MAZARS

Transparency Report
2008/2009
Mazars Audyt Sp. z o. o.

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Introduction

Mazars, a transparency pioneer

Mazars in Poland is proud to present its transparency report as of 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 2008/2009[1] 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.

Mazars Audyt Sp. z o.o. was awarded 6th position in the 2008 Audit Firm Ranking of Rzeczpospolita daily published in January 2009 for high standard of its audit and tax advisory services provided to our clients and 4th position in the Tax Advisor Ranking of Gazeta Prawna published in February 2009.

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.

Warsaw, November 30, 2009

Michel Kiviatkowski
Managing Partner of Mazars in Poland

Monika Kaczorek
Partner in charge of Risk Management

[1] *available on www.mazars.com and www.mazars.pl*

1 Mazars' description

Mazars Audyt Sp. z o.o. (hereinafter referred to as the "Company") is pleased to present its transparency report as of August 31, 2009 in accordance with article 88 of the Act of 7 May 2009 on Statutory Auditors and Their Self-government; Entities Entitled to Audit Financial Statements and Public Oversight.

Statutory Auditor responsible for preparation of this report:

Monika Kaczorek – Statutory Auditor entered in the register of statutory auditors kept by the National Board of Statutory Auditors under entry 9686.

1.1 Mazars in Poland

Mazars has been present in Poland since 1992. Mazars currently runs its activity in Warsaw and has an office in Cracow.

Except for Mazars Audyt Sp. z o.o., the Mazars Group has another entity registered in Poland - Mazars Polska Sp. z o.o.

1.1.1. Description of the legal structure and ownership

Share capital of the Company amounts to PLN 1,268,000 (one million two hundred sixty-eight thousand).

Main shareholder of Mazars Audyt Sp. z o.o. is Mazars S.A. incorporated under French laws with its registered office in Courbevoie, entered in the commercial register in Nanterre under entry 784 824 153. Mazars S.A. has been registered on the list of entities entitled to audit financial statements maintained by Compagnie Regionale des Commissaires aux Comptes in Versailles since 1986.

Other shareholder of the Company:

- Monika Kaczorek.

1.1.2. Description of the legal and structural arrangements

Mazars Audyt Sp. z o.o. (until October 29, 2009 the Company operated under business name Mazars & Guérard Audyt Sp. z o.o.) has its registered office in Warsaw (00-549), ul. Piekna 18 and is registered with the District Court for Warsaw, XII Business Division of the National Court Register under KRS entry 0000086577.

Mazars Audyt Sp. z o.o. is incorporated under Polish laws, entered on the list of entities entitled to audit financial statements kept by the National Board of Statutory Auditors under entry 186.

1.1.3. Description of the governance structure

Mazars Audyt Sp. z o.o. is represented by the Management Board, which is composed as follows:

President:

- Olivier Degand

Vice-President:

- Monika Kaczorek, entered in the register of statutory auditors of the National Board of Statutory Auditors under entry 9686

Members of the Management Board:

- Bogusław Laskowski, entered in the register of statutory auditors of the National Board of Statutory Auditors under entry 6115
- Jarosław Bochenek, Statutory Auditor entered in the register of statutory auditors of the National Board of Statutory Auditors under entry 90086.

Most members of the Management Board are statutory auditors registered with the National Board of Statutory Auditors.

The following persons are authorized to represent the Company and to make statements on its behalf:

- President or Vice-president independently, or
- two members of the Management Board acting jointly, or

- a member of the Management Board jointly with the proxy.

Mazars Audyt Sp. z o.o. also has the Supervisory Board composed of 3 members. The Supervisory Board is responsible, among others, for assessment of the Management Board reports and annual financial statements.

1.2 Mazars at an international level

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.

1.2.1. 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.

1.2.2. 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.

1.2.3. 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.

… We make quality service for our clients a permanent priority

2 Mazars' Quality Assurance and Risk Management policy Mazars' Internal Quality Control,

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.

Mazars Audyt Sp. z o.o. applies CCOI rules and Country Specific provisions related to objectivity and independence set out in a separate appendix to the above Code.

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. All employees of Mazars Audyt Sp. z o.o. are required to sign independence and objectivity declaration at the beginning of each financial year. During the year all employees are informed about new assignments and are required to notify any and all situations that could impair Company's independence and objectivity.
- 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 remain 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 company's specificities.

Rotation rules for key auditors in Mazars Audyt Sp. z o.o. meet requirements set out by the Act of 7 May 2009 on Statutory Auditors, Their Self-government, Entities Entitled to Audit Financial Statements and Public Oversight. Monitoring of key auditors' rotation is supervised by the internal quality control department.

2.1.2 Statement on the independence policy applied by the Company including a confirmation that internal independence review has been performed

The internal systems described above were established so as to identify circumstances whereby Mazars Audyt Sp. z o.o.'s independence could be impaired and to take appropriate safeguarding measures. Management of Mazars Audyt Sp. z o.o. attests to the fact that these independence rules were implemented on all of the audit engagements performed and were subsequently subject to internal verification.

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.
The last quality control review performed by Mazars Group in Mazars Audyt Sp. z o.o. took place in September 2008. The review did not disclose any significant irregularities that could impact the reliability of the auditing services. The results of the review were communicated to the Management Board, partners and technical staff.

Independent review before issuing audit report and opinion

In order to ensure ultimate control of audit opinion and report proposed by the key auditor, Mazars Audyt Sp. z o.o. applies the independent review procedure. Under this procedure all the reports and opinions are subject to the analysis by independent and competent individuals designated for review before being signed. Individuals designated for review cannot perform the control if they had participated in the audit of financial statements of the entity in the last 2 years.

Audit report and opinion can be issued provided that the person performing the independent review obtained the assurance that the audit team made appropriate findings and complied with the International Standards on Auditing or other relevant standards and regulations.

The review must be formalized in the standard questionnaire.

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.

Statement of the Company's Management Board on the effectiveness of quality control system

The Management Board of Mazars Audyt Sp. z o.o. is convinced that the internal quality control

system provides reasonable assurance that the quality control system applied by the Company is efficient and its requirements are complied with.

2.2.3 Last quality assurance control performed by the National Oversight Committee

The Act on Statutory Auditors, Their Self-government, Entities Entitled to Audit Financial Statements and Public Oversight came into effect on 6 June 2009. From this date until the date of publishing this report Mazars Audyt Sp. z o.o. was not subject to inspection by the National Oversight Committee with respect to quality assurance system.

… Over 450 listed customers audited by Mazars across all continents, spread on more than 50 markets and indexes.

3 Clients

3.1. Service offering and turnover

3.1.1 Mazars global service offering and consolidated 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	329,1
OMB	330,8
TAX	96,3
LAW	17,4
TOTAL	773,6

3.1.2 Company's turnover

The turnover of Mazars Audyt Sp. z o. o. is PLN 16,510 thousand for the year ending August 31, 2009.

Type of services	In thousand PLN
Audit services and economic and financial evaluation and opinions	13 929
Tax advisory services	1 359
Bookkeeping services	164
Other services	1 058
Total for financial year from 1.09.2008 to 31.08.2009*	**16 510**

* Financial data based on annual financial statements of Mazars Audyt Sp. z o.o. as at August 31, 2009.

Another entity operating in Poland within the Group is Mazars Polska Sp. z o. o. whose main business activity consists in financial expert opinions and accounting analyses (audits).

3.2. List of public interest entities for which the firm has issued an audit report during the financial year ended August 31, 2009

3.2.1 Companies that have issued transferable securities admitted to trading on a regulated market within the European Union with its registered office in Poland

The list of engagements as of August 31, 2009 includes engagements for which statutory audit reports have been issued during the Transparency Report period (from September 1, 2008 to August 31, 2009)

- Arcus S.A.
- Belvedere S.A
- Dom Maklerski IDM S.A.
- Electus S.A.
- Farmacol S.A.
- Konsorcjum Stali S.A.
- Orzeł Biały S.A.
- PIP Instal Lublin S.A.
- Teta S.A.
- Vistula Group S.A

3.2.2 Credit Institutions

The list of engagements as of August 31, 2009 includes engagements for which statutory audit reports have been issued during the Transparency Report period (from September 1, 2008 to August 31, 2009)

- Alior Bank S.A.
- Cetelem Bank S.A.
- Noble Bank S.A.

3.2.3. Insurance companies

The list of engagements as of August 31, 2009 includes engagements for which statutory audit reports have been issued during the Transparency Report period (from September 1, 2008 to August 31, 2009)

- Avanssur S.A. Oddział w Polsce
- AXA Towarzystwo Ubezpieczeń S.A.
- AXA Życie Towarzystwo Ubezpieczeń S.A.
- Cardif – Assurances Risques Divers S.A. Oddział w Polsce
- Towarzystwo Ubezpieczeń na Życie Cardif Polska S.A.

3.2.4. Other Public Interest Entities (within the meaning of the Act of 7 May 2009 on Statutory Auditors and Their Self-government, Entities Entitled to Audit Financial Statements and Public Oversight)

The list of engagements as of August 31, 2009 includes engagements for which statutory audit reports have been issued during the Transparency Report period (from September 1, 2008 to August 31, 2009)

- AXA Otwarty Fundusz Emerytalny
- AXA Powszechne Towarzystwo Emerytalne S.A.
- Idea Y Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych

… Attract, retain and develop the best talents for our teams around the world.

4 Human resources

4.1. Professionals and support staff

4.1.1 International 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.

4.1.2 Personnel of the Company

During the year 2008/2009, the average number of employees of Mazars Audyt Sp. z o.o. amounted to 57 people (in Full Time Equivalents).

4.1.3 Personnel dedicated to statutory audit in the Company

During the year 2008/2009, 37 professionals of Mazars Audyt Sp. z o.o were assigned to statutory audit services.

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. Partners in Poland

For the year 2008/2009, there were 3 partners in Mazars in Poland, of which 2 were employed in Mazars Audyt Sp. z o.o. (in FTE - Full Time Equivalents).

4.2.3. Information concerning the basis for partners' remuneration and information on remuneration principles of key auditors and board members

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.

In Mazars Audyt Sp. z o.o. key auditors acting as partners are remunerated in line with the rules set out above.
Key auditors and statutory auditors holding the position of board members but who are not partners receive remuneration composed of a fixed component paid out monthly and a bonus paid out after year end. The basis for bonus payment is the assessment of annual targets achievement.

4.3. Mazars' policy regarding the 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 on the applied policy regarding the continuing education of statutory auditors

Mazars complies with IES 7 (see above). Partners and registered statutory auditors have to complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours or equivalent units should be verifiable. They also have to complete at least 20 hours or equivalent learning units in each year.

Mazars has established its own policy with regards to continuing professional education that includes the organization and delivery of technical in-house and external seminars, the active participation and involvement of professional staff in major national and international professional accounting and auditing organizations, as well as the extended opportunities to attend technical seminars and conferences.

An inventory of the CPE credits earned by all of the registered statutory auditors is prepared each year to ensure compliance with the CPE requirements on a multi-year basis. The list of the statutory auditors who do not meet their CPE obligations is transmitted to the Executive Board for monitoring and action plan.

On the basis of the CPE requirements described above, Mazars Audyt Sp. z o.o. has the ability to ascertain that all of its auditors meet the CPE requirements as defined by the National Board of Statutory Auditors.

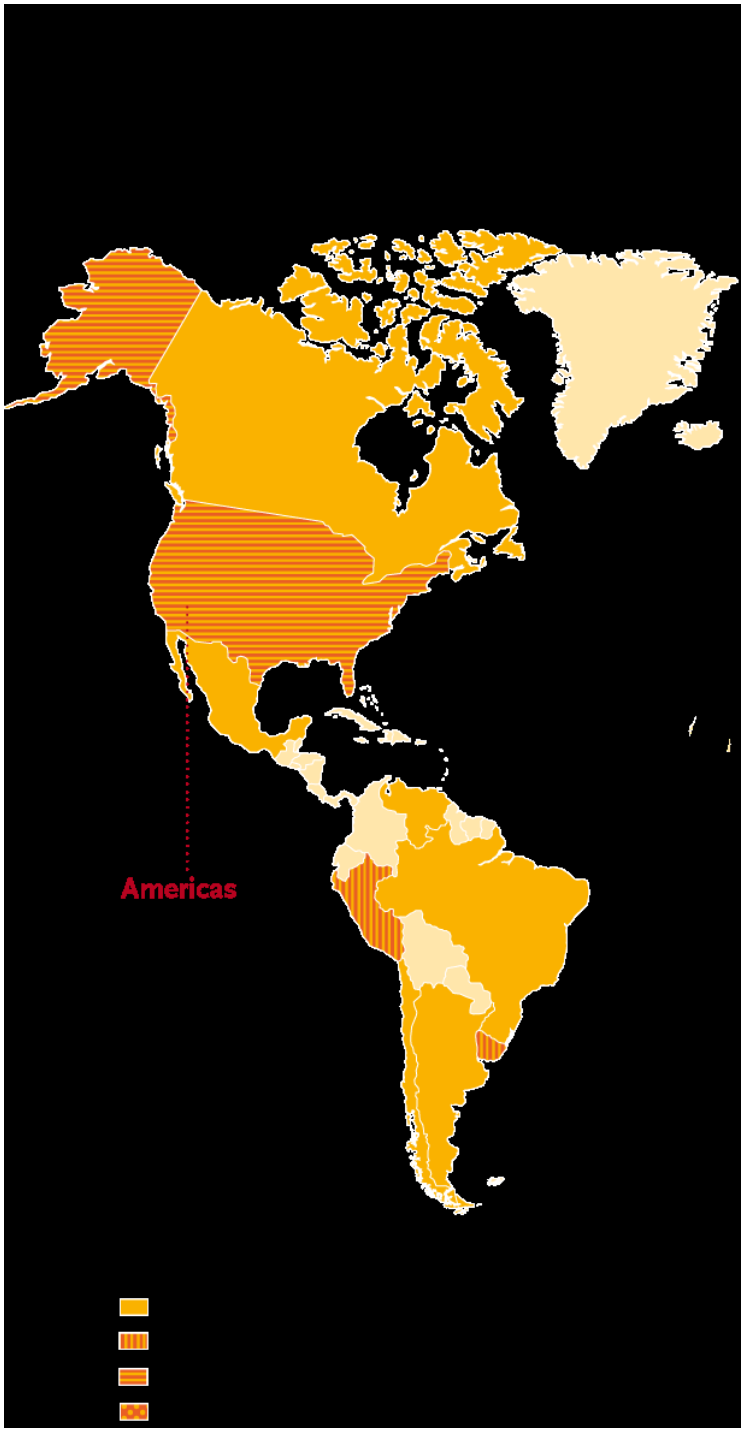
… Serving in the public interest across the five continents.

5 Global presence / presence in Poland

National and international presence
Mazars Map at September 1st 2009

Warszawa / Warsaw
Kraków / Cracow

Global presence
Mazars World Map at September 1st 2009



Europe
Asia - Pacific
Middle East
Africa

MAZARS

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