite a lot of time answering very concrete questions about what's going to happen in the immediate future in order to better handle their

short term challenges. They count on our support to get them through what has sometimes been a very sensitive period for them. That's why, despite downward pressure on costs, in many cases the situation has resulted in us deepening and enriching our long term relationships with clients.

For a business like ours, such closeness is essential. We are present in every country where the Group is active and we understand the environment for SMEs at the local level wherever we are, which helps us do the best job for our clients. Equally, we have the capacity to offer them the resources of an international organisation. Our ambition is to help them cope with the situation and grow sustainably, by developing their activity and capitalising on their own talents. For



Alistair Fraser
Head of
International Line OMB*

*Owner-Managed Business

The situation has resulted in us deepening and enriching our relationships with clients.



Mazars, the success of a business, whatever its size, depends on its ability to develop its talents; it is one of the founding principles of Mazars' own adventure.

The next 12 months will probably be just as challenging as the last 12. We have to continue our efforts to increase productivity in our audit and advisory activities, and make them more efficient. 2009 saw people's trust in the short term future badly dented overall, so we need to nurture the belief they have in us as partners they can count on. Even if it is challenging, this period therefore offers real opportunities both to our clients and to the talent that make up our teams. And because we expect our partners to act as effective leaders, we have worked with Mazars University to set up a training programme for them that aims to strengthen the technical capabilities and soft skills that are indispensable to a business advisor. These competencies were defined following a full study of the challenges and expectations of the market. The training sessions are a major asset in fulfilling the international development plans for our business line as it services companies of every size across the spectrum of business activities.



To learn more:

http://annualreport.mazars.com/omb_en

CLIENT FOCUS: TAM AIRLINES (BRAZIL)

Mazars takes off with TAM Airlines

Mazars in Brazil has recently become the exclusive provider of external accounting and tax services to TAM Airlines. This international contract has generated assignments in 17 countries...

Established in 1976, from the outset TAM Airlines based its business on providing very high standards of client service at competitive rates. The company is today the largest in Brazil and one of the major players in the international world of aviation.

Leader in Brazil, TAM serves 42 destinations in the country. The company is also very active internationally, with 17 direct flights to the USA, Europe and South America.

The need for international coordination

The breadth of its international expansion had led TAM to choose several different firms to handle, locally, the tax and accounting services necessary in the different countries where the company had developed its business. However, the company was not entirely satisfied with this decentralisation and the directors of TAM Airlines decided to look for a single international service provider.

Following an invitation to tender, their choice fell on Mazars, who now handles the major part of the tax and accounting assignments for TAM Airlines wherever the company has developed its business: Argentina, Austria,

Belgium, Brazil, Chile, France, Germany, Italy, Peru, Portugal, South Africa, Sweden, Switzerland, the United Kingdom, Uruguay and Venezuela.

In addition to its proven international dimension, Mazars was chosen for its ability to fully understand TAM Airlines' needs and to put together a truly integrated team, resulting in a higher degree of harmonisation in carrying out the overall assignments in all 18 countries.

Coordinated by a project management team located in Sao Paulo, close to TAM Airlines' headquarters, the assignment relies on direct communication between the local Mazars teams and the national managers of TAM Airlines as well. The standards of technical expertise displayed by Mazars also guarantee high quality service delivery that conforms perfectly to the local requirements in each country concerned as well as to international standards.



José Eduardo Cabrera Fernandes

Mazars is carrying out assignments in

18 countries for TAM Airlines.



A team of international Tax professionals

Composed of international and local Tax experts, the Tax teams are present in the majority of the countries in the partnership. They work for entities of all sizes and offer Mazars clients services with a high degree of added-value.



Ton Tuinier
*Head for
International Line Tax*

We have been working this year, in the context of the global downturn in business which has inevitably had a negative impact on taxable profit everywhere, meaning there's simply not been so much tax there to deal with. We have continued to win new clients, but the focus has been less on transactions and mergers, and more on helping clients to offset losses, realise cash and, for some of them, to survive. A lot of our work has consisted in adapting to this new situation on two levels, strategically and tactically. Continuing to follow our strategy of investing in our geographic coverage, for example in Brazil, where there are many opportunities for us, means we will be better-placed to move forward once things improve.

On an operational level, we are now working even more closely with other ILs such as PIE and OMB to identify the tax issues that make our assignment vital to our clients and thereby create more channel 2 opportunities.



In a conservative context regarding the evolution of our teams, we have been very careful about our broader strategy for hanging on to the best talents, in order to give us the best chance for the future. Budgets have been created specifically to nurture those talents in IL Tax. We are also working on a major training programme for tax in

collaboration with Mazars University. We are building more structured tax teams in various countries, in order to create centres of excellence that we can then use as an additional springboards to develop tax services in other countries.

In a challenging economic climate where there is increasing competition for business, our positioning as a truly international, integrated partnership clearly distinguishes us from other market players, and this is helping us stand our ground. Putting the emphasis on training our staff and partners to offer clients "one team" thinking and high added-value in the Mazars Way, therefore only makes sense.

We also have to become even more efficient and more focused, and continue to build on the work we did this year in homogenising internal practices, for example in terms of cross-border structuring and in transfer pricing, where our Turkish team won an award from the OECD.

If the economic situation failed to improve, we would continue to adapt our approach. But if the "green shoots" we're seeing now do grow stronger, there are exciting times ahead for us all. We will have to demand more from our staff and colleagues, but the opportunity will also be there for talented individuals to make rapid progress in their careers.



To learn more:

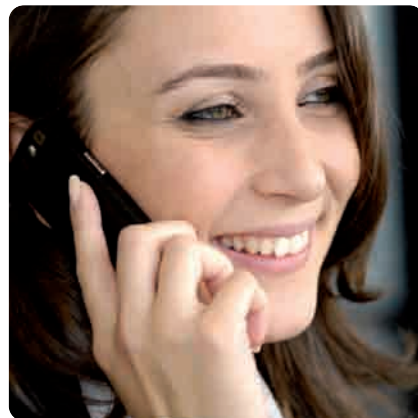
http://annualreport.mazars.com/tax_en

We have been very careful about our strategy for hanging on to the best talents in order to give us the best chance for the future.



The expertise of an international law firm

Mazars' portfolio of services includes legal expertise within our professional line International Law, which also acts under the Marccus Partners brand. It is directed by Antonio Bover and Bernd Sagasser and brings together the Group's business law specialists who are serving international clients.



Our profession is based, fundamentally, on individual human relationships. The service a lawyer provides his or her client is very personal, and for us it is essential to put the emphasis on this key dimension of our assignments. Obviously this doesn't mean underestimating the importance of technical competence or specific expertise, but it does mean realising that a lawyer must above all be capable of building relationships of trust with his or her clients, based on a talent for listening and the skill to maintain frank and honest dialogue. That's why our human resources policy is built around our ambition to take on individuals of character who know how to be part of a team, but who can handle the real freedom we give them in the way they run their assignments. We favour the recruitment of people with international experience,

often from outside the regions where we normally work. Thanks to the strong links that bind the members of the partnership together, we know we can count on the support of each partner in our recruitment search. We have also built close relationships with various colleges and universities. Our partners are often lecturers there so it's natural for us to recruit interns who will be likely to join our future staff.

We are profoundly against imposing one set way of thinking or any premature specialisation on our young lawyers. We believe in first encouraging individual initiative, open-mindedness and a generalist approach. These points of difference are what make us attractive and are enabling us to develop internationally.

We take on individuals of character who know how to be part of a team, but who can handle real autonomy.



To learn more: http://annualreport.mazars.com/law_en

Marcus Partners currently has a presence in six European countries and the vast majority of our assignments are international. Over the last 12 months we have seen a noticeable increase in our activity. The drop in the number of transactions linked to the economic situation has been compensated by a steep climb in the number of assignments we've taken on to do with restructuring and company law. We have also benefited from progress in our litigation activity. With a number of talents available on the market, we seized the moment to invest in new people and significantly reinforce our expertise in certain areas of our profession that we consider strategic to our long term development. At the same time, in the breeding ground of our international integrated partnership, we pursued several projects of international

expansion: in Russia, where we are now building up our organisation around 12 lawyers, as well as in Nordic Countries, Portugal and, outside Europe, in China, in Vietnam and the Persian Gulf. Our growth hinges on the integration of quality firms, whose partners have excellent knowledge of their local markets and whose fit alongside our audit and consulting services can be rapidly optimised. We intend to continue growing steadily, always preserving the culture of independence and the responsiveness that make us stand out, for our current and future staff and clients.



Antonio Bover and Bernd Sagasser Co-leaders of International Line Law

Portrait – Mazars' Talent

Julia Kouchnirenko Russia

After a number of years working for an international American law firm in Paris and then Moscow, Julia Kouchnirenko joined Mazars Russia in 2009, to head the Tax and Legal Department. She describes her career, her responsibilities and the reasons that led her to join the partnership.



With a master's degree in tax business law and a master's degree in law and finance from the *Ecole Supérieure de Commerce* in Paris and member of the Paris bar from 2003, Julia Kouchnirenko quickly got to grips with the scope of her new responsibilities, which include new business development, overseeing projects and leading teams. "Since I joined Mazars we have developed new tools to advertise our services and our expertise," explains Julia. "We have also developed a strong presence within the legal and tax committees in Russia, both as speakers and as participants."



As a member of the Mazars Executive Committee in Russia, Julia plays an active part in the decision processes that affect the Moscow office, particularly in the areas of management, communication, talent development, quality control and internal audit. She also sits on the Steering Group of Marccus Partners, Mazars' legal arm. "We're working on common strategies for expansion and communication, with the emphasis on cross-border transactions throughout Europe."



Strong values and true cultural diversity

"Mazars is a genuinely international community of talented professionals," Julia smiles. "The values it promotes, especially integrity, responsibility and independence, are a perfect match with those I hold as a lawyer." Through the partnership, Julia finds equal satisfaction for her international skills. "I feel very at home with the cultural diversity at the heart of the Mazars vision. In addition, the continuity and respect for individuals that are such strong Mazars values are part of my own professional and personal standards."

And the future? "The international dimension of the Group and its professional values offer men and women interesting career opportunities and the chance to work with some remarkable specialists," Julia concludes.

Specialisation and transversality: the advantage of business lines and sectors

In addition to its international geographic coverage, and to its organisation around International Lines, Mazars offers a strong sectorial dimension. Together with the personalised approach that we believe is fundamental to our relationships with our clients, structuring our business along sectorial lines allows us to offer a highly credible alternative. Gilles Magnan, Hervé Hélias, Pierre Sardet, Olivier Lenel, and Craig Scarr put us in the picture.

Our priority is to identify the necessary talents and make sure they are in the right places.

INSURANCE SECTOR

We really started managing our insurance activity internationally four years ago, since when we have doubled our turnover to 52 million euros. Insurance is a sector that is evolving rapidly, in both technical and regulatory terms, so developing key capabilities in countries where we serve our clients or that we consider strategic for our business, is essential. It is therefore also critical for us to identify the necessary talents and make sure they are in the right places. This expertise is absolutely indispensable and we have to either acquire it by recruiting staff locally, or assign it by moving the appropriate

professionals to where they are most needed. As a very international sector, Insurance is in fact one of the sectors where international mobility is most common; we recently sent experts to Switzerland, Luxembourg, Spain, Mexico and the United States, and we are working on a project in Singapore to boost our capabilities in serving our key accounts in those markets and in developing our local clientele.

The Insurance sector is structured around a central platform of five countries: France, the United Kingdom, Spain, Italy and Switzerland which involve more than 400 experts,



Gilles Magnan

Leader of Insurance Sector

Banking**50%**of activities generated
outside France**Insurance****100%**

growth in 5 years

60 actuaries and which lean on our local country teams. Combined with our extremely high levels of technical competence and our excellent knowledge of the local regulatory bodies, this central coordination mechanism represents a serious advantage with regards to our key accounts, as it facilitates such a fluent handling of international assignments. Our experiences with AXA, Groupama, Scor, AIG and Generali clearly show how well this works.

Even if insurers were badly hit in the crisis of 2009, our levels of activity remained very high and we remain very optimistic about the future, since Mazars is the only independent firm to be able to offer insurance groups the services they need on a worldwide scale. Our priorities for development are in Central and Eastern Europe, where there are opportunities for major international assignments and where we still need to strengthen our presence, and in certain other countries that we consider strategically significant, or where the insurance business is traditionally important.

BANKING SECTOR

The creation of our Banking Sector in 2005 was an accelerator for growth in this area for Mazars. We are now doing audit and advisory business in more than 30 countries, from transaction support, risk management and compliance to client support and actuarial services. France remains a key driver for development with some significant clients (BNP Paribas, Dexia, Société Générale, Crédit Agricole, CEPB and CDC), but more than 50% of our activity is being carried out internationally, with notable headway in our consulting business for some key players in the market, including HSBC, RBS, WestLB and Crédit Suisse.

**Hervé Hélias***Leader of Banking Sector*

For the international banking institutions, Mazars has proven itself to be a credible alternative to the other major market players. We have specialised teams in all the world's key financial markets and we are the only ones to have achieved banking audit approvals from all the key national regulators in Europe, including Switzerland, Luxembourg, Belgium and Turkey, where the conditions for approval are very restrictive.

Monitoring the teams, building their skills and their links with local banking authorities all represent strategic areas for vigilance. The recruitment of experienced individuals, the geographical mobility of our teams and our plans for both internal and external training, are the key levers of our development.

Our professions are diverse, complex and heavily regulated. They are usually practised on an international scale and our clients expect the same consistency and quality of service in every country. That's why we have put such emphasis on the sharing (thanks to a dedicated intranet platform) of common audit tools and methodologies, common service offers, and quarterly meetings for partners and associates in the 20 key countries that make up IL Banking. The main subjects of regulatory supervision, at the accounting level (IAS 39) or the prudential level (G20, Basel Committee on Banking Supervision) have been shared internationally, and our centres of expertise are in Paris and in London. Since summer 2008, the Sector has been publishing a "banking newsletter" for its clients and prospects, giving quarterly benchmark results for the main European players, and an overview of the current banking situation.

Eventually, we are looking to operate *via* a “hub” in the way our clients do: for example, Paris, Brussels and Luxembourg constitute natural hubs, in which the mobility of our teams reinforces the relevance of our service offer to our clients. In the next few years we also want to develop our activities in Asia and structure our offer with our partners in the American market.

TRANSACTION SERVICES BUSINESS LINE

Our ambition is to build our reputation and a recognition in the marketplace that equals Mazars’ reputation in audit and accounting. Our teams are made up of talented professionals who enable us to serve a broad spectrum of clients, in everything from acquisitions to closing business.

We have developed the best skills and tools to offer tailored solutions to our clients as their business evolves. We have also put a great deal of effort into harmonising our international line, by promoting exchanges between offices, by lending very operational support to countries in which TS is recent, by facilitating the integration of new teams and therefore increasing our overall capacity to handle assignments. Now we have to continue working on our positioning, and increasing our market-recognition.

Today we have a strong presence in Western Europe, in France, the Netherlands, Germany and the United Kingdom, in Asia, where our performance has been very good, especially in India and in Indonesia, and lastly in North America. We are pursuing our development goals in the key economies of Central and Eastern Europe, including Russia, and in Latin America, particularly in Brazil. We are also working on the African continent, notably in South Africa.

The emergence of market standards and the wide distribution of skills among our clients as well as our competitors no longer allow us to rely solely on our sectoral and technical expertise to make us stand out. This is why we take the development of good client relations and the development of our consulting capacities so seriously. The personalities of our staff and their ability to build and maintain relationships of trust are assets just as fundamental to our differentiation as their technical expertise. Attracting and developing these talents is therefore one of our first challenges.

Even if the mergers and acquisitions market has suffered badly from the financial crisis since 2008, we have maintained our levels of investment in order to be ready to meet our clients’ needs even before the recovery kicks in. This is exactly why we have recently expanded our teams by recruiting several senior professionals from international firms and the world of business.

We have total belief in the relevance of Mazars’ offer in this market and in the potential for us to build our business further.



Pierre Sardet

*Partner,
Transaction Services*

We take the development of good client relations very seriously.



**Olivier Lenel and
Craig Scarr**

*Partners, Governance and
Risk Services*

GOVERNANCE AND RISK SERVICES

Already launched almost ten years ago, against a background of regulation driven by questions of internal control, our professional Governance and Risk Services (GRS) line has since then consolidated its initial platform around a noticeably extended and international range of services, run by professionals who are passionate about what they do.

We help our clients to manage their risks and to develop a culture of internal control, always involving that essential element, information systems. This is a huge field and there is plenty of scope for everyone to scale the heights of their ambitions, but whether we are carrying out a risk-mapping exercise, a fraud detection assignment, or testing security on a website, our teams are always motivated by the same desire to provide concrete improvements in the interests of those who place their trust in us.

Our proven capacity to serve organisations of every size, including in the public sector, at local or international levels, stems from our ongoing investments in talent and expertise, and our systematic sharing of best practice that we are piloting internationally in partnership with, in particular, Craig Scarr in the United Kingdom. The trust of our clients,

who are growing with us, encourages us to invest even further so that our teams will continue to provide that “second pair of eyes” that interests the market worldwide.

In contrast to production-line solutions, our trademark is really the bespoke approach; taking our clients’ objectives and their differences in values or cultures into account. The crisis reminded everyone of the basics in many fields, particularly in the area of risk control, and underlined the limits of certain mechanisms. Emerging from the crisis will lead certain organisations to re-think these, by seeking increased efficiency, relevance, and responsibility without neglecting matters of conformity.

Mazars will be mobilising its GRS talent around the world to devise the best possible solutions in this new environment.



High quality standards throughout the world

Mazars is helping its offices around the world to develop a common approach to audit by providing dedicated programmes and having sessions highlighting best practices.

We have placed particular emphasis this year on the international alignment of our training programmes.

What have been your key areas of work this year?

On the subject of risk management, we have focused our efforts in 2009 on the formalisation of our global procedures, as applied to all the Mazars professions and collected in our Risk Management Manual, and on structuring the technical functions for all Mazars entities. We have also been preparing for the future, designing the computerisation of procedures for assignment acceptance, ready for the implementation in 2010 of a global information system. And of course we have continued our permanent supervision, risk control and conformance activities, our audit quality assurance system and our quality control.

For the second year running, transparency reports will be filed, on a voluntary or mandatory basis, by the key Mazars entities in Europe, a good practice which is also being adopted by other entities outside Europe. Beyond our legal obligations, we also prepared a Group Transparency Report replacing the cross reference table published in the two previous years. [\(See chapter 4 of this report\)](#)

In the area of technical excellence, we have placed particular emphasis this year on the international alignment of our training programmes, with two key aims in mind: deploying the best technical training across all Mazars entities, and organising our “train the trainers” programmes so that training managers or correspondents in the national technical functions structures are equipped



Jean-Luc Barlet
Head of Risk Management and Technical Excellence



to give appropriate training to all the local teams. To the same end we have, for example, brought together the IFRS correspondents from around 20 countries for advanced training, which they have now started to pass on in their local offices, notably in Asia and Latin America, which will be the next continents to migrate towards the IFRS.

This ambition to internationalise our training has also led us to focus on our technical e-learning courses, run by Mazars University, which will soon be part of Passport Training, and will result directly in the implementation of Mazars Learning Management Systems. Our vision is for every Mazars country, especially those that have just joined the partnership, to benefit as quickly and efficiently as possible from the range of Mazars tools and support available in areas such as accounting, methodology and key-process management. It is of prime importance that we should be able to offer, throughout the world, a common approach to audit based

on a shared understanding of business risks. This is what our clients, especially the major corporates, today expect.

In 2010 we are going to realign our Mazars audit methodologies with the new, international, professional standards of the IFAC, “clarified” to make them more comprehensible and accessible for all parties involved. This follows on the commitment to apply these standards from 2010, undertaken by Mazars as a member of the IFAC Forum of Firms.

We are also going to play an active role in the due diligences carried out as part of Mazars’ international development activities, to ensure Mazars is represented at the key professional international events, to make sure the voice of Mazars is heard in the relevant debates, and continue supporting all the entities of the Mazars partnership in terms of integration, convergence and conformance with the highest quality standards.

Talent development is one of Mazars' priorities.

How are you contributing to this?

Obviously, creating common access to our technical training will enable all our staff and all our teams to improve their skills and performance. Beyond that, when we better identify our managers, contributors and technical trainers, we are contributing to the discovery and emergence of talents in every country where we are present, and entrusting them with real responsibilities in terms of local Mazars representation and the transmission of expertise. This process is essential to the progress of our organisation.

You have talked about the internationalisation of training. Do you also have a transversal approach to the professions in risk management?

Absolutely. This is actually one of the pillars of sustainable growth for Mazars. We have already structured, for a number of years now, the majority of the professional practices adopted by all our audit teams around the world.

It is essential, particularly as the international markets pick up again, for us to reinforce our capacity to minimise risks, in all these markets and in all our potentially "sensitive" professions, by emphasising the reinforcement of quality assurance procedures for professions experiencing rapid growth, such as Transaction Services, Corporate Finance, as well as in the professions around Internal Control, Tax, or Advisory to SMEs.

It is of prime importance that we should be able to offer, throughout the world, a common approach to audit.



RESPECT FOR INDIVIDUALS AND DIVERSITY | TECHNICAL EXCELLENCE | INDEPENDENCE |



A WORLD
OF TALENT



Respect for individuals and diversity, integrity and ethical standards guide our strategy for international growth and form the foundations of our policy for talent development.

A concerted strategy for developing human resources



Éric Pietrac
Group Human
Resources Director

In a multicultural environment, Mazars has put in place specific tools to promote the recruitment and development of the best talent around the world.

In every country where the Group is present, its development has gone hand in hand with the implementation of a policy designed to attract, retain and develop the talents that Mazars needs, now and in the future.

Recruiting and developing the best talents

The ambition of our recruitment policy is to enable us to attract the best talents in all their diversity. To this effect, by expanding our employer branding policy internationally we have continued to build our relationships with leading colleges and universities; with HEC, Essec, Centrale Paris and Dauphine in France, with Bocconi in Italy, with Icade and CUNEF in Spain, with Oxford, Cambridge and LSE in the United Kingdom, with MGIMO in Russia, with Beijing University and Fudan University in China, and with similar institutions in most of the countries we are working in. We firmly believe that the diversity of origins and profiles among our staff constitutes a major asset and considerably reinforces our capacity to offer our clients innovative solutions.

For every man and woman that joins us we have, for years now, set up not only an integration seminar, but a mentoring process. As soon as they join one of our teams, they enjoy the benefit of an experienced mentor who will hand on to them the culture and values of Mazars, help them fully integrate into the organisation and will be there for them at every stage of their professional career.



To learn more:

http://annualreport.mazars.com/rh_en

Carlo Consonni, Partner in charge of relations with academic institutions in Italy.

"In 2008-2009, we recruited more than 50 young graduates in Italy. Establishing ourselves as an employer brand now enables us to meet candidates from the best universities in the country, who are our priority targets."

Successfully integrating new teams

The long term success of our international development obviously starts with the successful integration of new staff, but also of the new countries and firms who are building our partnership around the world. This is why we have put in place for each of them an integration mechanism that defines the stages they need to follow, based on an audit of where they are. Risk management policies, the quality of service offering, internal organisation, human resources and training, marketing and communications are all assessed. Every aspect is evaluated and together with them we construct a plan for transformation that still respects local cultures and differences.

Promoting international careers

We seek to encourage the emergence and establishment of leaders within the Organisation who will be capable of meeting the current and future needs of our clients. Apart from professional expertise, we nurture managerial qualities and an international outlook. That is why, beyond the necessary exchanges of ideas, experience and good practice between the countries of our partnership, we place emphasis on the development of multi-national career paths. Our mobility policy is designed to enable willing staff and partners to experience other cultural environments and other ways of working and thus play an active part in the strengthening of our integrated partnership.

The benefits of our international mobility policy are currently being enjoyed by staff who represent 15 nationalities working in 19 different countries. More than 30% of them are women.



Grégoire Dattée, Head of Mazars in Ukraine since 2008

"International mobility was one of my personal ambitions. I was attracted by the opportunity of developing Mazars' activities in a country of 46 million people with great human and economic potential. I had also wanted to change my routine a bit. Now, at the end of a year, thanks to permanent contact with the local teams and with the support of all the Group's functions, we have been able to structure the Kiev office and to finalise an agreement for technical cooperation with a local firm. That gives us a solid base from which to grow our presence in the region.

Mazars' international expansion gives those who want it the chance to respond to new and rewarding challenges. The assistance of Group Human Resources, in defining one's personal career ambitions over the medium term as well as making daily life easier for expatriates, is also a genuine asset."

Training our partners and staff

Developing talent is about providing people with the means to enrich their technical and soft skills through local or international training. This is why we have assembled and harmonised the best technical training programmes in the partnership, and made them accessible Group-wide under the aegis of Mazars University. Training programmes for the professions have also been re-defined and commonalities have been developed. Harmonising skills in this way facilitates improved alignment along grades and functions, and avoids the disparities that might otherwise occur without central coordination of the training mechanisms and content.



Héléne Freiszsmuth

Head of Mazars University

As far as soft skills are concerned, Mazars University has developed live training sessions for partners on issues around management, leadership and business development. This approach is supported by e-learning modules that help people quickly familiarise themselves with the key principles in each subject, run in partnership with a specialist training company. In 2010, 2,500 individuals will be benefitting from this process. Eventually, e-learning will be made available to all staff.

Among the main training conferences for Mazars professionals, the International Management Seminar (IMS), aimed at newly promoted senior managers, and the PIP (Partner Induction Programme) are seminars that follow promotions and help ensure that everyone has all they need to succeed.

In the same way, as soon as they are promoted, new partners follow the Partner Induction Programme (PIP), a dedicated seminar during which they are given full information on the history, principles and values of the Group, as well as its organisation and the partnership development strategy. In December 2008, the seminar was held in Cairo and will be held in London in December 2008.

Thinking ahead

2008 saw the launch of a major strategic project, the Partner Development Focus (PDF), which aims at bringing each partner's personal development plans together with the short to medium term needs of the partnership. In 2009 we rolled PDF out further, and have already benefitted from the first impacts of its effects in terms of anticipating the evolution of the partner teams in each country of the Group. Also in 2009, we extended the concepts to the partner evaluation system.



**Meggy Parengkuan,
local Partner, Indonesia**

"IMS is a powerful way of motivating, integrating and training managers for leadership.

The success of a Group like Mazars, which cares about people as much as about business, starts with its ability to unite staff in striving for common goals and sharing the same vision of the future. We must all take part in this. From a personal point of view, I really appreciated this work on my managerial skills and the chance I got to meet colleagues from other countries, to build professional relationships and make friends. The involvement of members of the Group Executive Board, and the exchange of experiences between senior managers were both very rewarding and I'm determined that my team will profit from them."



Mazars University has developed live training sessions for partners on issues around management, leadership and business development.



A working and living environment that are good for our staff

Because we ask our staff to give the very best of themselves, we consider it only fair for them to be able to work in an environment that allows them to express their full potential. We also believe that respect for individuals, two-way communication, a convivial atmosphere and a healthy balance between professional and private life, are key factors in the way our teams perform.

“We see our staff not as resources but as people, playing a real part in the Mazars adventure,” declares Eric Pietrac, Group HR Director.

Following this line of thinking, we decided to run regular satisfaction surveys, asking our staff their opinions, and these have already taken place in many countries of the partnership. They have helped us to identify the strong points of the organisation and its management model, as well as areas for improvement and issues requiring appropriate corrective steps.

Mercedes Rodriguez, Managing Partner, Venezuela



“In spring 2009, as part of our integration process, we launched a satisfaction survey that allowed us to identify our strong points and areas requiring progress. The results led us to put in place, with the help of an outside consultant, specific training sessions for all our partners and staff to align our behaviour, practices and principles with the values of the Mazars Way. This was our way of emphasising the importance of responsibility, the consolidation of our teams and the promotion of a better work-life balance.”

Manda Doveton, HR manager, South Africa

“In South Africa, professional skills development is a national priority, to the extent that specific legislation has been passed to advance this aim, particularly with regards to developing the skills of members of the black population, so that they can contribute to the development of the country’s economy, as well as to address the historical imbalances caused by

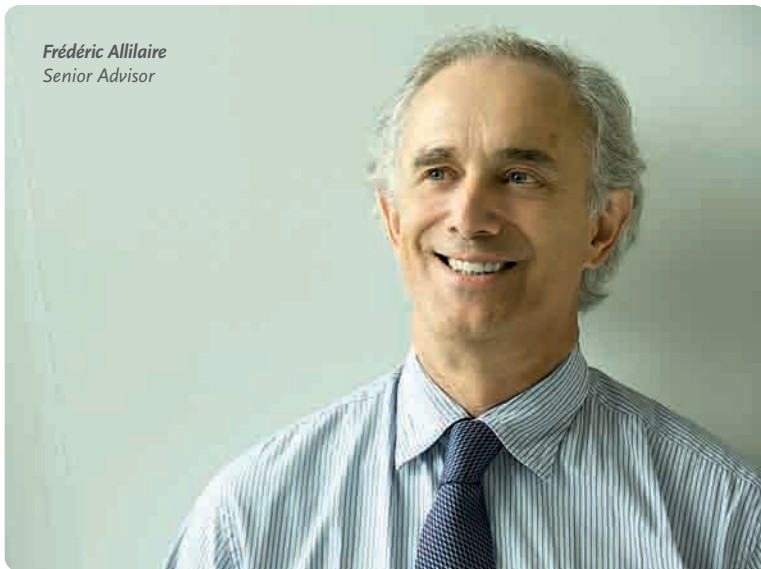
apartheid. Our policy and our programmes have been built with this aim in mind. We offer the majority of the young people joining our practice the opportunity to train and qualify as Chartered Accountants, registered with SAICA (South African Institute of Chartered Accountants). We also offer all our staff a range of programmes to help them acquire technical skills. To that end, we benefit from the high-value content provided by

Mazars University. We highlight the importance, equally, of managerial and soft skills and we are currently working on an awareness-raising intervention for cultural diversity. This will be aimed at all our teams and it will emphasise the importance of diversity as a factor in improving our performance.”

OVERVIEW OF RECENT INTERNATIONAL EXPANSION

The development of our international teams in the long run

Frédéric Allilaire
Senior Advisor



Mazars has considerably reinforced its presence in Latin America over the previous financial year. How has the integration of these new firms progressed?

Frédéric Allilaire: The agreements to grow the partnership that were finalised last year became reality during 2009 through a concrete process of integration. Brazil, for example, reinforced its alignment with the values, working practices and methodologies of the Group by organising a meeting for all

partners, to build a business plan and design the structure of its teams. With similar aims in mind, we hosted members of the Chilean board for dedicated working sessions in Paris. In parallel, we facilitated the integration of our correspondents in Uruguay and Peru via numerous meetings and discussions.

Outside Latin America, but still on the American continent, we should also mention the reinforcement of our

presence in Quebec, where, last July, we have grown to five times our original size, and where we intend to base our future expansion into the English-speaking parts of Canada.

The Asia-Pacific region had also been identified as a priority area for development. What were the highlights of the year there?

John Mellows: We did indeed pursue our expansion, with, as a flagship model, the integration of 500 Moores Rowland staff and partners in Indonesia. We are now serving several companies listed on the local stock exchange, including the Bakrie group, which represents more than 50% of the volume of transactions on the Jakarta stock exchange, and Megalife, the second largest insurance company in Indonesia. We are also working on several large consultancy assignments, notably for the government, which wants to improve governance in the country's municipalities. This sort of assignment also has a real social value since good practice in governance – transparency and reliable reporting – often affects investment decisions on the part of development agencies such as, for example, the Asian Development Bank.

Another recent development has been our entry into South Korea, which should be confirmed by the partners' vote in December 2009, and where we now have a team of 65 professionals. At a time when the country is preparing to conform to IFRS, we see real opportunities for development here.

This geographic expansion has been accompanied by the arrival of new talents, attracted by a market that currently offers more opportunities for professional development than those in Europe. This is why we have set up a "virtual" training centre in Kuala Lumpur, which we expect to become the Asia-Pacific "campus" of Mazars University. We have put in place a global integration programme for all new members of our partnership, and "train the trainers" programmes focusing on our audit methodologies and use of our Auditsoft software. Finally, with the long term aim of producing local leaders, we are also developing soft skills training.

The Group has also seen development in Europe, with noticeable dynamism in several regions.

Loïc Wallaert: In terms of the objectives set by the Odyssey project in 2006, we have reinforced our presence this year in several countries in Central Europe, where the aim was to strengthen our position in the market. We have now welcomed new talents on board in our Moscow office, which is growing fast. We have also accelerated our progress in Ukraine with the appointment of a new head of office in Kiev, Grégoire Dattée, and plans for a major increase in our activity. Finally, further south, in Turkey, we have opened a new office in Bursa, in a highly industrialised region. This improvement in the geographic coverage of the country has been accompanied by the reinforcement of our professional lines thanks to new teams who have decided to join our organisation on the basis of shared values and ambitions.

The picture of our development would not be complete without mentioning the integration of our correspondent in Malta, and the finalisation of our external growth operation in Belgium, which will deepen our expertise in the Banking and Insurance sectors. For Mazars this represents a strategic addition of capabilities in an area where the number of players in the market has reduced.

Moving on to Africa now, where Mazars has planted a number of markers over the last few years - what have been the most significant recent events?

Frédéric Allilaire: South Africa continues to follow an exemplary process of integration, in excellent market conditions, and we can count on these offices to lead the way in our development in English-speaking Africa. In addition, we have opened a new office in Mauritius, whose integration should be approved by the partners in December 2009. Under the aegis of Mazars Portugal, we are currently also setting up an office in Angola to serve, among others, European and Brazilian clients. This should be fully operational in early 2010.

We have improved our coverage of the North African markets, with the forthcoming creation, *via* Mazars in Tunisia, of an office in Libya in partnership with their local correspondent and the finalisation of an agreement with a top Algerian firm, whose integration should be all approved by the partners in December 2009. This will give us a very satisfactory instrument in this region.



John Mellows
Senior Advisor

What are the geographic development priorities for Mazars in the near future?

Loïc Wallaert: The pursuit of our development in Central and Eastern Europe is a key objective. This will be achieved either through external growth operations, or by the integration of new talents who will come individually to strengthen our teams. Obviously we want to grow our business in Russia, where we will continue to invest heavily and where contacts have already been made. We also want a stronger presence in Scandinavia and the Balkans. There again, discussions with potential partners are already under way.

Frédéric Allilaire: I would like to highlight the growth of Mazars Middle East LLP, our coordination and development structure for the Persian Gulf and the United Arab Emirates. A steadily increasing number of organisations are joining us there, signing agreements to correspond and committing to respect our quality standards. We now have Mazars Middle East LLP members in Jordan, the UAE, Saudi Arabia, Kuwait, Palestine and Qatar. Using this approach, we want to become a major player across the region, while still maintaining our demand for quality.

John Mellows: In six months' time we should have a presence in the Philippines, a market of 92 million people. This will bring our total staff in the region to 2,000, which will put us in a sufficiently strong position when, as I hope, China and Asia become the drivers of the international economic recovery. I am



Loïc Wallaert
Partner

also about to start a series of exploratory visits to Cambodia and Pakistan.

With South Korea, China, India and Indonesia, among others, on their way to adopting IFRS, we also need to strengthen our IFRS expertise in the region. This is being done under the responsibility of Pascal Jauffret, who recently transferred from Paris to Singapore and will head the development of IFRS services in the Asia-Pacific zone.

We see Asia-Pacific as a balancing factor for Mazars. Historically, we have rather depended on assignments being referred from our European offices. Soon, India and China will be able, in turn, to originate international assignments. The major Asian groups welcome the emergence of new audit and consultancy players very favourably. They recognise our capabilities and the excellence of our

reputation. There exists in Asia a spirit of openness and enterprise that corresponds to the one that Mazars has always defended and promoted.



To learn more about countries where Mazars is present, discover Nomad magazine:

www.mazars.com/nomad_en

Portrait – Mazars' Talent

Hanan H. Abdel Kader

Egypt

A graduate in economics from the American University in Cairo, Hanan Abdel Kader runs the Financial Consulting business stream in Egypt. Starting at the Shawki firm in 1989, well before it joined the partnership, she takes a lucid, but always positive view of the events of the last few years and the prospects for Mazars' development in Egypt.



"The process of integration into the international organisation can't be just window-dressing; it has to be active and practical," points out Hanan. And in that respect, things are getting off to a very promising start. *"I had the opportunity last year to attend the international Management Seminar organised by Mazars. I met colleagues from a lot of different countries and it brought home to me the fact that we truly are part of a major international organisation. I really think these international meetings are essential in cementing the loyalty of staff, particularly in Egypt. Those who took part, for example, in the Mazariades, a two-day event combining networking and fun for all employees who want to participate, about two years ago, still have fond memories of them."* Added to the increasing number of cross-border assignments and the Group training programmes, these events contribute enormously to promoting a feeling of belonging, and to bringing to life the ambitions for professional mobility that joining the partnership creates.

Benefiting fully from the resources of the Group

Hanan is convinced that Egypt represents a country with high development potential for Mazars. This is partly because the local economy is very dynamic, and partly because *"local companies aren't necessarily attracted to the big American or English firms. They are more interested in the human dimension, in the quality of relationships and the calibre of the work. For example, in our financial consulting activity, which includes feasibility studies, business plans, and asset evaluations and so on, we are perfectly capable of competing with other major market players. We enjoy excellent access to the market and our teams are highly trained. Now we want to make the most of the Group's resources to develop our assignments across the Middle East."* And from a personal point of view? *"I hope, of course, to become a partner and contribute to the growth of Mazars in Egypt and beyond. I also want to go on playing my part as a manager, in particular so that our Egyptian teams become even more aware of the reality of the international partnership and the opportunities it offers."*



RESPECT FOR INDIVIDUALS AND DIVERSITY | TECHNICAL EXCELLENCE | **INDEPENDENCE** |



A MODEL DESIGNED
TO NURTURE TALENT



[We are fiercely attached to our independence and to the continuity of our model. Our professional commitment and our belief in social responsibility are permanent features of our approach.]

A democratic partnership, a responsible organisation

The democratic and participatory Mazars model is built on the strong values shared by all the partners and staff. These values guide relations within the Group as well as those the organisation establishes with its environment. (See also Transparency Report, in Chapter 4 of this report)

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. The partners in the Group, from a wide diversity of cultures, have all chosen to join in a shared adventure founded on the same values, view of the profession and standards of excellence they all have in common. It is, by its nature, a demanding model, but also an effective one, one that gives each of them an equal part to play in the development of Mazars. By refusing to ever adopt all the methods or values of any single dominant country, Mazars is patiently and determinedly building a genuinely united, international organisation of professionals who have chosen to share both risks and rewards.



Caroline Van Troeyen
Group General Secretary



A STRONG GOVERNANCE MODEL

Mazars Scrl is directed by its Group Executive Board (GEB), under the supervision of the Group Governance Council. The direction of each national firm is carried out by its Executive Committee elected by the partners of the entity concerned, candidates having been submitted to GEB.

The General Meeting of partners is held at least once a year and is the pivotal point in the governance and decision making processes of Mazars Scrl. It is at this meeting that, collectively, the partners of Mazars approve the major strategic directions and operations of the Group, the appointment of new partners and the yearly audited consolidated accounts of the Group. They elect every three years the governing bodies of the Group.

The Board

The Group Executive Board whose mandate runs until the end of December 2009 currently comprises:

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

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 in the General Meeting can remove any member of the Group Executive Board from office.

The GEB reports to the GGC at least once every 4 months and to the general meeting of partners at least once a year.

The Governance Council

The Governance Council is charged with overseeing the proper functioning of the Mazars organisation. Its members (between 8 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.

Mazars' Governance Council currently comprises nine members, whose mandate 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**, the United Kingdom;
- > **Kim Hurst**, the United Kingdom;
- > **Ruud Krouwer**, the Netherlands;
- > **Pierre Sardet**, France;
- > **Claudio Tedoldi**, Italy.

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 Internal Rules, are being respected. They also examine budgets and accounts. Their role has increased over the last three years, with the certification of Mazars' consolidated accounts by two independent auditors, BDO and Horwath.

The General Meeting of partners is held at least once a year so they can approve the major strategic directions of the Group.

The board carried out a self-assessment exercise on its way of working.

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.

A revised “constitution” and re-affirmed principles

Between 2008-2009, we did significant work on re-writing our partnership Charter, which defines the constitution of the partnership. This essential exercise, born from the recommendations of Project Odyssey, responded to three key objectives:

- preserving the fundamentals of the Mazars Organisation;
- amending certain resolutions to adapt governance to the development of the Group;
- simplifying the Charter to make reading easier, particularly for new Partners.

IMPLEMENTATION OF THE BEST GOVERNANCE PRACTICES

In pursuit of its desire to implement best governance practices, the Board carried out a self-assessment exercise on its way of working. For the first time, this exercise was conducted by a partner from outside the governance structures, in close liaison with the Group General Secretary. Each member of the Board was interviewed after completing a self-assessment questionnaire. On the basis of the final report, the Board wrote up a plan of action; the two documents were communicated in full transparency to the Governance Council.

PARTNER REMUNERATION: CHOOSING TRANSPARENCY

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 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, awards being made from a pot 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 every three years 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 partners are periodically informed of the Base points attributed to each of them.

INTERVIEW WITH JEAN-LOUIS LEBRUN, PRESIDENT OF THE GOVERNANCE COUNCIL



How was this recent project to revise the company's "constitution" carried out?

It started within the framework of Project Odyssey, and benefited from numerous other contributions, far beyond those of the Governance Council. Members of the Board were directly involved in our thinking and from the outset we regularly asked for the opinions of the partners on the directions we had in mind. Our partnership model is democratic; so there was no way we were not going to take the partners' views into account on changes that involve the future of our principles of "living together".

What points did the re-working of the Internal Rules address in particular?

We were interested, first of all, in partner status, and looked at the ways partners can present their candidacy for partnership, including the formal instruction papers. We also looked at the respective status of "Group" partners and local partners.

The second major area of work, Group governance, was a subject that led us to redefine more precisely the individual and collective responsibilities of the members of the Board, and the Governance Council. In particular, this helped us specifically identify the subjects on which the opinion of the Governance Council is essential. As a result of this we intend to create new sub-committees within the Council. These will probably include, in addition to the Audit Committee that already exists, the establishment of Committees on Risk, Remuneration and Strategy.

It also seemed essential to us to think about making our governance more open, *via* clearer processes for delegating decisions to the national level, *via* a geographic representation on the Council that better reflects the reality of Mazars today, and finally *via* the admission to the Council of members from outside the Organisation, whether academic or from the corporate world.

These corporate developments were accompanied by a simplification of our written Charter. The first reactions, particularly from partners in newly integrated offices, show that this effort on clarification was both necessary and appreciated.

Why was it necessary to re-affirm Mazars' fundamentals?

This is a very important point. Our values and our partnership principles are at the heart of the way we work. In the context of revising our Charter, it seemed absolutely key to us to underline the principles of no goodwill in transactions between partners, and the absence of any financial barrier to becoming a partner - which greatly improves the development of talent - and the preservation of the scale of partner remuneration. Two final points, which we have already mentioned and which I think are important: the way we manage the end of professional life for the most "senior" partners, and the possibility of taking on or keeping on partners who work part-time.

RISK MANAGEMENT AT THE HEART OF OUR GOVERNANCE

It's up to the management of each member entity to the quality assurance system according Group's guidelines. They must promote an internal culture of quality reinforced by clear, consistent and frequent messages and initiatives, at all levels of the firm. These must remind everyone of the existence of the quality assurance system, and underline the importance of respecting legal and regulatory obligations, particularly with regards to the professional code of ethics and professional standards of practice when it comes to accepting and carrying out new assignments.

The Group Executive Board bears ultimate responsibility for leading the Organisation towards exemplary quality standards and has set up a Risk Management and Audit Technical Excellence Steering Group (RM&ATE SG) to this effect.

This Steering Group: defines the procedures and the quality assurance system that entities and all service lines have to implement, in order to meet all the minimum standards, defined by Mazars.

It also supervises jointly with the GEB the monitoring of the quality assurance system. This function is sub-delegated to an International Quality Control Committee (IQCC), which conducts globally coordinated inspections to monitor compliance with the relevant audit methodology, ethics policies and quality control standards. Moreover, the IQCC follows up the action plans with the countries' Risk Management & Quality Leaders and closely examines the annual reporting of each country concerning the results of their internal and national quality assurance reviews.

[\(See interview of Jean-Luc Barlet in Chapter 1\)](#)





RESPONSIBILITY AND DIVERSITY: THE CORE OF OUR DNA

At the heart of our values and our model, responsibility is far more than a statement of principle for Mazars. It consists in the concrete implementation of responsible practices in the way we work, in the interests of our clients, our staff, society and the environment. We firmly believe that it is our responsibility to work in a way that serves the general interest. Responsibility is also central to the Mazars mode of governance, since our

partners are regularly asked to pronounce on all sorts of decisions that affect the future of the Group. These multiple opportunities for taking responsibility are also a way of bringing on the leaders of tomorrow, and ensuring the future of our Organisation.

At the same time, we are equally keen to promote and reinforce the diversity of our partners and staff, throughout the Organisation and at every level of responsibility. We achieve this partly through geographic and cultural diversity, by recruiting and promoting to partner status the best talents, no matter what their nationality, and partly through striving for equality between men and women, with a notable increase in the number of female partners, who now represent 14% of the partnership, as opposed to 9% in 2007 and 12% in 2008.

Promoting diversity represents an important challenge for Mazars, in preparing for the future and continuing to develop as a truly multicultural group in a world where exchanges are multiplying and where borders are gradually dissolving. We believe that affirming our cultures will enable us, within a common framework, to offer the best service to our clients and the best opportunities for development to our staff.

Promoting diversity represents an important challenge for Mazars, in preparing for the future and continuing to develop as a truly multicultural group.

OUR COMMITMENT TO DIVERSITY

The Organisation decided to go forward in its policy on diversity. To define and put this policy in place in all the countries of the Group, a dedicated committee chaired by Philippe Castagnac, a member of the GEB, and comprised of representatives of about 10 countries, was set up. 2009 marks the launch of our first integrated action plan at Group level, in liaison with Group Human Resources and the Group Communication Departments. This plan focuses on three key themes: gender parity; the integration of new countries and cultures and the recruitment and development of the best talent. We will also be doing some awareness-raising of the policy, and the measurement of six key indicators will enable us to evaluate its impact every year.

MAZARS AS A RESPONSIBLE COMPANY: THREE EXEMPLARY INITIATIVES

Mazars lives out its founding values through numerous programmes of Social and Environmental Responsibility, running throughout the world. To maximise their impact, the Group decided to prioritise three key areas: responsibility for the environment, respect for individuals and cultural diversity and the support of entrepreneurial social initiatives *via* skills-based sponsorship.

(See also Mazars Responsibility Report in chapter 4)

The three programmes below, running in three different countries, are good examples. Mazars plans to develop more projects at Group level and to facilitate countries' initiatives around these key themes.

In Indonesia

Within the framework of an agreement with the NGO Conservation International, Mazars decided to get involved with saving the equatorial forest. The idea is simple: Conservation International performs an audit of all the paper consumed in our Jakarta office, who then compensate for the amount consumed by re-planting the equivalent number of new trees in the national park of Gunung Gede Pangrango.



"This initiative, founded on the consumer/re-planter principle, is a logical extension of our approach to responsibility and public service," explains James Kallman, Senior partner at Mazars, Indonesia. Mazars also worked pro bono for Conservation International, to develop this offer in a standardised form and so help the other companies.

In France



Mazars is involved with the "Nos quartiers ont des Talents*" campaign, launched by Yazid Chir, President of

MEDEF 93. This aims to help young graduates, mainly from areas where the more traditional recruitment circuits are absent, to find employment. In perfect keeping with Mazars' entrepreneurial spirit and belief in passing wisdom on, "Nos quartiers ont des Talents" also encourages the sponsorship and mentoring of individuals that is central to the culture of the Group. Mazars now has 32 male and female mentors. The first success happened barely a month into the project. One of our protégés being hired as a financial controller in a service company.

Skills-based sponsorship is an activity very close to our hearts. We are increasing the number of pro bono assignments we handle for organisations around the world, particularly those addressing social issues.

In South Africa

The Mazars office in Cape Town has been auditing on a pro bono basis for the non-profit organisation The Cape Town Ballet Company since 2006. The company's aims are to promote appreciation of dance throughout the local communities, regardless of their social background, and make culture accessible to as many people as possible. In 2009 alone, services provided to the Cape Town Ballet Company made 115,000 rand, more than 10,000 euros, and used the resources of four Mazars office staff.

*Our Neighbourhoods Have Talent

Portrait – Mazars' Talent

François Monville Indonesia



From Rouen in 1996 to Jakarta today, François Monville has built most of his career within the Mazars Group. He explains the reasons for his choice.

François Monville's career path looks like a mini tour of the world. Born in Normandy, as soon as he had completed his studies in 1996, he joined Mazars to spend two years in Dublin refining his knowledge and practice of the auditing profession. He returned to Paris in 2000 for another three years, and then left for Budapest to head up the Hungarian office, whose development activities he led until 2009. Just recently he has accepted another new challenge, managing the Indonesian offices, which joined the partnership last December, in close relationship with James Kallman, Senior Partner and founder of the firm.

Taking total ownership of projects and challenges

"At every stage of my career," François explains, "Mazars has given me the opportunity to take complete ownership of a project or a challenge". The Indonesian adventure is a perfect illustration of his point. "The GEB let me know well in advance of the deal on the table in Jakarta, and involved me in the due diligence that was part of it. I quickly went to meet James. As soon as I got back, I was able to express my enthusiasm for the

project. It was one of the conditions that were essential for carrying out the merger". For François, making people and their teams responsible is key to the Mazars identity. "For an investment decision to be taken, there has to exist some kind of chemistry between the individuals and the teams that will eventually be working together". Some are involved with integrating themselves into a new structure. Others commit to ensuring this integration takes place under the best possible conditions.

Being an entrepreneur too

Being absolutely frank about the situation, and not disguising any of the elements at stake constitutes an empowering way of putting the accent on the human, and making staff responsible in a very real way. For François, "This is how Mazars lives out its truly entrepreneurial approach. By inviting an individual to participate, to contribute directly to the building of a project, whether it is setting up a professional line, or developing an office. This is highly rewarding, and for me, absolutely indispensable. I would probably have given up auditing by now, if I had not also had this opportunity to be an entrepreneur."



To learn more:

http://annualreport.mazars.com/talents_en

08/09

TALENT AND
TRANSPARENCY

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FINANCIAL REPORT

GROUP EXECUTIVE BOARD REPORT

ON OPERATING AND FINANCIAL PERFORMANCE
DURING THE YEAR 2008/2009

REPORT OF THE GROUP EXECUTIVE BOARD

REPORT OF THE GROUP EXECUTIVE BOARD

The decision taken in 2004/2005 to prepare and publish an annual report, containing our consolidated financial statements prepared under IFRS and audited by two external auditors, today remains one of the defining features of our integrated global partnership. We are therefore pleased to present to you, as evidence of our commitment to transparency, the report on our business and earnings for the past fiscal year.

Sustained and significant growth over the past three years allowed us to consolidate our regional platforms...

The 2008/2009 fiscal year brings to a close the three-year period¹ designated by our constitution and mostly dedicated to the implementation of the Odyssey strategic plan adopted at the end of 2006. Any review of our activity during the 2008/2009 fiscal year should therefore take place within this framework. Despite the economic context which began to deteriorate 18 months ago, halfway through our development project, we deliberately chose to continue with the investment policy decided on at the end of 2006, so as to be fully prepared to respond to new market demand when the economic upturn occurs.

In the tense economic environment of 2008/2009, our business generated turnover of €773.6 million and grew, at constant exchange rates, by 6.4%; this is a very promising result even if our growth is less than in previous years (19% in 2006/2007 and 16% in 2007/2008). Due to exchange rate effects, and in particular the significant depreciation of the pound sterling over the course of the fiscal year (13%), our apparent revenue growth is only 3.9%. Although we have not fully met our budget objectives, we can still take pride in this result, in an environment in which our profession as a whole experienced a difficult year, particularly in Europe, with a significant drop in channel 2 non-audit work contracts and strong downward pressure on fees for statutory audit assignments.

Our revenues during the three-year period rose by €246.9 million at a constant rate of exchange, or by almost 47%. Growth is even greater in terms of people: On 31 August

2009, our Organisation comprised 556 partners and 10,758 professionals, compared with 335 partners and 5,309 professionals on 31 August 2006, a doubling of our workforce in three years. This progression arises both from organic growth in the countries within our 'historical' perimeter, and from the internal and external growth which has taken place in the "emerging" countries (Eastern and Central Europe, Asia, Latin America, Africa and the Middle East). In 2008/2009 this is expressed in a 19.6% overall increase in our average workforce, a higher rate of growth than for our turnover, as revenue per professional is significantly lower in emerging countries. The workforce in these latter regions accounts for more than 46% of the total today (41% without Western and Central Europe), compared with 15% on 31 August 2006 (10.6% without Western and Central Europe).

Workforce	2005/ 2006		2008/ 2009	
Europe and North America	4,798	85%	6 056	54%
Emerging countries (Western and Central Europe, Asia, Africa-Middle East, Latin America)	846	15%	5 258	46%
TOTAL	5 644		11 314	+100,5%

... and was the result of a balanced combination of organic and external growth...

The increase in our business during the fiscal year is due to a balanced blend of organic and external growth. Over the three-year period, 40% of growth in turnover was generated by the addition of new offices and 60% by organic growth. We should note that over thirty agreements were concluded during this period, allowing us to consolidate our geographic coverage and an integrated presence in 37 to 50 countries, and to build sizable operating platforms in Asia Pacific, Africa-Middle East

and Latin America, thus anchoring the development strategy that we defined in 2006 with the Odyssey project.

This year, four new countries were integrated into the Group: Botswana, Indonesia, Malaysia and Malta. The results for the fiscal year also included for the first time the impact of the significant agreements initiated in Brazil, Chile, Vietnam and South Africa.

At the start of 2010 our Organisation will be directly present in 55 countries, with close to 12,000 professionals. These figures include agreements which were conducted during the fiscal year, but only entered into effect on 1 September 2009 (in Canada, Belgium, the United Kingdom, Germany and France) as well as the agreements submitted for approval by the partners in December 2009 with regard to the integration of new firms (Algeria, South Korea, Uruguay, Mauritius), and finally with the operational launch of a new entity in Angola.

... even though some of our regions suffered the effects of a particularly difficult economic environment during the fiscal year...

While all the regions in which we do business registered growth, it is useful to take a closer look by country, as growth rates varied considerably from one location to another.

Thus, the effects of the recession are far more palpable in Europe, which accounts for 83.6% of our Organisation's turnover (compared with almost 95% at 31 August 2006), with growth of only 1.6%. Here again, it is important to highlight the nuanced situation, in which the large countries experienced little or no growth and other countries progressed at a faster rate than the group overall: Switzerland (+21.8%), Turkey (+16.3%), Luxembourg (+10.6%), Spain (+10%), Italy and Belgium (+7.9%) and the countries of Central and Eastern Europe (+8.3%).

Every other region in which we operate registered significant growth, with a special mention for Central and Latin America and for Africa, which grew respectively by 59.7% and 57%, and Asia, with a 33% rise in turnover.

Despite the continued slowdown of our markets and our own growth rates, satisfactory but still falling short of our initial objectives, we have continued during the fiscal year to prefer a long-term vision over a short-term approach of adapting the size of our teams. The young professionals who join our ranks each year, and whom we train in our professions, will be the Organisation's backbone in the years to come, and we must choose to reject any type of "stop and go" strategy. As a result, we did not fully achieve the standard gross margin rate (margin/cost of technical personnel) of around 55%, with our actual rate for the fiscal year at 51.7%, down by one point compared with the preceding year.

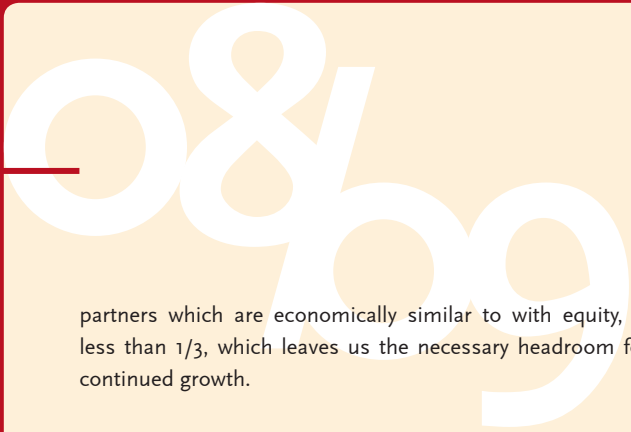
The relative share of general and administrative costs, which rose slightly to 32% of turnover, combined with the drop in gross margin rate, are reflected in the distributed surplus² which measures 18.9% of turnover, a loss of almost one point compared with the previous fiscal year. Here again, a more detailed analysis distinguishes the countries with an operating surplus ratio that is significantly higher than the group average, such as South Africa and France, from those countries in which the fiscal year was more challenging, such as the United Kingdom and the Netherlands.

... without, however, any major impact on our financial situation, which is undergoing consolidation.

The working capital requirement has improved slightly, to €109.1 million (14% of turnover) compared with €111.9 million (15.4% of turnover) during the previous fiscal year. This is the result of voluntary policy efforts within the different countries aimed at improving billing and debt collection.

Financing by the partners remains stable at a ratio of 21.6% of turnover, and our net debt has decreased to 6.3% of turnover, compared with 7.5% the previous year. Our Organisation's financial structure is healthy, with financing costs at less than 0.4% of turnover, compared with 0.8% in 2007/2008. The ratio of net debt to equity, including the debts owed by

² earnings before any form of remuneration of partners.



partners which are economically similar to with equity, is less than 1/3, which leaves us the necessary headroom for continued growth.

Our international lines are being consolidated ...

Our business is segmented according to:

- **type of client:** PIE (Public Interest Entities) and OMB (Owner Managed Business) and
- **service offering:** TAX (fiscal advisory services) and LAW (legal advisory services).

The organisation of our business in four international lines remains almost identical to that of the previous year, with an even balance between OMB and PIE.

In M€, at constant exchange rates	2007/ 2008		2008/ 2009	
PIE	314.6	43%	329.1	43%
OMB	306.6	42%	330.8	43%
TAX	91.8	13%	96.3	12%
LAW	14.9	2%	17.4	2%
TOTAL	727.9	100%	773.6	100%

PIE business grew by 4.6% at constant exchange rates, including 0.9% in external growth. We now have more than 450 audit appointments for listed companies, of which 280 are in Europe where we are the fifth-ranking audit firm in this niche, a 28.6% increase in the number of appointments. The same is true in France, where we also occupy fifth place with 160 mandates (including 13 with CAC 40 companies)

and where those mandates due to expire during the past year were all renewed. We are honoured by the trust placed in us by a number of major French clients, a continuation of the positive trends of the past years.

Over the past three fiscal years, we should also point out the strong growth (+67%) in transnational contracts, and especially the increased share of these contracts which did not originate in France. This latter group account for almost 20% of the total today, whereas their number was negligible at the end of 2006. This is the concrete expression of the success and relevancy of our strategic analysis in terms of geographic coverage, with sources of growth now found to a large extent at a global level.

In the OMB segment, turnover rose by 7.9% at constant exchange rates, arising mainly from external growth accounting for 5.3%, with cumulative growth of 47% over the three-year period. Average organic growth over the past three fiscal years has reached almost 6.5% annually, but it should be noted that the situation is more difficult in mature countries, particularly in Europe, which weighed heavily on profitability for our historically strong entities in this area, such as the Netherlands and the United Kingdom. In terms of growth, the 2008/2009 fiscal year witnessed the successful implementation of enhanced business models in France and the Netherlands, with significant expected growth of profitability for this international line. The implementation by member entities of the economic models defined by the Odyssey Project should ultimately lead to a three to five point increase in profitability. Finally, a new partnership blueprint was applied for the first time, taking effect on 1 September 2009 in France with a view to developing our presence in the regions.

For fiscal advisory services offered within the international TAX line, turnover increased by 4.9% over the fiscal year at constant exchange rates, and growth over the three-year period was strong at 81%, but overall earnings of €96.3 million remain weak compared with our growth margins in this sector.

The LAW international line, whose business is carried out mainly under the Marccus Partners label by almost 150 business law attorneys, generated turnover of €17.4 million, a 16% increase over the fiscal year at constant exchange rates. The gross margin rate for this business is 55.5%, compared with a rate of between 51% and 52% for the other international lines.

... in close collaboration with our national entities in charge of management and local development.

Although it has played host to some solid commercial successes, **France** has also been impacted by the combined effects of downward pressure on fees and a significant drop in channel 2 contracts, due in particular to a lack of significant mergers and acquisitions activity. Turnover is stable at +0.4%, with 2.7% growth for OMB, a 1.9% decrease for PIE, and a 33.8% rise in TAX and LAW business. Regarding PIE activity, we should note that this performance is better than that observed on the French market strictly speaking, and doesn't directly reflect the increased contribution by French teams to the other Group entities due to growth of our major clients outside France, including in emerging markets. For the OMB segment, the modernisation of the service offering and organisational structure continues to be implemented and is beginning to bear fruit. For the country overall, despite stable earnings, profitability has improved thanks in particular to a careful remuneration management policy and close monitoring of overhead costs. Our staff structure has been maintained in order to meet our clients' expectations, particularly as the economic upturn becomes stronger. In the regions, the continued implementation of differentiated economic models by business line is beginning to show results.

In the **United Kingdom**, while results were almost maintained in this country's particularly weak economy, the cost of necessary adjustments, quickly implemented, weighed heavily on the year's profits with profitability down at a rate identical to that of the decrease in turnover (-3.1% at constant rates of exchange).

The **Netherlands** registered 4.9% growth, of which 3.9% was generated by the merger with Nimègue in April 2008. Organic growth of only 1% and the decreasing surplus ratio highlights the importance of the in-depth renewal approach undertaken.

The share of our business in these three main countries continues to decrease, as planned in our strategic objectives for greater globalisation, and now lies below the symbolic threshold of 60% due to the continued rise of emerging countries, where the economic environment was less difficult. It fell from 64% to 59.9%, or 4.1 points with gains for the most part in Africa, the Middle East, Latin America and Asia.

In **Germany**, integration of the audit, tax and legal advisory services, following the 2007 merger, continued with the financial and managerial support of our international organisation. The economic context, combined with the difficulties inherent in any merger of this dimension, prevented the expected return to profit this year, despite a three point rise in profitability, as turnover decreased by 4.5%. Last July, we merged with a respected group of attorneys in Cologne, who joined our Düsseldorf team on 1 September 2009, thus consolidating the LAW international line in this country.

In **Italy**, we continued our growth in this market with a 7.8% increase in turnover.

In **Spain**, which along with Ireland is one of the two European countries most strongly impacted by the economic recession, we performed well, with 10% growth in turnover thanks, in particular, to significant international channel 2 contracts.

In **Ireland**, after an excellent fiscal year 2007/2008 with turnover up by 14.9%, fiscal year 2008/2009 was marked by the abrupt turnaround of the Irish economy. As a result, our business shrank by 9.9%, returning to a level slightly higher than that of 2006/2007. The implementation of necessary measures, particularly in the area of remuneration policy adjustments, allowed us to limit the drop in profitability to a single point.



In the other countries of **Western Europe**, a merger in Belgium took effect on 1 September 2009 that allowed us to consolidate our expertise in the banking and insurance sectors. Following 9.5% growth last year, business in Belgium has continued to expand, with growth of 7.9% over the fiscal year. Three other countries experienced very positive growth trends: **Luxembourg** (+10.6%), **Switzerland** (+21.8%) and **Turkey** (+16.3%). Our partnership in Sweden registered 37.2% growth in turnover at constant rates of exchange. Finally, business in **Portugal** held steady compared with the previous year. Our Portuguese partners are also finalising our entry into **Angola** in partnership with two local professionals. Due to be fully implemented by the start of 2010, this new initiative will allow us to serve our major clients, particularly European and Brazilian, in Portuguese-speaking Africa. We can draw attention to a promising start for this new entity, which has been just awarded the audit contract for this country's largest insurance company thanks to the involvement of a Portuguese-Brazilian team, thus demonstrating our ability to mobilise across borders.

As in the previous year, **Central and Eastern Europe** brought in good results, with overall growth of 8.3%, higher than the group as a whole, but slower than the excellent growth registered last year (+40%): **Austria** +8.2%, **Poland** +6%, **Czech Republic** +3.1%, **Romania** +26.7%, **Russia** +21.7%, and **Ukraine** +186.6%. For two entities, **Hungary** and **Slovakia**, business held steady at constant rates of exchange, despite the strong recession in their countries, a performance that deserves special mention.

In **North America**, our entity in French-speaking **Canada**, which joined us at the beginning of 2008, has pursued the major merger laid out in our strategic plan with the Harel Drouin firm in Montreal, a merger which took effect on 1 September 2009. With an ability to audit publicly traded companies and numbering 100 professionals, this firm now serves Eastern Canada from Montreal, particularly Quebec and Ontario. This consolidated presence in the French-speaking regions will be able to facilitate later growth in Anglophone Canada. Meanwhile, our partnership business on the East and West Coasts of the **United States**, with the Praxity member firms, has grown by 8% at constant exchange rates.

Our operations in **Latin America** now include for the first time the major mergers completed in Brazil and Chile. Following the merger in **Chile** with the Jeria & Asociados firm, we are now the fifth-ranking firm in the market and have more than doubled our business with 200 professionals. In **Brazil**, we integrated the Performance firm's activities for the first time this year and, with more than 500 professionals, we have doubled the volume of our business at constant exchange rates. In **Argentina**, turnover grew by 38%. Turnover in **Venezuela** dropped 22% at constant exchange rates, in an environment of runaway inflation.

In **Africa**, the fiscal year that just ended witnessed the integration of five agencies which joined the integrated partnership in **South Africa**. With almost 800 professionals working from seven offices, South Africa registered turnover of almost €22 million and serves as the advance base for our growth in the region. This entity supervised the integration this year of **Botswana**, where 110 professionals serve a mostly OMB clientele.

In francophone Africa, we maintained our turnover in **Ivory Coast** despite a challenging environment, and developed our business in **Cameroon** (+27.4%) where we could also rely on our office in **Benin**. **Senegal** (50 people) registered 33% growth. **Morocco** maintained steady growth (+10.9%). With more than 100 professionals, **Tunisia** grew turnover by 17%. We should point out that in the framework of the push created in Middle East North Africa (MENA) by periodic meetings of the region's executive team, Tunisia just won a call for tender presented jointly with the French and Moroccan entities for a major telecom operator in the country. In **Madagascar**, where we employ nearly 100 people, and despite an unstable economic and political situation, turnover grew by almost 39%.

In the **Middle East**, we continued to implement our regional platform through local correspondent agreements between Mazars Middle East LLP and firms in Jordan, Kuwait, Palestine and Qatar. Our 400 professionals in **Egypt** contributed to growth of more than 47%. In the **UAE**, our business expanded by more than 20%. In Lebanon, following political stabilisation and an economy which was relatively untouched by the global financial crisis, turnover also grew by almost 40%. The strengthening of our organisation in **Lebanon** should also ensure sustained growth in the coming years.

In **Asia**, the year witnessed the integration of new entities in **Malaysia** and **Indonesia** and a significant merger in **Vietnam**: growth of 33% was recorded.

After a high-growth year in 2007/2008 in **Continental China**, fiscal year 2008/2009 was particularly disappointing, with 4.7% growth in turnover which was less than anticipated and led to unsatisfactory financial results with no profit resulting. Necessary restructuring measures were implemented, and should bear fruit during 2009/2010. In contrast, our **Hong Kong** entity registered growth of 8,8% with profitability up by almost four points. Our business in **India** grew robustly (+47%). We serve major international clients in this country, from our main bases in New Delhi and Mumbai, with almost 400 professionals. The effects of the merger with the STT firm more than doubled our business in Vietnam during the fiscal year. In **Thailand**, turnover rose almost 10%. Finally, in **Japan**, although our presence remains too sparse, turnover grew by almost 9%.

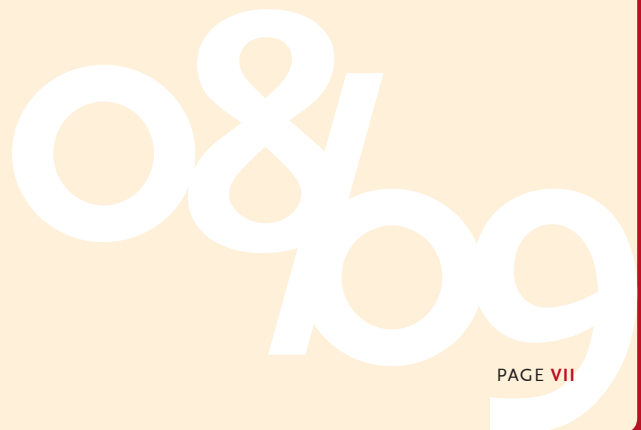
Reaffirmed ambitions for 2009/2010

Overall, we can give a positive review to our performance in 2008/2009, and celebrate very satisfactory results for the three-year period. This is a further indication, if any were needed, of the resilience and relevance of our international integrated partnership model, which allows us to unite in harmony the diverse cultures of our 'historical' countries with those of the countries which joined us more recently, and this in spite of the uncertainties of the current economy.

We remain fully convinced that our model with its commitment to transparency is more than ever appreciated by the different players in our environment; companies, regulatory authorities, and markets as a whole. We are determined to continue our expansion along this path, and have created a reasonably ambitious budget for 2009/2010, with projected growth of almost 6% and a significant improvement in our profitability. We are certain that the Association as a whole will be able to meet these challenges with success.



On the behalf of the Group Executive Board



FINANCIAL REPORT

FINANCIAL STATEMENTS ON THE BASIS OF IFRS

FOR THE YEAR ENDED 31 AUGUST 2009
& INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

ON THE BASIS OF IFRS

Financial statements on the basis of IFRS

For the year ended 31 August 2009

In thousands of euros

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CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT

<i>In thousand of euros</i>			
	Notes	2008/2009	2007/2008
Turnover	4	773,588	745,314
Cost of technical staff	5	-373,984	-352,182
Gross margin		399,604	393 132
Cost of administrative staff		-62,650	-58,457
Other costs	6	-167,559	-158,776
Depreciation and provisions	8, 9 and 11	-18,018	-20,534
Operating surplus		151,377	155,365
Amortisation of client relations and write-down of goodwill	8	-1,652	-2,373
Financing costs		-3,150	-5,864
Results of discontinued operations			
Surplus before partners' compensation		146,575	147,128
Partners' compensation	21.2	-146,532	-147,028
Result before tax		43	100
Tax	14	-40	-76
Result after tax		3	24
Result per share (in €)			
- before dilution		0.04	0.29
- after dilution		0.04	0.29

CONSOLIDATED BALANCE SHEET

ASSETS

In thousand of euros

	Notes	August 31, 09	August 31, 08
Non-current assets			
Intangible assets	8	59,930	59,790
Property, plant and equipment	9	34,805	37,058
Other non-current assets		8,065	8,869
Total Non-current assets		102,800	105,717
Current assets			
Client debtors and work in progress	10	234,064	245,448
Other current assets		52,437	44,940
Cash and cash equivalents		40,353	33,475
Total Current assets		326,854	323,863
TOTAL ASSETS		429,654	429,580

CONSOLIDATED BALANCE SHEET

LIABILITIES

<i>In thousand of euros</i>			
	Notes	August 31, 09	August 31, 08
Shareholders' funds		391	377
Non-current and current debts due to partners			
Non-current portion	21.1	95,391	93,771
Current portion	21.1	67,704	67,528
Total Current and non-current debts due to partners		163,095	161,299
Other non-currents debts			
Long-term borrowings (over one year)	12	40,093	46,460
Long-term provisions	11	7,856	10,193
Total Other non-current debts		47,949	56,653
Other current debts			
Long-term borrowings (up to one year)	12	18,656	17,710
Current bank borrowings		30,030	25,222
Trade and other payables	13	163,112	162,148
Current provisions	11	6,421	6,171
Total Other current debts		218,219	211,251
TOTAL LIABILITIES		429,654	429,580

CONSOLIDATED CASHFLOW STATEMENT

CONSOLIDATED CASHFLOW STATEMENT

In thousand of euros

	2008/2009	2007/2008
I- OPERATING ACTIVITIES		
NET RESULT	3	24
Adjustments for: Depreciation, amortisation and provisions	15,707	16,221
Gains on disposals of property, plant and equipment	832	169
SELF-FINANCING CAPACITY	16,542	16,414
Change in current assets	1,366	-21,194
Change in current liabilities	-439	11,282
Change in current debts due to partners	176	-8,013
CHANGE IN WORKING CAPITAL REQUIREMENT	1,103	-17,926
NET CASH GENERATED FROM OPERATING ACTIVITIES	17,645	-1,512
II- INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	-13,130	-27,671
Proceeds from disposal of property, plant and equipment and intangible assets	1,952	1,343
Change in financial assets	835	2,430
Net cash flow on acquisition and disposal of subsidiaries	612	-2,018
NET CASH USED IN INVESTING ACTIVITIES	-9,730	-25,916
III- FINANCING ACTIVITIES		
Change in non-current debts due to partners	857	2,594
Increase in capital	11	26
Repayments of borrowings	-6,163	10,483
NET CASH FROM FINANCING ACTIVITIES	-5,295	13,103
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,620	-14,325
Effect of foreign exchange rate changes	-550	453
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,253	22,125
CASH AND CASH EQUIVALENTS AT END OF YEAR	10,323	8,253

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousand of euros</i>		
	2008/2009	2007/2008
Shareholders' funds at the beginning of the year	377	310
(of which share capital)	(207)	(164)
(of which reserves)	(170)	(146)
Increase in capital	11	43
Result for the year	3	24
Shareholders' funds at the end of the year	391	377
(of which share capital)	(218)	(207)
(of which reserves)	(173)	(170)
NUMBER OF SHARES, OF 2.5 EUROS EACH, IN ISSUE AT THE YEAR END	87,278	82,993

2-NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Basis of preparation

The financial statements together with the attached notes for the year ended August 31, 2009 are drawn up in accordance with the IFRS policies. The financial statements have been established by the Group Executive Board and submitted for review to the Group Governance Council on November 12, 2009. They will be submitted to the approval of the General Assembly on December 5, 2009.

Note 2: Accounting policies

• Currency used for the consolidated financial statements

These consolidated financial statements have been prepared in euros and 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 usual 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 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 the 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 the 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 the 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.

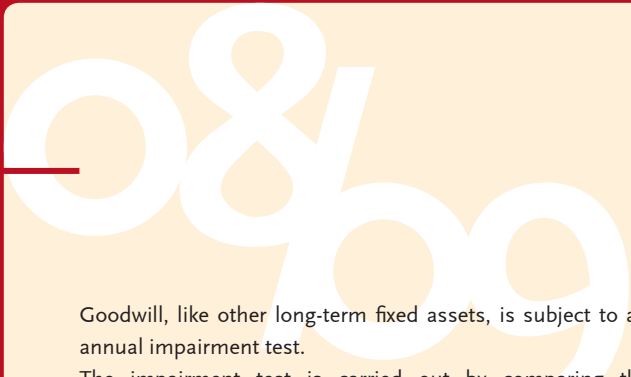
• Business combinations and goodwill

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 considerations, 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 between 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 2008/2009, the Mazars organisation has benefited from commitment of shares from acquisitions/disposals held of third 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 payables in the “trade and other payables” 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); and,
- > 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 section in particular) and portfolios of client relations. The fair value of “Client relations ” is calculated by reference to the expected cash flow from these contracts, mandates and portfolios over their respective durations, discounted at a rate determined by the expected rate of return on share capital, weighted according to the organisation’s financing structure. Client relations are amortised over their estimated average lives on a straight-line basis.

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

• Property, plant and equipment

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

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

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

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

• Leases

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

Leases for which the owner does not transfer the majority of the risks and advantages related to the ownership of the asset are treated as operating leases. Lease payments under these contracts are recognised under “Other costs” in the income statement. Commitments under non-cancellable operating leases are shown in note 19 to the financial statements.

• Client debtors and work in progress

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

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

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

• Financial instruments

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

The main instruments held or issued are:

- > cash and cash equivalents;
- > funding provided by the partners;
- > short- or medium – term bank loans.

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

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

• Exchange rate risk management

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

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

• Cash and cash equivalents

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

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

• Provisions

A provision is recognised in the accounts when:

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

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

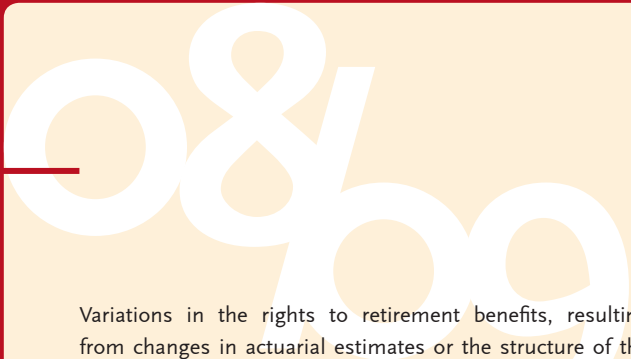
• Retirement benefits (partners and non-partners)

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

The calculation of the provision for pension payments is made according to the projected unit credit actuarial method.

The valuation takes into account:

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



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

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

The countries with a defined benefit scheme are listed below:

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

• Turnover

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

• Corporation tax

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

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

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

• Segment reporting

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

- > Public Interest Entities (PIE). This covers audit, account certification, and advisory services primarily for listed companies;
- > Owner Managed Businesse (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 by activity sector stemming directly from the organisational structure and internal reporting in accordance with the IFRS 8 standards.

Note 3: Scope of consolidation

In addition to the consolidating entity, the consolidation perimeter includes 49 operational entities and two joint ventures from 51 countries.

The main contributing entities are shown in the table below:

COUNTRIES	SCOPE OF CONSOLIDATION 2008/2009
Consolidating entity	
Belgium	Mazars SCRL Avenue Marcel Thiry 77 - box 4 - B-1200 Bruxelles
Operating entities	
France	Mazars 61 Rue Henri Regnault - 92075 Paris La Défense
Netherlands	Mazars Paardekooper Hoffmann NV Mazars building - Rivium Promenade 200 2909 LM Capelle a/d IJssel P.O box 23123 3001 KC Rotterdam
United Kingdom	Mazars LLP Tower Bridge House - St Katharine's Way - E1W 1DD London
Spain	Mazars Auditores Se Arago, 271 08007 - Barcelona
Germany	Mazars Gmbh / Mazars Hemmelrath Rennbahnstrasse 72-74 - 60528 Frankfurt
Ireland	Mazars Block 3 - Harcourt Centre - Harcourt Road - Dublin 2
Italy	Mazars Spa Corso di Porta Vigentina, 35 - 20122 Milano
South Africa	Mazars 27 th floor - 1 Thibault Square - Long Street - 8001 - Cape Town
Other European Union countries	12 countries
Rest of the World	Europe (4), North America (2), Central and Latin America (5), Asia Pacific (8), Africa and the Middle East (12)

Newly added turnover comes from 4 different countries: Malta, Indonesia, Malaysia and Botswana.

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

Furthermore, external growth operations took place in Brazil, Chile, Vietnam and in South Africa.

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



Note 4: Turnover

	2008/2009	2007/2008
Fee notes rendered	803,470	770,681
Re-billable costs	-29,822	-29,643
Change in work in progress	-60	4,275
TOTAL	773,588	745,314

The turnover for 2007/2008 converted to a yearly average rate should have been K€ 727,151. Consequently turnover at constant exchange rates should have increased by 6,4% in 2008/2009.

Note 5: Cost of Technical Staff

	2008/2009	2007/2008
Personnel costs	354,766	336,532
Sub-contractors' costs	19,218	15,650
TOTAL	373,984	352,182

Note 6: Other costs

	2008/2009	2007/2008
General expenses		
Property costs	54,198	52,940
Tax, insurance and professional charges	19,393	21,045
General services	26,707	25,928
Other	65,901	58,362
Sub total	166,199	158,276
Exceptional costs	1,360	500
TOTAL	167,559	158,776

The increase in the line "Other" results from:

- > K€ 3,818 in costs relating to entries into the perimeter, and taking into account 12 months of general expenses from new entities last year;
- > the pursuit of integrated development projects in information systems.

"Exceptional costs" in 2008/2009 show restructuring costs amounting to K€ 1,360.

Note 7: Segment reporting

• Presentation by International service line:

Mazars is operationally structured by international lines purely, for two of them, in terms of their customer type (PIE, OMB) and, for two others, in terms of their business services (TAX, LAW).

The organisation decided to present the information by sectors in line with the IFRS 8 standards from 2008/2009 year-end onwards. The presentation by geographical zones has been taken out because of non relevant information. Only data directly issued from the organisational structure and internal reporting is used to present the segment reporting. Datas from 2007/2008 have been reviewed also to provide a comparative view with 2008/2009.

• BALANCE SHEET:

	August 31, 09			August 31, 08		
	Client debtors	Work in progress	TOTAL	Client debtors	Work in progress	TOTAL
PIE	88,406	16,466	104,872	88,135	22,003	110,139
OMB	75,341	20,968	96,308	82,720	20,017	102,736
TAX	17,653	8,455	26,108	17,990	8,205	26,195
LAW	5,302	1,473	6,775	5,242	1,136	6,378
TOTAL	186,702	47,362	234,064	194,087	51,361	245,448

• INCOME STATEMENT:

	2008/2009			2007/2008		
	Turnover	Cost of Technical Staff	GROSS MARGIN	Turnover	Cost of Technical Staff	GROSS MARGIN
PIE	329,060	-158,247	170,813	319,320	-150,668	168,652
OMB	330,809	-161,213	169,596	314,686	-149,775	164,911
TAX	96,333	-46,779	49,554	96,307	-45,414	50,893
LAW	17,387	-7,745	9,641	15,001	-6,324	8,677
TOTAL	773,588	-373,984	399,604	745,314	-352,182	393,132

Note 8: Intangible assets

	Net Value August 31, 09	Net Value August 31, 08
Client Relations		
Denmark	1,444	
France	2,254	2,325
Hungary	76	154
Netherlands	1,984	2,523
Singapore	1,741	1,916
United Kingdom	4,673	5,876
Other	102	102
SUB TOTAL CLIENT RELATIONS	12,274	12,896
Goodwills		
Botswana	1,111	
Canada	256	261
Denmark		1,372
Egypt	634	630
France	18,683	18,662
Germany	4,105	3,840
Hong Kong	1,014	976
Hungary	310	356
Ireland	829	880
Netherlands	3,591	3,654
Singapore	1,756	1,736
Thailand	646	621
United Kingdom	5,850	6,598
Other	222	291
SUB TOTAL GOODWILLS	39,007	39,877
Total Client Relations and Goodwills	51,281	52,773
Other intangible assets	8,649	7,017
TOTAL	59,930	59,790

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

	Client relations	Goodwill	TOTAL
Acquisitions/ Disposals	510	1,958	2,468
Write-downs	-575	-1,133	-1,708
Exchange variation	-545	-530	-1,075
Definitive allocation	1 676	-1,200	476
Sub total	1 066	-905	161
Amortization	-1 688		-1,688
Depreciation		36	36
Sub total	-1,688	36	-1,652
NET VALUE	-622	869	-1,491

The amount appearing on "Definitive allocation" relates to Denmark: goodwill has been reclassified as client relations. The acquisitions relate mainly to Botswana, new entry in the perimeter.

Write-downs have mainly been carried out in France.

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 eqpt.	Furniture and office equipment	TOTAL
Cost at the beginning of the year - 1 September 2008	33,719	6,893	48,519	89,131
Acquisitions	3,703	1,794	6,208	11,706
Disposals	-2,190	-1,688	-3,714	-7,593
Change in scope of consolidation	2,214	-272	-3,394	-1,452
Cost at the end of the year - 31 August 2009	37,446	6,727	47,619	91,792
Depreciation at the beginning of the year - 1 September 2008	-18,519	-2,863	-30,690	-52,073
Charge and impairment loss for year	-4,102	-1,201	-6,738	-12,041
Reversal of depreciation on disposals	2,016	909	3,618	6,544
Change in scope of consolidation	-906	83	1,407	584
Depreciation at the end of the year - 31 August 2009	-21,511	-3,072	-32,404	-56,987
Net book value - 1 September 2008	15,199	4,030	17,829	37,058
Net book value - 31 August 2009	15,935	3,655	15,215	34,805

Further to a review of the “Other tangible Assets”, a reclassification has been operated for a gross amount of - K€ 4,315 corresponding to software bought by the Netherlands with, in return, a reclassification in “Other Intangibles”.

Note 10: Client debtors and work in progress

	August 31, 09	August 31, 08
Client debtors net of provisions	186,702	194,087
Work in progress net of payments on account	47,362	51,361
TOTAL	234,064	245,448



Note 11: Provisions

	August 31, 08	Reclassification/Changes to scope of consolidation	Additional provisions made in the year	Utilization of provisions	Unused amounts reversed	August 31, 09
Professional risks	2,418	472	975	-382	-561	2,922
Retirement benefits liabilities (excl. Partners)	4,783	75	682	-679	-38	4,823
Vacant properties	2,977	-190	538	-1,165	-425	1,735
Other	6,186	-600	1,826	-2,002	-613	4,797
TOTAL	16,364	-243	4,021	-4,228	-1,637	14,277

	Portion up to one year	Portion over one year	TOTAL
Professional risks	1,425	1,497	2,922
Retirement benefits liabilities (excl. Partners)	555	4,268	4,823
Vacant properties	1,073	662	1,735
Other	3,368	1,429	4,797
TOTAL	6 421	7 856	14 277

The provision for vacant properties on the 31 August 2009 mainly concern two countries: Netherlands (K€ 255) and United Kingdom (K€ 1,306).

The significant variation of the provisions is related to the line "Other" including provision for covering specific economic risks (Ivory coast) and litigation costs relating to staff.

• Actuarial estimates and calculations

Actuarial estimates as of August 31, 2009 for each of the schemes in Note 2, "accounting principles and methods", are as follow:

	discount rate	Expected rate of return on plan assets
France	4,00%	NA
United Kingdom	5,70%	5,20%
Germany	5,50%	5,00%
Turkey	12,00%	NA
Ivory Coast	6,50%	NA
India	8,50%	8,00%

	Using the corridor				
	August 31, 05	August 31, 06	August 31, 07	August 31, 08	August 31, 09
Retirement benefits provisions at the beginning of the period	3,201	3,444	3,272	4,259	4,775
Total cost for the financial year	503	786	437	588	608
Retirement benefits paid	-260	-958	-255	-72	-623
Retirement benefits provisions at the end of the period	3,444	3,272	3,454	4 775	4,760
Reconciliation with provisions recognised in the consolidated income statements:					
Total of entitlements recalculated under IAS 19	3,444	3,272	3,454	4,775	4,760
- portion of provision pertaining to certain partners (*)	-1,131	-1,233	-1,284	-2,090	-2,279
+ recognised assets (**)	129	688	909	722	986
SUB-TOTAL RETIREMENT BENEFITS PROVISIONS TO BE RECOGNISED IN THE ACCOUNTS	2,442	2,727	3,079	3,407	3,467
Retirement benefits provisions recognised in the statutory accounts (***)	1,255	1,580	1,776	1,376	1,356
TOTAL RETIREMENT BENEFITS PROVISIONS EXCL. PARTNERS	3,697	4,307	4,855	4,783	4,823

(*) provision included under Non-current and current debts due to partners

(**) included under Other payables

(***) provision in accordance with IAS 19

Note 12: Long term borrowings

	August 31, 09	August 31, 08
Long-term borrowings:		
less than one year	18,656	17,710
over one and less than five years	30,040	43,675
over five years	10,052	2,785
SUB-TOTAL OVER ONE YEAR	40,093	46,460
Current bank borrowings:	30,030	25,222
TOTAL	88,778	89,392

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

Part of this debt (K€ 10,000) was a hedge on the risk of variation in a benchmark rate index (EURIBOR 3 months) below 3.90% and above 5%. Testing the long term efficiency of this hedge led to a loss of K€ 4 and an adjustment of the net position of K€ -272.

Note 13: Trade and other payables

	August 31, 09	August 31, 08
Trade and other payables	81,592	74,458
Social charges	40,862	45,517
Tax payable	40,658	42,173
TOTAL	163,112	162,148

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

consolidated entities. As at August 31, 2009, this debt amounts to K€ 5,406.

Note 14: Corporation tax

The tax payable breaks down as follows:

Tax payable	2008/2009	2007/2008
partners ("partners' compensation")	7,329	6,735
The entities ("Other costs")	942	896
Mazars Scrl	40	76
TOTAL	8,311	7,707

The amount of deferred tax is as follows:

Deferred tax	2008/2009	2007/2008
Deferred tax asset	7,256	7,493
Deferred tax liability	1,025	1,587
TOTAL	6,231	5,906

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

Note 15: Contingent liabilities

There were no contingent liabilities as of August 31, 2009 or 2008.

Note 16: Auditors' Fees

For the year ended August 31, 2009, the auditors' fees can be broken down as follows:

	2008/2009	2007/2008
BDO member firms	352	261
Crowe Horwath International member firms	462	611
Other	396	321
TOTAL	1,210	1,193

The auditors BDO International and Horwath have not provided any service to Mazars Scrl 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 Scrl and the nine members of the Governance Council amounted at K€ 6,884 for the period 2008/2009. This was either paid during the year, or constitutes a current liability.

Note 18: Personnel

Average numbers (*)	2008/2009	2007/2008
Partners	556	481
Technical staff	9,025	7,439
Administrative staff	1,733	1,539
TOTAL	11,314	9,459

(*) In full time equivalents

Note 19: Commitments

	August 31, 2009	August 31, 2008
Non-cancellable lease commitments:		
Less than one year	38,784	39,965
Over one and less than 5 years	102,644	114,559
Over 5 years	56,420	60,285
SUB-TOTAL	197,848	214,808
Amounts receivable from non-cancellable sub-letting contracts	5,566	5,980

Note 20: Post balance sheet events

There are no significant post-balance sheet events that need to be reported for 2008/2009 which may have had an impact on annual figures.

Nevertheless, to be mentioned: a Canadian entity will enter the Mazars organisational perimeter from September 1st, 2009 onwards, with 12 partners, a fee income of K€ 5,000 and 57 employees.

Two mergers in Germany and in Belgium led to the cooptation of 2 new partners in each country and to the integration of a K€ 2,500 fee income in one country and K€ 1,500 in the other one.

Finally, in France, a merger with regional firms took place with effect from September 1st, 2009, bringing on board a fee income of K€ 9,500.



Note 21: Financing and compensation of partners

• 21.1: Non-current and current debts due to partners

	August 31, 09	August 31, 08
Non-current debts:		
Permanent financing	81,097	79,552
Provisions for retirement benefits	9,266	8,866
Bond issues	11,259	11,259
Deferred tax	-6,231	-5,906
SOUS-TOTAL	95,391	93,771
Current debts:		
Deferred compensation	67,704	67,528
TOTAL	163,095	161,299

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 association in France and for the remaining part experienced managers.

• 21.2: Partners' compensation

	2008/2009	2007/2008
Dividends	24,030	21,175
Tax paid and payable by partners	7,329	6,735
Salary and social charges	67,576	60,581
Fees and partnership profits	47,597	58,537
TOTAL	146,532	147,028

Note 22: Incidence of entities entering the scope of consolidation

	Botswana	Brazil	Indonesia	Malaysia	Malta	Other	TOTAL
Merger date	Sept-1-08	Sept-1-08	Jan-1-09	Sept-1-08	Sept-1-08		
Personnel numbers (*)							
Partners	4,0	4,0	1,0	3,0	3,0	0,0	15,0
Technical staff	102,0	134,0	263,0	133,0	16,0	77,0	725,0
Administrative staff	4,0	15,0	33,0	18,0	1,0	8,0	79,0
Total	110,0	153,0	297,0	154,0	20,0	85,0	819,0
Consolidated income statement							
Turnover	1,716	4,561	3,377	2,204	670	1,177	13,705
Operating surplus (**)	692	1,412	590	374	279	-10	3,337
Assets							
Total Non-current assets	1,214	187	71	92	194	26	1,783
Total Current assets	968	682	2,054	835	543	581	5,663
Total	2,182	869	2,125	927	737	606	7,445
Liabilities							
Non-current and current debts due to partners (***)	824	343	1,446	368	333	69	3 384
Other non-current debts	710	0	20	0	94	187	1,011
Other current debts	282	526	1,175	591	269	351	3,194
TOTAL	1,816	869	2 641	960	696	606	7,589

(*) in full-time equivalents

(**) After Organisation's contribution

(***) Before Organisation's contribution

In the absence of finalised accounts at August 31, 2008 for certain entities concerned, 12 months pro-forma information could not be produced. The profit and loss account therefore reflects the impact of new entries into the perimeter for the 2008/2009 financial year, from the date of their integration.



INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2009

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 2009. 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 the entities that form the Mazars organization as at 31 August 2009, 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, 17 November 2009



BDO Atrio
Auditors/Accountants/Advisors

BDO Atrio Réviseurs d'Entreprises

André Killesse
Belgium



Horwath Clark Whitehill LLP

Stephen Gale
United Kingdom

GROUP TRANSPARENCY REPORT

2008/2009

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INTRODUCTION

MAZARS, A TRANSPARENCY PIONEER

The Mazars Group is proud to present its transparency report as at August 31, 2009.

The Mazars Group is a leading international, integrated and independent organisation specialising in audit, accounting, tax, legal and advisory services.

As of August 31, 2009, which is the end of our last financial year, Mazars had offices in 50 countries across five continents and a workforce of 11,314 partners and professional staff. Our consolidated turnover was €773,6 M, registering an increase of 6% (at constant exchange rates) compared with the previous year's activity.

For the last few years, Mazars has been growing rapidly and its workforce has more than doubled in 3 years. Our growth model is based on Quality, Responsibility, Integrity and Independence. These are part of our founding values, what we call our "Mazars DNA".

Mazars has been a pioneer of transparency for many years now:

- in 2005, Mazars published its first group annual report, which included consolidated financial statements audited by two independent auditors,
- since 2006 we have inserted the transparency information (our compliance table) into our annual report as requested by the European statutory audit directive on the legal control of annual consolidated accounts,
- and this year, in addition to the individual country transparency reports, we published a group transparency report within our 2008/2009¹ annual report. We also recommend that all Mazars countries which are not legally bound to do so, also publish their own country transparency report on a voluntarily basis.

Consequently, information about our organisation is now available, in complete transparency, both at group and at country levels.

We hope that our stakeholders and the marketplace will gain a better understanding of who we are, as we believe that knowing each other is the key to successful professional relationships.

November 2009



Patrick de Cambourg,
Chairman of the Group Executive Board

¹ available on www.mazars.com and www.mazars.eu

THE MAZARS GROUP

Since 1995, Mazars has been building a completely original form of integrated partnership that remains faithful to the values professed and defended by its founders, and is the basis of a truly democratic organisation.

The democratic partnership 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.

In order to ensure that the services offered around the world remain consistent with client expectations (tailor-made services), Mazars has opted for an integrated model that is both institutional and operational.

1.1. Presentation of Mazars Scrl

Institutional integration

The Mazars organisation comprises all the member entities who have signed a cooperation agreement with Mazars Scrl. Mazars Scrl is a Limited Responsibility Cooperative Company headquartered in Belgium, which in itself has no professional activity, and whose shareholders are partners in the member entities. 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 entity level. The Organisation also has specific responsibility for promoting and protecting the Mazars brand throughout the world.

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 entities can, in principle, only be owned by the partners of Mazars Scrl. The consolidated financial results of Mazars Scrl include those of the member entities and are prepared to comply with IFRS standards and jointly audited by two independent auditors, BDO and Horwath.

The internal management of member entities reflects the specific characteristics of the Mazars Organisation, for which the members of the Group Executive Board, directly elected by the partners, assume ultimate responsibility. Mazars is not simply a collection of national entities, but an integrated organisation of professionals sharing technical and growth goals, commitments to invest, bear risks and share profits, so that there is a form of equality between all countries, as well as between individual partners.

Operational integration

Mazars' services are organised around four international lines, two focused on clients - Public Interest Entities and Owner Managed Business - and two focused on professional services, Legal and Tax.

The primary role of these international lines is to organise the business development of Mazars: definition of offer of services, identification of targets, customer relationship management and marketing resources. Their second role is to encourage and monitor the development of teams.

Mazars has the ambition to structure itself with a transversal approach in order to ensure consistency between the countries, the international lines and the Group as a whole. It has built a management structure which associates managing partners of all integrated entities in regular meetings which take place at least three times a year.

The international partnership extends through every dimension of Mazars organisation:

- Each global or international assignment is managed and carried out by an integrated team, coordinated by a partner in charge who takes final responsibility for reporting to the client;
- Each customer or service line is represented in every country where the organisation operates in order to optimize the coordination of assignments and cross border relations between teams;
- Partners and the national member entities in which they work are linked by a series of agreements intended to achieve maximum consistency within the Group. They all report to the elected representatives of the international partnership.

1.2. Governance of Mazars Scrl

Mazars has set up a governance structure that ensures the long-term security of the Organisation:

- The management of Mazars Scrl is devolved to the Group Executive Board (GEB) under the supervision of the Governance Council (GGC). The management of the member entities of the Mazars organisation is the responsibility of their respective Country Executives.
- The GEB reports to the GGC at least once every four months and to the General Meeting of partners at least once a year. At this General Meeting, partners elect the Chairperson for a three-year term and the other members of GEB, as proposed by the Chairperson. The Executive Board whose mandate expires at the end of 2009 currently comprises four members:

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

- The GGC meets at least once every four months. It plays a monitoring role, reviewing the way the Group is being run by the GEB, and monitors the performance of Group member entities. Council members are elected by the partners at the General Meeting for a three-year term.

- The GGC may include between 4 and 16 members. Its mandate expires at the end of 2009 and GGC currently comprises nine members:

- > **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**, the Netherlands;
- > **Pierre Sardet**, France;
- > **Claudio Tedoldi**, Italy.

- Country Executive Committees have authority to manage the member entities within the framework established by the organisation and in terms of the strategic and operational coordination it provides. They are elected by the partners of each member entity, their candidacy being subject to the agreement of the GEB.

- The General Meeting of partners is held at least once a year and is the pivotal point in the governance and decision making processes of Mazars Scrl. It is at this meeting that, collectively, the partners of Mazars elect the governing bodies (every three years) and approve the major strategic directions and operations of the Group, the appointment of new partners and the yearly audited consolidated accounts of the Group.

¹ mandate expiring at the end of the General Assembly focusing on 2008/2009 accounts.



1.3. Mazars worldwide presence

Mazars serves its clients throughout the world *via*:

- **Integrated member entities in 50 countries**
- **Correspondents in 12 countries**

In addition, Mazars in Tunisia and Mazars Middle East have signed local correspondents' agreements in 5 countries. Member entities and correspondents are part of the Mazars network, and are committed to the risk management policy as described in chapter 2 of this report.

The international coverage of the Mazars Group is presented on pages 2 and 3 of the 2008/2009 annual report.

Furthermore, Mazars is a member of Praxity. Praxity is an international alliance of Independent Entities created in 2007 as a non-profit-making International Association regulated under Belgian law (AISBL).

Praxity is present in 72 countries through 109 participating firms. Each Praxity participating firm delivers state-of-the-art accounting services and in-depth local knowledge, achieving exceptional results for their clients on a global scale. Participating firms bring their collective commitment to high quality and ethical accounting solutions. In line with the Praxity vision that one size does not fit all, firms join the alliance in one of 3 classifications: member firm, associate firm and correspondent firm. These classifications are based on the degree to which firms satisfy criteria, among which quality is key. Mazars group is one of the founding members of Praxity.

MAZARS' QUALITY ASSURANCE AND RISK MANAGEMENT POLICY

The Group Executive Board of Mazars integrated partnership has the leadership with regards to the guidelines and principles to be applied in terms of quality. To this effect it has set up a Risk Management and Audit Technical Excellence Steering Group (RM&ATE SG). This Steering Group:

- defines the procedures and the quality assurance system that entities and all service lines have to implement, in order to meet the defined principles. These standards are presented in the Mazars Quality Assurance Manual and Risk Management Manual, which constitutes the benchmark for all entities;
- supervises jointly with the GEB the monitoring of the quality assurance system. This monitoring is organised by an International Quality Control Committee (IQCC), which relies on globally coordinated inspections to monitor compliance with the relevant audit methodology, ethics policies and quality control standards. A follow-up of the action plans that have been defined jointly with the entity's Risk Management and Quality Leaders is conducted every year, as well as a close examination of the annual reporting of each country and of the results of their internal and national quality assurance reviews.

The management of each member entity has the primary responsibility for the implementation of the quality assurance system. They must promote a Mazars internal culture of quality reinforced by clear, consistent and frequent messages and initiatives, at all levels of the entity. These must remind everyone of the existence of the quality assurance system, and underline the importance of respecting legal and regulatory obligations, particularly with regards to the professional code of ethics and professional standards of practice when it comes to accepting and carrying out new assignments.

Mazars quality assurance and risk management policies are based on the regulations and procedures defined in accordance with the ISQC1 quality assurance standard of the International Federation of Accountants (IFAC) which are available online to all our professionals and are regularly updated subject to changes in European or International regulations.

Mazars is a member of the IFAC Forum of Firms and declares annually since 2007, based on the results of the quality control system, that the organisation meets the membership criteria as set out by the Forum of Firms. These criteria are as follows: the implementation of a quality control program coordinated across the world and the application to all transnational audits of the International Auditing Standards (ISAs).

Formally established in 2002, the Forum of Firms (FOF) is an association of international networks of accounting firms that perform audits of financial statements that are or may be used across national borders. 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. The Forum of Firms' positive and structured role has recently been brought to the European Commission's attention and the Duisburg-Essen University's attention in two published papers.

Mazars is actively involved in the IFAC with a strong presence in the following three committees:

- The Transnational Auditors Committee (TAC), executive committee of the Forum of Firms;
- The International Ethics Standards Board of Accountants (IESBA);
- The Small and Medium Practices Committee (SMP).



2.1. Independence

As at August 31, 2009 Mazars is the legal auditor of over 450 listed companies in the 50 integrated countries. Maintaining independence is one of the highest commitments for audit firms. For international organisations such as Mazars, it is even more important due to the geographical spread of our clients.

2.1.1 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 European Directive on Statutory Audit.

Each national Mazars entity 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 entities' professional training programme.

Mazars reinforces its pluri-disciplinary strategy through the observance of the regulation in terms of financial communication and identifies clearly any other services that are allowed to be provided to audit clients.

Systems to safeguard independence

These systems involve the following key procedures:

- **A procedure for acceptance and continuance of clients and engagements** which enables evaluation of the level of the client related risks, the entity's ability to perform the engagement and ethical risks in terms of independence and anticipate conflicts of interest at a global level. 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 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.** For the group audits, this inventory is part of the audit instructions sent out by the coordination team. The inventory is provided to the partner who signs the client group accounts.
- **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 clients subjected to specific ethical requirements.**
- **Training for technical staff on ethical rules** and in the organisation's procedures in the area of ethics.
- **Compulsory technical consultation** with the professionals on technical matters, ethics and any other areas.
- **Limits on fees per client**, 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 concerned clients 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 is in charge of studying any problematic situations that may be brought to its attention, reviewing any proposed departures from the CCOI by country, verifying that all changes in international ethical standards are taken into account by the organisation and ensuring that risk management procedures exist in each member entity.

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

Except for specific situations which are approved by the Executive Board of each local entity, large engagements are placed 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 independence and enables broader technical expertise to be available to the engagement. The responsible partners assist with all key stages of the engagement and remains the key contact for all parties and professional staff, whether internal or external to the entity.

Within Mazars, rotation is applied to Public Interest Entity engagements on which key audit partners should rotate after seven years and not return to the audit team for at least two years, in compliance with the European Directive on Statutory Audit and IFAC code of Ethics.

This rotation of partners is in place in order to lessen the risk of “closeness” to the audited company that may impair independence. It enables the auditor to have greater independence of mind in dealing with clients problems 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 entity’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 annually on the basis of changes in each partner’s situation and any particular difficulties encountered on their engagements.

The Mazars partnership model gives the two-partner team the liberty to organise the audits of their subsidiaries in France and abroad.

In case of disagreements with the technical department’s positions, which is something that rarely happens within our organisation, the Executive is called upon to arbitrate. In the context of our quality assurance standards and procedures the two-partner team in charge remains the final decision maker. This point is of paramount importance in preserving the each partner’s personal commitment and sense of responsibility as well as responding to each audited companies’ specificities.

2.1.2 Statement on the effectiveness of independence safeguard systems

The internal systems described above were established so as to identify circumstances whereby Mazars’ independence could be impaired and to take appropriate safeguarding measures. The management of each member entity commits to implement these measures, and the persons in charge of quality control test the effectiveness of these systems.



2.2. Quality Control System

The policies and procedures adopted by Mazars are in compliance with the IFAC standards in the area of quality control: ISQC1 “Quality Control for Audit, Assurance and Related Services Practices” and Revised ISA 220 “Quality Control for Audit Engagements”. They are documented in a Quality Assurance Manual available in electronic format to all professionals in the entity and the organisation.

These policies and procedures are complemented by audit methodology and audit support techniques that are shared among all members of the organisation and by joint training initiatives. In order to enhance the level of computerisation of audit files the group developed and deployed specific audit software. It allows a structured definition of the audit approach and automatic performance of certain work linked with the audit manual updated in respect of the most recent IFAC standards.

Compliance with the organisation’s policies and procedures is regularly controlled through reporting by the entities on the results of their internal and external quality control and through periodic quality assurance reviews by another member entity of the organisation.

2.2.1 Description of the internal quality control system

Maintaining Quality

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

Mazars’ strategy in terms of training (refer to §4.3), 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;
- > Monitoring of the quality control system;
- > Engagement performance including;
- > Planning and supervision of engagements;
- > Technical consultation;
- > Audit documentation;
- > Engagement quality control review;
- > Confidentiality;
- > Managing cross-border engagements;
- > Complaints and allegations.

These processes are presented in the Mazars Risk Management and Quality Assurance Manuals and 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 report 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 report, which is called REQAR (Report

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 reviewer in charge of quality control in the member entity prepares an action plan addressing the findings of the IQAR or the ReQAR. The action plan must be submitted for approval to the entity's executive committee. The partners in charge of monitoring geographical zones 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 entity'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 entity communicates the results of internal and external quality control reviews (ReQAR/IQAR) to partners and managers, including to the entity's executive board. This communication must be sufficiently detailed to enable the necessary corrective measures to be taken, both at the level of the entity and of the partners 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 entity'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 IQCC. 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 IQCC and the head of monitoring of the geographical region to which the new member belongs.

2.2.2 Statement on the effectiveness of the Quality Control System

Mazars has become one of the first full members of the IFAC's Forum of Firms in 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 ethical requirements.

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 this respect, Mazars is committed to:

- Maintaining appropriate quality control standards in accordance with International Standards on Quality Control issued by the IFAC International Auditing and Assurance Standards Board (IAASB) and relevant national quality control standards and, to the extent not prohibited by national regulation, conduct regular globally coordinated internal quality assurance reviews;
- Implementing policies and methodologies based, to the extent practicable, on the ISAs issued by the IAASB for the conduct of transnational audit assignments;
- Implementing policies and methodologies which comply with the IFAC Code of Ethics for Professional Accountants and national codes of ethics.

Therefore, on the basis of its Quality Control monitoring conclusions, Mazars has confirmed in December 2008, that it met the membership obligations of the Forum of Firms, in all material respects.

CLIENTS

3.1. Service offering and turnover

As previously mentioned, Mazars' services fall into four international business lines, two of which focused on Clients: Public Interest Entities and privately owned companies of all sizes ("Owner Managed Business") and two on the type of services: legal counsel and tax services. This structure is mirrored by each member entity.

The four international business lines are:

- **Public Interest Entities (PIE).** This covers statutory and contractual auditing, and other advisory or compliance services mainly for listed companies;
- **Owner Managed Business (OMB).** This covers advisory and audit services for privately-owned companies of all sizes which are often SMEs;
- **Tax.** This covers a complete range of tax advisory services;
- **Law.** Legal counselling in some countries and to companies which are not audit Clients.

Turnover per business Line for 2008/2009 (k€)	
PIE	328,1
OMB	330,8
TAX	96,3
LAW	17,4
TOTAL	773,6

3.2. List of public interest entities for which the Group member entities have issued an audit report during the preceding financial year

The list of engagements as of August 31, 2009 includes engagements for companies that have issued transferable securities admitted to trading on a regulated market and for which statutory audit reports have been issued by Mazars member entities during the Transparency Report period (from September 1, 2008 to August 31, 2009) and is available on the concerned member entity's website.

HUMAN RESOURCES

4.1. Professionals and support staff

Over 11,300 people are working in Mazars offices in the 50 integrated countries as of August 31, 2009 including more than 1,800 new recruits that have joined the Mazars teams in 2008/2009.

4.2. Partners

4.2.1 Our partners on an international level

As at August 31, 2009, Mazars Scrl has a total of 562 partners in 50 countries.

4.2.2 Information concerning the basis for partners' 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 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, awards being made from a pot 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 every three years 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 the greatest importance is placed on technical competence and partnership spirit.

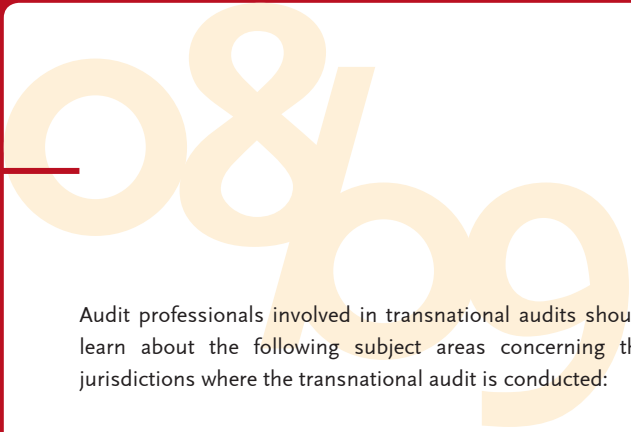
4.3. Mazars' policy regarding continuing education of statutory auditors

The Group considers its internal training program to be of strategic importance, not only due to its content (experience sharing and updating of technical knowledge), but also because it is a key means of communicating with staff in respect of requirements in the areas of professional conduct and ethics.

Each member entity of the group keeps an inventory of all the training courses attended by each partner and member of staff, in order to ensure that each individual person progressively benefits from the complete training course and so that the training received is in line with their responsibilities and with the projects they've been assigned.

Each member entity training program has to include 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.

The programme also includes a sector-specific syllabus (particularly insurance, banking, the public sector and concessions, and high technology).



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

- financial information and auditing standards;
- group audit coordination of multi-locations;
- the standards relevant to companies listed on the stock market;
- corporate governance standards;
- the local and international economic and business environments.

The internal training programme is enhanced with complementary external seminars which respond to certain client requirements or to certain economic environments.

Internal technical meetings are held on a regular basis in order to raise awareness, to share experiences on specific assignments and to discuss topical issues.

Mazars University was created in 2008, with a threefold objective:

- To position Mazars as one of the key actors of the future in its markets;
- To focus on Mazars' values (Mazars Way);
- To contribute to Mazars' commitment to social issues.

Mazars University coordinates all the training of the Group, while focusing on integration and the development of coherence in professional expertise. At the crossroads of all the different structures of the Group, the University promotes and encourages the sharing of professional knowledge, of professional experiences and the sharing of best professional practices.

To comply with the International Education Standard for professional Accountants IES 7, which became effective on January 1st, 2006, qualified professionals must:

- complete at least 120 hours of professional training over a three year rolling period, of which 60 can be verified;
- complete at least 20 hours of professional training each year.

4.3.1 Statement of compliance with the professional training obligations

The Mazars Group expects its member entities to comply with IES 7 international standards, for qualified professionals (see above).

Each Mazars Group member entity defines its own eligible training requirements. These should include: attendance of internal and external training, the active participation and involvement in major national and international professional bodies, the preparation and delivery of in-house and external technical training, technical reading.

Each year, each Mazars entity must compile an inventory of the training attended by its professionals, members of professional bodies/institutes, in order to ensure its compliance with the above-mentioned requirements on a multi-year basis.

PARTNERSHIP
SOCIAL
RESPONSIBILITY
REPORT

2008/2009



This first report is intended to present, in complete transparency, our vision of, and our commitments to, responsible development through our Partnership Social Responsibility strategy, and to show how this approach is integral to the Mazars DNA. Through this dynamic approach, which defines our key directions, we have already been working on numerous projects for several years, and setting out new routes towards development and improvement.

Partnership Social Responsibility: at the core of Mazars DNA

Our sense of commitment is intrinsic to our history and our identity. We decided to call it Partnership Social Responsibility because all our staff, whether partners or not, are members of the democratic and participatory structure that forms our partnership.

Since the very first Mazars office was set up, responsibility has been at the heart of our Organisation. Our current teams cherish the same values of independence, transparency and responsibility handed down to them by our founders. And they in their turn will pass on to future generations these values that govern the way Mazarians throughout the world build their relationships within the partnership, with their clients and with society in general.

It was on the basis of these values that in 1995 we decided to structure our Organisation as an integrated, international partnership that puts people and respect for individuals first. Today, our some 600 partners on five continents share the same ambitions, the same strategies and the same choices. In fact, whether by growing externally through mergers and acquisitions, or by co-opting partners internally, our practice is to grow by welcoming new partners who share our values and principles.

Social responsibility is written in to our “constitution”

On a group level, each new partner has to sign the Mazars Partnership Charter to confirm their agreement with the key principles governing our professional life in every country where we have a presence.

On a wider level, these values are shared by all Mazars staff through the Mazars Way, which defines the DNA of our Organisation, the way we view our professions and our assignments, and our approach to managing human resources. Brochures or DVDs of the Mazars Way are distributed to all Mazars staff around the world, and automatically given to new people joining us. The Mazars Way forms an integral part of our training sessions, our seminars and our policy for career management.

The founding values stated in the Partnership Charter and communicated through the Mazars Way are:

- Independence;
- Competence;
- Intellectual, ethical and moral rigour and integrity;
- The sense of service and responsibility;
- Continuity;
- Respect for individuals and diversity.

Clearly expressed and broadly shared, these values constitute the foundation of our strategy for our corporate and social responsibility.

Partnership Charter	All partners must respect and apply the stated values of Mazars
Mazars Way	Values and principles shared by all staff
Partnership Social Responsibility (PSR)	Mazars values are applied to our strategy for social responsibility

Our commitment is for the long term and rooted in the values and principles that have formed part of the Group culture since its origins and that have been refined over time.

Our policy on responsibility

Our Partnership Social Responsibility (PSR) represents the natural extension of our values to social and environmental issues. It is, beyond the set of rules we all subscribe to professionally and individually, the application of our responsibility, as we see it, to our wider environment.

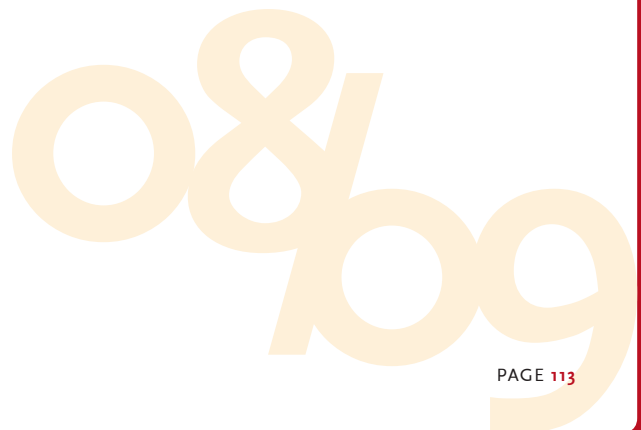
To achieve greater effectiveness and impact, we have structured our approach and our PSR projects along three key lines:

- **Respect for the environment;**
- **Promotion of diversity in people and cultures;**
- **Support for social entrepreneurship through skills-based sponsorship.**

We attach particular importance to ensuring that each of our projects in these three key areas are carried out in accordance with our founding principles:

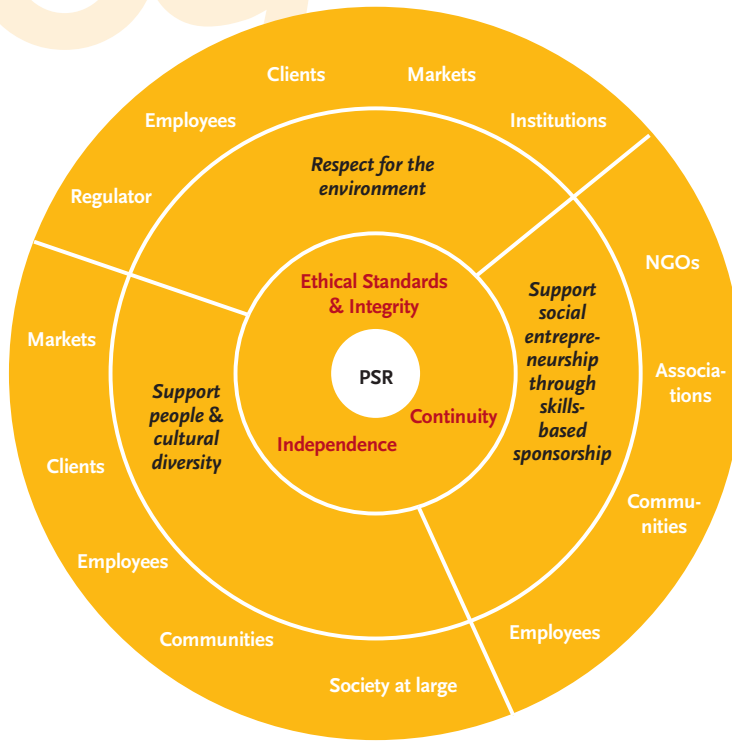
- Independence;
- Intellectual and ethical rigour;
- Continuity.

Our PSR strategy is implemented through the main programmes developed at Group level and through local action led by our offices around the world.





The Mazars PSR approach



PSR Strategy

2008/2009 was a particularly busy year in terms of PSR projects and initiatives, including work on the development and communication of PSR guidelines for all countries in the Group. The Partners at the 2008 General Meeting also decided to set up a Mazars Foundation. This Foundation is in the process of being established and its key objectives will be to support projects connected with children, health and sustainable development.

- **Respect for the environment**

- > Objective: To pursue our growth in a sustainable manner, recognising and limiting as far as possible the impact of our activities on our environment, and uniting our international teams on projects to address this.

- **Promoting diversity of people and cultures**

- > Objective: To recognise the diversity of cultures as a factor that enriches both the company and its performance. To assert our belief in such diversity through our external projects, particularly around the themes of inclusion, education and the preservation of cultural heritage.

- **Support for social entrepreneurship through skills-based sponsorship**

- > Objective: To put our professional expertise at the service of our communities and especially leaders in social entrepreneurship around the world.

PSR flagship projects

At Group level, and in Mazars offices around the world, projects are set up in alignment with the key PSR development axes. For each of the three key axes, “best practices” are identified, shared and can then be replicated in the other partnership countries.

The projects described below are just a few examples and are by no means an exhaustive survey of all Mazars’ initiatives around the world.

• Respect for the environment

At Group level, this involves projects of measuring our carbon footprint (buildings, events..) and compensating for our impact, in particular through reforestation, within the framework of a programme being coordinated across the partnership.

In Indonesia, following a paper consumption audit, the Jakarta office decided to compensate for its ecological footprint by planting trees in a national reserve, in partnership with an NGO.

Mazars in Thailand set up a “car free” day, during which staff and the directors of several client firms travelled to their offices by bike. The initiative was also designed to show the importance of creating cycle routes through a business district with heavy traffic.

In France, Mazars took advantage of its annual employees event to raise awareness of sustainable development. Educational films were shown and the event neutralised its own carbon impact by making donations to a carbon compensation group. The event broadcast the best practices to adopt in the workplace and in private life to a wide audience.

• Promoting diversity of people and cultures

This is obviously a question of supporting the activities linked to diversity in human resources, particularly with the establishment, in 2009, of our Diversity Committee. This committee has based its work on research and consultation carried out at different corporate events and is currently setting up a plan of action for each country in 2010.

It is also about externally pursuing our commitment to the promotion of diversity through various programmes connected to education, inclusion and the preservation of significant cultural heritage around the world:

- > Mazars has taken part in the Women’s Forum for the last three years, sponsoring debates and promoting the establishment of this kind of event in different countries in the Group, including Russia and China.
- > In France, a partnership has been set up with “Nos Quartiers ont du Talent” (Our neighbourhoods have talent), which helps the young unemployed from under-served areas to seek jobs with the support of a mentor from the world of business.
- > At Group level, we are running several projects to support the preservation of global heritage: a three-year partnership with Vocations Patrimoines (UNESCO) aiming to support the preservation of sites; a partnership with the Louvre Museum in Paris to support the preservation of major works of art; and support for university theses on relevant topics, notably through the Sorbonne in Paris (e.g. supporting biodiversity and the involvement of local populations in the preservation of traditions through work on argan plantations, a practice which is currently endangered in Morocco).



- **Support for social entrepreneurship through skills-based sponsorship**

At Group level and in each individual country, we provide audit and accounting services on a charitable basis, preferably to NGOs, micro-entrepreneurs and businesses whose social agenda is clearly expressed and in alignment with Mazars' values.

Skills sponsorship is practiced according to these principles in the majority of countries in the partnership.

Areas for progress and governance

Progress

This first PSR report provides the opportunity to define certain areas in which we want to make progress in the future.

We want, in particular, to develop the way we communicate these projects, and to engage involved parties in defining them according to our overriding principles of transparency. We also want to work on defining objectives and key indicators to enable the concrete measurement of progress and the impact of our various activities. Consultations have already been carried out internally (e.g. during the creation of the Foundation and the launch of the Diversity Committee) and we intend to follow up on these exchanges. The Annual Convention in December 2009 will, for example, provide the opportunity to consult our partners on the kinds of carbon footprint compensation to prioritise.

At Group level we intend to optimise the reporting and follow-up on the projects carried out in different countries, in order to get a better grasp of their effects and better identify best practices we can all share. We also plan to distribute guidelines highlighting the essentials in the PSR strategy, to facilitate the Group's alignment along the three key development axes.

Mazars

Group Communication Department

With thanks to all those partners and Mazars staff who took part in the photo sessions.

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