

annual report
2009 / 2010



A sense
OF PURPOSE

A SENSE OF PURPOSE

01	MAZARS IN A NUTSHELL
02	KEY FACTS
08	BUILDING A SENSE OF PURPOSE
10	MESSAGE OF THE PRESIDENT
14	OUR STRATEGY FOR SUSTAINABLE GROWTH
28	RELEVANT EXPERTISE
48	RESPONSIBLE TALENT IN ACTION
64	SENSE OF TRANSPARENCY AND COMMITMENT
66	FINANCIAL REPORT
102	TRANSPARENCY REPORT
116	PARTNERSHIP SOCIAL RESPONSIBILITY REPORT

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Mazars in a nutshell

2009 | 2010

Mazars is an international, integrated and independent organisation. We specialise in audit, accountancy, tax, legal and advisory services. As of 31st August 2010, Mazars has its own offices in 56 countries with about 12,500 professionals. Through its correspondent agreements, joint ventures, and several representative offices, Mazars can operate in 24 additional countries and provide its clients with professional teams, who all share the same commitment to quality and a common determination to maintain the highest technical and ethical standards. Mazars' always expanding portfolio of services reflects the Group's ambition: to provide its clients, whether international corporates, SMEs or individuals, with tailored and global solutions to help them achieve sustainable growth.

A STRONGER MANAGEMENT TEAM

At the heart of the strategy to strengthen the Group's operational management, the Global Executive Committee (GEC) is a governance body created in January 2010 to coordinate Mazars' international management.

Once a month, this broadened governing body gathers Mazars' executive, operational and functional managers to collectively assess the relevance of their strategic plans and the consistency of their common investments, with the aim of optimising the implementation of a worldwide growth dynamic.



for greater
operational
effectiveness

WEISER:

After ten fruitful years partnering Mazars in a joint venture, Weiser, an audit and consultancy firm in the New York area, becomes a full member of the integrated Mazars Group in April, 2010.

Weiser, whose turnover is € 100 million, is now operating as WeiserMazars with a team of more than 70 partners and 700 professionals in the US market.

➤ *To find out more, please view the video presentation on our website: www.mazars.com/weiser*

Mazars asserts itself in the American market



MAZARS

a key player

In March 2010, Fabrice Demarigny, Mazars head of 'capital markets' delivered a report on proposals to write a Small Business Act (SBA) into European stock exchange law, commissioned by Christine Lagarde, French Minister of Finance, Industry and Employment. Christine Lagarde and German Federal Finance Minister Wolfgang Schäuble used the report to raise awareness of this matter among European finance ministers and the European Commission.

Fabrice Demarigny also supervised the writing of a report evaluating the Transparency Directive ordered from Mazars and Marccus Partners' teams by the European Commission.

➔ Find out more about our contribution to public thinking on our website : www.mazars.com/professionaltopics



in public
thinking

Building a sense of purpose





10 Message of the President - «A sense of purpose»

14 OUR STRATEGY FOR SUSTAINABLE GROWTH

14 Interview with the Group Executive Board

20 International development

22 Mazars worldwide presence

24 The bigger picture: resilience or the rejection of fatalism

28 RELEVANT EXPERTISE

28 From audit to global business advice

30 Public Interest Entities

34 Highlight on Financial Advisory Services

36 Consulting

38 Owner Managed Businesses

42 Highlight on Outsourcing

44 Tax

46 Law

48 RESPONSIBLE TALENT IN ACTION

48 Governance

52 «Our governance is evolving to support our growth»

54 Performance and Systems

55 General Secretariat and Communications

56 Technique and Innovation

58 Talents

62 Partnership Responsibility



A sense of purpose : driving us forward

The financial and economic crises of the not so distant past formed difficult but limited periods that were followed by a return to normality. Today, does it not make more sense to talk about scenarios of disruption? And in that case to question the purpose of our activities, both in terms of the objectives every company sets itself and the contribution this can make to the quality of development for the economy and for the wider community?

For Mazars, the period we are now experiencing is bringing about profound changes, a situation that is also leading individuals and organisations to legitimately question themselves about their real purpose, and about the more global endgame of which they are part. A period of disruption can be perceived as a threat, because it casts doubt on established codes, on ways of behaving and on relative positionings. However, even if this is a difficult time to handle with, it is also, in itself, the vehicle for a new dynamic.

At Mazars, we believe that the current state of flux can be seen as positive if it is taken as an opportunity to review, within our own organisation and alongside our clients, the question of our purpose. Indeed, we are seeing that the individuals, enterprises, communities and countries who are making progress, are those who are capable of finding true purpose in their activity and defining a future in which everyone has a part to play and everyone involved can share in the individual and collective dynamic that ensues.

This is why our goal is to help those businesses, men and women who already trust us and will trust us in the future, to build the kind of projects that have clear purpose. The final responsibility for this is theirs and theirs alone, but we want to position ourselves, deliberately and with complete independence, in the role of co-constructors. This is about genuine team-work. It takes us beyond the realms of techniques, methodology and regulation to where we spend time with our clients actually assessing the relevance of their stated aims, and building responses that enable them to achieve their objectives with, as ever, the

greatest possible security and effectiveness. There is, of course, no question of us taking liberties with the regulatory givens or with proven solutions. Respecting these is largely what guarantees the added-value of the assignments we carry out, but, as we see it, they form the foundation on which it becomes possible, and indeed indispensable, to build pioneering and effective solutions that meet this acute demand for purpose.

A global service built around four main axes

Our contribution is therefore developed around four main axes.

The first concerns the quality and security of financial information. This is an essential element in the proper functioning of businesses and markets.

Next comes the quality of the organisation and its systems. Focused on how talent can best be utilised, this is also an indispensable element in ensuring the smooth running of companies.

The third axis concerns improvements in performance. It involves working together with our clients, based on our sound understanding of their operations and their strategic goals, to optimise the parameters that lead to the financial and 'intangible' success of their enterprise.

The fourth axis, finally, involves optimisation of the environment and the legal, contractual and fiscal limits within which companies must perform and develop.

These four main axes, which we have deliberately given broad, general definitions, are the subjects of interdisciplinary perspectives. This is what adds purpose to the assignments we carry out, which otherwise are all too often seen as 'menu' services - just fill in the figures.

Whenever and wherever we work, we focus on the message rather than the medium. This does not mean that we wander away from the rule book; quite the contrary. But we do seek to highlight the key insights so that they can be best adapted to the specific situation and implemented in accordance with the strategic, organisational and ethical imperatives of each individual client.

«Whenever and wherever we work, we focus on substance over form.»

In every field where we excel, our ambition is to offer our willingness to co-build with the markets and with the business community as a whole, because today the cross-fertilisation and interdependence between different actors in the economy is stronger, more influential and more permanent than ever before.

The times we are going through involve endless questioning about our purpose, which implies an equally limitless opportunity for change. Every time we discuss a particular objective with our clients, we make sure we assess with them the appropriateness of the means we're implementing to achieve it.

A year of growth and geographical expansion

To succeed in contributing to sustainable development for companies and for the market as a whole, we have, within our areas of competence and for a long time now, chosen to act globally by combining organic growth with associative growth. We have also chosen to found our development on robust values and institutions supported by our integrated partnership, which remains accountable, transparent and respectful of the diversity and multicultural heritage entrusted to us by men and women all over the world.

The teams at Mazars now number nearly 12,500 professionals in 56 countries and our business grew more than 14% in 2009-2010, with a global turnover of around €900 million. This performance bears witness to our significant geographical expansion, and the enrichment of our range of expert services.

Our combination with Weiser on the East Coast of the United States has enabled us to expand our direct influence in the North American auditing and consultancy market. This presence on the ground in the USA marks a significant international development for Mazars. Up until this point we had opted to restrict our presence in this country to joint ventures and correspondent agreements. In 2010, following on ten years of fruitful professional collaboration as a joint venture with a partner who shares our ambitions and our values, we decided to go one step further by welcoming them into our partnership.

Our development in the emerging markets, whether Asia, Africa or Latin America, is also accelerating, and nourishing our organic growth, based on the innovative solutions we provide to national and international companies as well as key actors in social and economic development.

As for Europe, we are convinced that this market, usually seen as a mature market, is in fact far from being frozen. We believe it gives an opportunity to seek new purpose and have action modes and organizations evolve.



Finally, in parallel with the expansion of its geographic coverage, Mazars has also spent the last year extending its service offer, with the creation of an international team for the development of its consulting business. Here again, our approach involves harnessing our 'Finance' expertise and the high methodology of our auditing profession, to be able to offer longer term strategic support for companies and to prove ourselves as useful catalysts for their transformation and growth.

This ambition perfectly matches our intention of creating a sense of shared purpose with our clients. In the difficult times we are all still going through, it is essential to know how to innovate and offer solutions that favour sustainable growth, while taking into account all the parameters shaping the development of companies interacting with the broader economic environment.

It goes without saying that this is more than a question of simply juggling figures. The ability to create a sense of purpose and define common objectives for every member of an organisation sharing a mutual vision has today become a 'burning need'.



This is what we are driving at, together with our clients and while totally respecting the rules and our own vision and values. We know we have the power and cohesion of our partnership and the expertise of our professionals to back us up in creating and enhancing this vital sense of purpose, wherever we have an influence in the world. We believe that this need to know «where we're going» and why we are working so hard is shared by everyone involved in the international economic community. Our ambition today, and for the years ahead, is to play our part in providing the answers and creating the best possible solutions.



* Strategy

Dóra, Mazars in Hungary

A global strategy for a sustainable growth

“ What is your perspective on this past financial year and how would you analyse Mazars’ performance?

Philippe Castagnac: We entered, a few months ago, into what will probably prove to be an extended period of uncertainty, in which we are likely to see a variety of unexpected events, on an ongoing basis. This difficulty in anticipating what will happen is a factor we have to build in to the way we run our business, and it demonstrates the need for all to have the ability to adapt constantly in today’s economic environment. Given this instability, which shows signs of becoming systemic, Mazars has chosen not to succumb to a short-term ‘stop & go’ approach, but to maintain the strategic course we initially began, while conducting our daily business with even greater

responsiveness and agility. Our partnership, built upon advanced levels of technical, geographical and organizational integration, lends itself to this approach very well, enabling us to operate with the same high standards, and without the inertia of other kinds of structure, across what is now a truly global arena. The built-in resilience of our business model allowed us to conclude the financial year 2009-2010 with an increase in Group business of 14.3% of which 2% of organic growth (excluding exchange rate effect).

Hilton Saven: Even if the worst of the crisis is behind us, it significantly affected the world economy, especially those SMEs (Small and Medium size Entreprises) which didn't have the critical mass or sufficient finance in place. This type of client I know especially well as the Sponsor for Owner Managed Business (OMB) activity on the Group Executive Board. In this context, our overall profit, to which the emerging markets made a significant contribution, shows that the close relationships we maintain with our clients and our ability to offer them tailored solutions in a precarious environment demanding major transformations bore real fruit. In this respect, the 2010



14.3%
GROWTH
IN 2009-2010

reinforcement of our international structure around Global Business Units («GBUs») has already proven its effectiveness. There is better coordination between the global approaches of our member firms in various countries, which enables us to implement a client strategy on a worldwide basis, and the 'country' approach, which ensures we have sound knowledge of the reality of each market and of the issues facing many business sectors. The three year financial and strategic plans established by our four GBUs together with each country will allow us to build on this dynamic which, by setting a common course and ensuring our performances are coordinated at the global level, also helps reinforce the meaning and the added-value of what we're doing at the local level.

Antonio Bover: The overall growth in business across the Group proves the aptness of the strategy Mazars has been following as a global player, both multi-national and multi-disciplinary, since the inception of our strategic plan implemented at the end of 2006. Mazars' legal and tax business, which I represent as a Sponsor on the Group Executive Board, has seen significant progress in 2009-2010, thanks to our ability to provide effective solutions to our clients' current problems,

wherever they are and whether their issues involve re-structuring or tax efficiency. In addition, the new international organization of the Group's operating management, which has boosted our capacity to develop our professions internationally, has also contributed to the upswing in our results. ””

“ Supporting clients through meaningful action and with a real 'sense of purpose' – is that how Mazars believes in 'making the difference'?

Philippe Castagnac: *Our aim is to devise a service for each of our clients that, by combining strategic vision, operational approach and advanced technical expertise, will result in long-term value for them. The sense we want them to get from working with us is our ability to call on whatever professional skills and expertise they need, wherever they need them, and to have confidence that we will effectively contribute to their long-term development. This two-pronged*



approach, extending our geographic coverage and expanding our range of services, is designed to transform Mazars into a one-stop shop global partner, offering a complete range of integrated professional services covering everything from audit to consulting via accounting, legal and tax services. This is particularly true in answering the major needs of PIE accounts, which I represent as a Sponsor on the GEB.

Antonio Bover: *The added value in our approach and in the solutions we offer our clients comes from the multi-disciplinary approach of our professionals and the cohesive strength uniting our teams. As an example, our Financial Advisory Services operate optimally now in conjunction with the skills of experts on tax and law, who are experienced in the technical issues involved in trans-national operations and who have mastered the regulatory peculiarities of certain markets.* ””

“ What are your expectations of last spring’s combination between Mazars and the American firm Weiser, now operating as WeiserMazars?

Douglas A. Phillips: 74 Weiser partners joined the Mazars partnership in April 2010, and I personally joined the Group Executive Board at that time. This combination of our businesses represents the natural outcome of a considered strategy for penetrating the American market which Mazars began about ten years ago by setting up its joint venture with Weiser and, as a corollary, by contributing to the creation of the international Praxity Alliance, which brings together independent accounting firms, many of them operating in the North American market. This development created a lot of interest among our clients, a large portion of which are medium-sized, privately-owned American companies (OMB type) based mainly in the New York area and on the East coast of the United States. In fact, becoming a member firm of Mazars and having access to



the international platform and complete range of audit, tax and consulting services offered by the Group represents significant opportunities to further the international expansion plans of clients we are already working with in the United States.

Hilton Saven: America is a very important market for Mazars and also one of the most complex due to its legal and regulatory environment. Armed with the solid experience of the market’s inherent risks and opportunities acquired alongside the Weiser teams, and following the development of professional, technical and commercial synergies, we logically came to join forces within the Group. This expansion of our global audit and consulting footprint is a substantial advantage in building the international reputation and credibility of the Mazars brand. It is also the promise to every WeiserMazars client that they will enjoy easier access to the international market as well as to a wide and innovative range of services, delivered by proven professionals across five continents. ”



What are the key challenges and strategic issues that face Mazars over the months ahead ?

«The ambition is that of becoming a truly global player.»

Philippe Castagnac: *The ambition that we, at Mazars, have been working on together for several years is that of becoming a truly global player. First, geographically: we intend to pursue our international expansion in the regional platforms we have developed by building our coverage of areas where we see significant potential for growth, especially in emerging markets. Second, from the service point of view: by offering a continuum of high added-value services running from audit - our core profession – to consultancy and covering a spectrum that runs from operational support to strategic advice. Accelerating the development of our worldwide consulting business is one of our key priorities, served by Miguel de Fontenay’s arrival in the Group a few months ago. This involves us building up*



our teams of specialists, both through developing skills internally and through attracting the best new talent to our ‘consulting’ project. The key for Mazars is to promote ‘inter-professionalism’. We see advantages for our clients here in the synergies between the high levels of technical expertise and rigorous methodology of our auditors on the one hand, on the other, the added-value of our consultants and their ability to drive change through innovative solutions. Our approach to supporting this evolution in our positioning will be guided by two watchwords: openness and integration. We will show openness to new countries, new services, new talent and new ways of working together. And we will further the integration of our teams around the world, so that we can be as responsive and effective as possible when moving into action in the interests of our clients and the changes and challenges they face.

Antonio Bover: *Increasing our multi-disciplinary focus is one of the key factors in our ability to add value to our clients by looking at their issues in a fresh and insightful way. Globalization is not synonymous with standardization but, for Mazars, with specialization by profession, by business channel, and in local markets. In this respect the operating framework presented by the Global Business Units (GBUs) is perfect for building an international strategy supported by common*

infrastructures, information systems and processes, while sharing the best practices developed at country level and mobilising complementary skills. This matrix-style organization, which is not at all usual in the tax and legal professions, constitutes a real strong point for Mazars, and forms a great attraction for other professional firms seeking to develop a transnational practice.

Hilton Saven: *The new operational structure set up around the Global Business Units and Global Support Units, fosters very well the versatility within the Group, and as such creates a driver for our organic growth. This development in the organization, aimed at the long-term consolidation of our dynamic for international integration, obviously answers the need to serve our major clients within an effective framework, where the strategic and operational dimensions are perfectly interconnected. It is also a tool for reinforcing our penetration of OMB targets, which have a strong inclination to expand their business internationally, and who offer real development potential for the Group.*



Douglas A. Phillips: *Organic growth, which is achieved both through the expansion of our range of services and through our ability to attract new clients with our high standards of quality, is indeed one of our strategic objectives for the coming months, in the American market as in the rest of the world. For WeiserMazars, this means in particular winning new key accounts, especially subsidiaries of international companies within the United States, which will undoubtedly be sensitive to the substantial advantage represented by having access to all the expertise associated with the Mazars brand.* ””

International development

Supporting you better, taking you further

With the integration of six new countries and our enlarged capacity for direct intervention in certain key markets – particularly the USA – the financial year 2009-2010 saw further pursuit of our strategy for international expansion. Launched in 2006, the ‘Odyssey’ strategy was designed to give the Group the worldwide coverage it needs to support its clients wherever they themselves do business.

By setting up offices in Algeria, the Republic of Korea, Mauritius, Pakistan, Uruguay and the opening of an office in Angola, under the leadership of Mazars Portugal, Mazars is still expanding its geographic coverage, especially in the emerging markets, which represent areas of high growth potential.

A key advance in Mazars’ international development has been, following ten years of fruitful collaboration as a joint venture, the integration into the partnership of the Weiser firm in the USA. «The closeness we had reached in terms of shared professional vision, as well as common ethical and technical standards, led us to this merger quite naturally,» comments Frédéric Allilaire, Senior Advisor in charge of developing this country. An entry for Mazars in the biggest audit and advisory market in the world, it also marks the beginning of a new venture seeking, via this increased capacity on the East Coast of the United States and through potential moves to expand the partnership that are still being considered, to develop our presence on the ground throughout most of the USA.



The vitality of the Asia-Pacific region also proved notable for Mazars in 2009-2010, with an average growth rate in the order of 25%. A performance that hails our strategic decision to focus on developing our presence in one of the most dynamic regions of the world: from just 350 people in 2006, Mazars now counts more than 2,000 professionals and offices in more than ten local countries. «In the last few months we have seen the integration of the Republic of Korea and developments in Pakistan, where the former BearingPoint Consulting firm joined us to help build and run a dedicated Advisory service for emerging countries. More recently, we signed a correspondent agreement with

Reyes Tacandong and Co. (RT&Co) in the Philippines, a firm that has huge credibility in this market, and an agreement on technical cooperation with the SCS Global group in Japan, with a view to developing our range of audit services there,» explains John Mellows, Senior Advisor in charge of overseeing the Asia Pacific region.

To support these developments, and to maximise the on-going skills development of all our teams, in June 2010 we opened the Asian Campus of Mazars University in Kuala Lumpur. From a management and business development point of view in particular, this completes the system

set up in the autumn of 2009, with the launch of the IFRS Desk offering technical support to all the countries in this region.



Western Europe economies still struggle with a difficult context while Central and Eastern Europe economies face widely contrasted situations. Yet, Mazars' capacity to maintain a steady growth in its activity proves the efficiency of the Group's integrated partnership model and the relevance of the dynamic solutions it offers to its clients. « Our strategy in Western as well as Central and Eastern Europe globally revolves around 3 axes: strengthening our service offer through the integration of new service lines, strengthening our international development and pushing forward specifically targeted external growth operations in countries where we are already deployed », explains

Loïc Wallaert, who coordinates activities in this region. This strategy proves relevant, as Mazars keeps being tasked with significant new assignments, which in turn reinforce the partnership's capacity to help its clients in Europe and worldwide. As for geographic development in Europe, developing a more integrated offer in Scandinavian countries remains one of Mazars' main goals. In the countries of central and eastern Europe (CCEE) the picture is varied, with countries like Hungary, Romania and Slovakia still severely affected by the crisis, economies such as Poland and Czech Republic showing signs of dynamism, and markets like Russia and Ukraine getting back on the road to recovery. «We celebrated the 15th birthday of our Moscow office in September 2010, in a highly energetic phase of development, including the expansion of our services, and some quite advanced projects to diversify geographically over the coming months», comments Loïc Wallaert. Another priority area for development is the Balkans, filling in the map of a region where Mazars is already on the ground in the west, with Austria, in the east with Turkey and in south through a recently signed correspondent agreement with a firm in Greece.

The sense of international expansion

Key figures:

12,500 professionals

56 countries within our integrated partnership

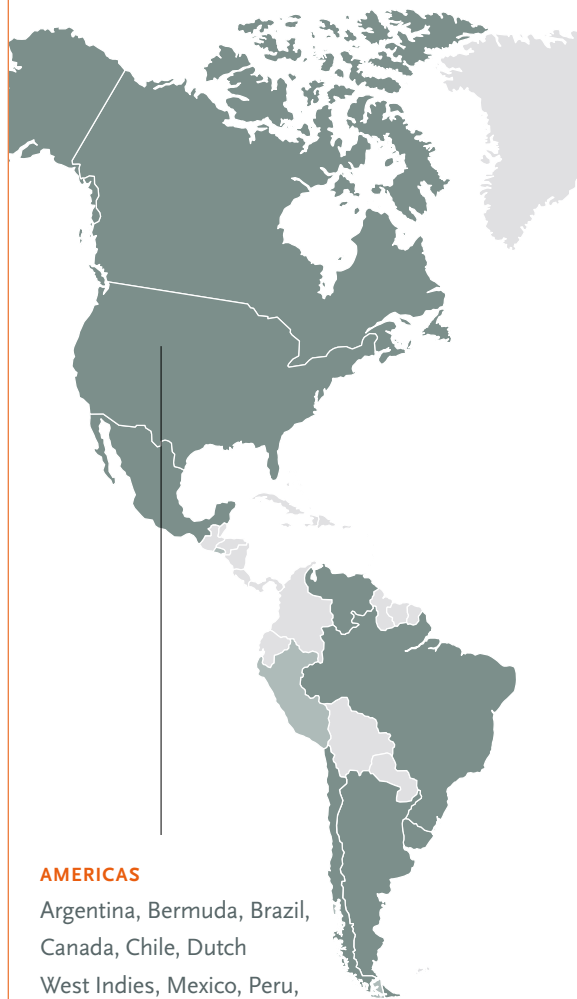
24 additional countries where Mazars serves its clients through correspondent agreements and/or joint ventures or via representative offices

EVEN GREATER REACH WITH THE PRAXITY ALLIANCE

Senior Advisor to the Group Executive Board (GEB), and Mazars Senior Partner in the Netherlands, Jos van Huut became Chairman of the international Praxity Alliance for a three-year term at the beginning of 2010. In 2007, Mazars was a founding member of Praxity, an international alliance present in 76 countries, uniting independent firms all sharing the same technical quality standards and the same ethical values in practising their professions.

The alliance provides Mazars with additional resources, where appropriate, and with extended operational reach in an extra 12 countries. «In addition to the ongoing reinforcement of the Alliance's geographical coverage, especially in key areas such as the Far East and Central Asia, we are also striving to increase the consistency of the Praxity 'image' by fostering cooperation between members, sharing good practices, both in terms of our professions and in our knowledge of the markets,» explains Jos van Huut.

Mazars' presence as of 31st August 2010



AMERICAS

Argentina, Bermuda, Brazil, Canada, Chile, Dutch West Indies, Mexico, Peru, Salvador, United States (including representative offices in Grand Cayman and Israel), Uruguay, Venezuela

Mazars worldwide presence

EUROPE

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

ASIA PACIFIC

Australia, China (Mainland & Hong Kong), India, Indonesia, Japan, Malaysia, New Caledonia, Pakistan, Republic of Korea, Republic of the Philippines, Singapore, Thailand, Vietnam

AFRICA

Algeria, Angola, Benin, Botswana, Cameroon (including representative offices in Tchad and Democratic Republic of the Congo), Djibouti, Ivory Coast, Kenya, Madagascar (including representative offices in the Union of the Comoros), Mauritius, Morocco, Senegal, South Africa, Tunisia

MIDDLE EAST

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

➔ Discover Nomad, Mazars' international magazine on : www.mazars.com/nomad_eng

➔ To find out more about the countries where Mazars operates: www.mazars.com/countryprofiles

- Integrated countries
- Mazars correspondent, country local correspondents, joint ventures and representative offices.



Resilience or the rejection of fatalism

At Mazars, we see our role as that of an on-going partner for our clients. That is why our teams take into consideration the full impact of the current economic evolutions, and more specifically the necessity for them to contribute significantly to the companies' ability to adapt themselves to these evolutions. The concept of resilience gives a whole new meaning to this challenge and to the means to achieve any goals. In a world marked by uncertainty and an obvious increase of risks and their magnitude, Mazars helps organizations retrieve more visibility and develop a more resilient business model. Miguel de Fontenay, leader of the consulting team, and Alain Richemond, economist and author of the seminal 'Economic Resilience'^[1], give us their views.

The repetition of economic crisis gave weight to the idea that companies as well as nations must learn to absorb repeated shocks and even find a driving force to overcome these shocks, in order to keep developing and to avoid inevitable decay.

The concept of resilience sheds new light both on the capacity to identify new solutions in every challenge and on the ability to live in a situation of permanent change. Economic resilience thought of as a lever points out the drawbacks of an organization where strategy is based solely on processes, management tools and information systems, and where, as such, structure can't fully exploit human and emotional synergy potentials.

Originally, resilience is an applied physics notion describing the way metals come back to their initial form after they have absorbed a shock. The concept was then extended to humans' capacity to adapt to extreme conditions and survive. Among various illustrations of the concept, several

studies showed, for example, that a significant percentage of children raised in underprivileged areas of Brazil managed to rise above their social condition and avoid a seemingly inevitable life of poverty. This human capacity to make a fresh start no matter what the conditions are is at the heart of the notion of resilience.

Applied to human organizations, resilience offers a psychological explanation of the ability to successfully manage through a series of faster and faster evolutions.

Once a company takes for granted the idea of a persistent state of internal and external shock, it develops a capacity to strive through challenge, often in spite of limited visibility about an everyday more competitive and risky economic context. Resilience is the ability to adapt an organization to the pressures of a constantly shifting environment, capable of sudden jolts at any time. Applied to the economic sphere, resilience thus redefines the underpinnings of future growth strategies.

[1] *La résilience économique*, Alain Richemond, Editions d'Organisation, Paris, 2003.

The crises before the one we are currently going through demanded responses that were unquestionably less complex than those that must be worked out today. There are many reasons for this. The first involves questioning the many assumptions and beliefs about the long-term growth model. The time for believing in static organisational and developmental models on the medium to long term is effectively over. The strategic convergence of organisations in terms of processes, management tools and information systems has to become less rigid, or risk failing to provide the reactivity



and agility companies need to cope with the accelerating rate of change. We have started an on-going process of re-thinking the company model to give it the means to constantly reinvent itself. In this new context, adaptability and flexibility are the inescapable factors of any durable growth.

The second reason concerns the many different functions likely to be affected within a company. The globalisation of supply chains and the risk of disruptions and tensions that are part of an economy in flux, demand increased vigilance. The interdependence of

a company's functions and entities means a problem in one area could lead to serious disruption in the others and must be rapidly resolved. The company must be nimble, foresee any crisis situations and marshal all its resources - strategic, marketing, finance, supply chain, distribution networks etc. - to stay ahead of the game, predicting and resolving problems before they become serious or even, sometimes, irreversible.

Everyone agrees on these premises; yet resilience is not something you can decree. When it comes down to it, even the most rational decisions or methods won't count for much without the ability of the company's men and women to put their weight behind the change involved in getting through a difficult period. The notion of resilience helps us to get a better grasp of this essential human lever in kick-starting change. Activating resilience depends first of all on the look in the eyes of someone who really believes in the potential of the person or the company in difficulty. When the company looks fated to crumble under the weight of all its troubles, resilience is what stops it going under. This sense of determination gives teams in trouble the capacity to unleash the potential that will enable them to rebound and find solutions to surmount successive crises. This question becomes central, as companies are more than ever facing a permanent necessity to be creative and to innovate in order to build their future.

Obviously, the recent crisis has encouraged us to take full consideration of the company's human richness and the value the company gives to its own project. It is no longer

enough just to talk about initiative; it has to be encouraged and spread through every level of the organisation, without evasion, because promoting initiative and giving people responsibility are now, like the ability to think out of the box and come up with new solutions, major resources in adapting swiftly to change. Resilience also involves gauging the capacity of leaders to promote fairness, integrity and mutual trust in relationships between staff and colleagues, all of which are essential to being able to react fast and appropriately and give purpose to the action. This point can be considered the keystone of resilience due to the personal commitment it requires on the part of a manager. The directors' commitment to seeing each professional as a potential source of initiative and revelation generates dynamism and stimulates effectiveness at every level of the organisation. In this way, individuals all see themselves, and behave as, part of the change being made. The responsibility for the change is shared, which benefits the common vision.

The objective of resilience is to compel us not to remain the prisoners of our troubles. In a risky and unstable economic situation, rigidity of any kind has to be fought. The road to growth, long term, depends on a company's ability to focus on the need to continually adapt to the forces of change: fresh competition, market swings, volatile currencies, the scarcity of raw materials, etc. This flexibility and willingness to adapt must be written into the very DNA of the organisation. Promoting resilience means making sure that a positive 'vibe' is maintained, both individually and collectively,

and trusting in the individual's capacity to re-invent themselves, 'bounce back' and move forwards.

Because we are fully aware of this context, this is the way we stand by our clients' side. In addition to the multi-disciplinary skills we offer, we offer our aptitude for identifying our clients' capacity to unleash their potential resilience. This approach is based on three points:

- We look at everything very carefully to provide a lucid evaluation of situations.



Response times are often short and any mistake can be damaging. Identifying the industrial, logistical, technological and human assets helps measure the organisation's capacity for anticipating and dealing with obstacles. Identifying, anticipating and covering as many risks as possible maximizes the company's chances of success .

- Resilience potential also comes from a transformation programme designed to cater to the evolution of objectives over time. No matter what happens, the company and its directors must be able to affirm a consistent vision of their future, while making tactical adaptations to

whatever the current situation demands. Addressing this need up front contributes to consistency in the company's messages to its various audiences: staff, shareholders, analysts, suppliers, opinion shapers, etc. Shared belief and flexibility give directors an added advantage in driving the pace of change to keep their business moving.

- Managing human resources and talents to promote resilience: the human element is probably the trickiest, because it is the one that can make the most difference.



It requires particular attention to the development of talents and leadership to encourage initiative, bringing about change and motivating teams when things get tough. In times of crisis, the tendency is for companies to resort to hierarchical behaviours, but the road to resilience requires just the opposite. This is one of the biggest challenges in instilling a new approach to interpersonal relations, in

which every individual needs to feel sure that they have an active part to play in the transformation of their company. Trust in the ability of individuals also comes from providing them with the tools to go on acquiring, throughout their professional lives, the knowledge and skills that are vital to the expression of their creativity and, when crucial decisions are at stake, of their autonomy.

The concept of resilience in managing companies truly comes alive through its contribution to the dynamic of change imposed by the rise in economic and technological disruptions.

«Allowing each one to take an active part in the company's transformation.»

The human dimension is at the heart of this apprenticeship to change because, when faced with adversity, our individual capacity to see a better future ahead is what keeps us committed and involved in the common company venture.



• Find out more about resilience with professor David Wilson, from Warwick University. Mazars in United Kingdom is a partner of the university and contributes to studies on entrepreneurship: www.mazars.com/resilience



* Expertise

Tarik, Mazars in Morocco

From auditing to global business advice: service that makes sense for our clients

From an acknowledged audit expert in France and then in Europe, Mazars evolved into an international provider of specialist business services for listed and un-listed companies of every size. Our approach is designed to respond to the specific issues facing each client in their particular market, and to offer effective solutions that deliver real added-value. By supporting our clients in their business development and helping them to successfully manage change, we aim to make Mazars simply the most sensible choice for them going forward. And we are constantly on the lookout for ways of adapting and expanding our service offer to even more closely respond to their needs.

our service offer

Every day, in each of our professions, we strive to win and maintain the trust of our clients. It is in precisely this spirit that we started work this year on creating four Global Business Units (GBUs), structured around the two main market segments represented by PIEs and OMBs and the two key professions of Tax and Law. These units enable us to strategically manage operations at worldwide level while ensuring closer contact with the domestic markets and giving us even greater capacities to respond decisively to our clients' needs. This enhanced organisation helps promote the

A complete range of services to help our clients develop their businesses

Whether for our key accounts, the public sector or privately owned SMEs, our offer revolves around a spectrum of services addressing every link in the corporate value chain. Our clients benefit from experienced teams who have constant access to the insights and skills lent by Mazars professionals operating in other parts of the world. This is the 'one team' concept, which guides our professional approach from day to day; a single, unified team serving markets across the whole world. Each and every client, from the major listed corporations to the individual entrepreneur through every permutation in between, benefits from an equally significant range and depth of services, no matter where they operate. This full range of services goes from audit and financial reporting to techniques for outsourcing or business reorganisation, via transaction services, or advice on tax or business law.

A GLOBAL RANGE OF SERVICES



development of advanced professional skills and sectoral expertise, while facilitating even smoother global operation. It also contributes to the integration of fresh talent, and the sharing of relevant local and transnational knowledge and experience in each of our professions. Ultimately, of course, the overriding objective in this new mode of internationally managing our business via GBUs is to deliver the highest possible quality of service to our clients.

The added-value in our made-to-measure solutions is supported by our sectoral expertise. Thanks to their considerable experience and specialisms, teams dedicated to each market sector ensure our clients around the world of the most advanced expertise and swift operational solutions based on a detailed understanding of the technical issues and of the client's professional milieu.

Public Interest Entities

Driving diversification and increasing internationalisation

Under the management of an international Board, the Global Business Unit (GBU) Public Interest Entities (PIE) is dedicated to listed companies, banking institutions, insurance and public sector companies. Its exhaustive service offer covers 6 main areas of competence: audit, actuarial services, consulting, financial advisory services, legal and tax advisory, accounting and reporting solutions. In each of these areas, Mazars is able to operate internationally, through its members in 56 countries, who all benefit from the support regional hubs for all technical expertises on specialized fields such as actuarial services, business valuation or Initial Public Offering (IPO).



Gathering in the same GBU all these lines of service allows us to put together specific skills and expertises from different teams and create tailored solutions answering the challenges met by large international companies. Our clients indeed face issues related to globalization, technical evolution or increasing local and international regulation; they consequently expect sharper and sharper expertise and solutions to help them go through every stage of their development: external growth (acquisition, sales, IPOs...), new organization, performance enhancement, internal control and compliance improvement.

To make sure our teams stay close to our clients and their markets, each of them, regardless of its specialty, develops strong sector-based expertise in all the main market segments: Financial Services, Industry and Services and Public Sector. Furthermore, we develop more specific expertise in the sub-sectors linked to all of these segments.

Reinforcing our services strategy and sector-based expertise allowed the Group's PIE activity to grow by 10% in 2009-2010 (taking into account Weiser's arrival). This positive evolution for the PIE activity comes

in a contrasted macroeconomic context, as Western countries' growth is slowing down while other areas benefit from an unwavering economical dynamic, turning emerging countries into future growth relays. Three main aspects explain this performance: the resilience of our audit activities, ongoing development of our portfolio of major international clients and our growth in emerging markets.

with a monitoring trustee assignment. In this case, Mazars is in charge of following-up the implementation of the European Commission's strategy, more specifically regarding the bank bailouts from the British government. Mazars also achieved a number of successes in emerging countries, notably with many missions auditing programs from major international sponsors such as the World Bank Group or the USAID.

This year also saw the improvement of our quality follow-up and improvement action plans, through enhanced international quality control, new training programs (including international accounting standards training) and our recurring mobility program, which allows us to bring new skills to the Group's teams worldwide. Lastly, Mazars invested significant amounts in innovative processes, especially in the fields of sustainable development and risk assessment and control. In fact, we believe auditors will be taking a much more active part in these fields in the years to come.

Resilience of our audit activities

Mazars audits around 450 listed companies worldwide, half of them located in Europe. In France, we audit 100 listed groups, including 22 companies ranking among the 60 most important capitalizations listed by Eurolist Paris. These clients allow Mazars to be the only European audit firm mandated by companies listed in the Eurostock 50 index.

During this past year, we earned the trust of many companies: among the most prestigious ranks Valeo, which appointed Mazars as its auditor, the Pernod-Ricard group, which renewed Mazars' mandate or Lloyds Banking Group, who entrusted Mazars

International development

Geographical cover is a key-asset in our line of work, especially in international accounts audit, a field in which our clients expect a global service, following international accounting standards and managed in their country of origin.

Mazars' integration model enables the Group to offer transnational audit services with maximum coordination between country teams. Our Group currently has offices in 56 countries and extends its reach even further through the Praxity Alliance.



The year 2009/2010 was a particularly important stage in our development, as the American firm Weiser joined the partnership. The newly formed WeiserMazars increases the Group's capacity to help its clients on the American East coast, with increased efficiency in specific sectors such as real estate, financial services, media, manufacturing and distribution. This operation is a key strategic move for the GBU PIE which asserts its presence in the world's biggest stock market.

An increased consulting offer

Internationalisation is one of the Group's growth levers, but it is also an opportunity to enhance Mazars' position in the consulting business. Even though audit and consulting services can be compatible, we chose to develop this activity mainly with those clients Mazars doesn't audit. Consulting and audit teams nonetheless share a close link, which allows our auditors to take full advantage of the consultants' know-how and expertise and bring added value to their audit services. Our consulting activity is fully integrated in our global strategy, mainly in the following areas:

- Financial Advisory: We continue developing our Financial Advisory Services through 5 different service lines: Due diligence, Evaluation, Corporate Finance and IPO, Restructuring and Litigation. Our Group confirmed its high-level of expertise on these matters, as Mazars won several international assignments during the course of the year.
- Consulting: in 2010 Mazars took decisive steps to develop its consulting activity on an international level.

This is the reason why Miguel de Fontenay joined the Group. Consulting is developing a service offer mainly composed of Operational Strategy, Change management, Project management, Supply chain, CRM, Marketing and Sales, Financial function and IT strategy. Besides, our consulting unit will keep on developing two key-activities: one team will dedicate itself to «Internal control, Governance and Risks» while a second one will focus on emerging countries' specific needs, which includes services for international sponsors deploying international help programs.

This proactive development strategy has already led to several successes,

AROUND 450 LISTED
COMPANIES AUDITED
WORLDWIDE

10% GROWTH FOR PIE
ACTIVITIES IN 2009-2010

- especially in the finance sector: AIG, Crédit Agricole CIB, AEGON, Société Générale, Allianz. Our teams also work together with the GBU Tax and the GBU Law to include fiscal and legal advice to international companies in specific fields: transfer prices, expatriates' tax, restructuring...
- Lastly, Mazars follows its objective to develop new skills in financial and accounting advisory, through the recruitment of experienced experts in two fields: a new service offer in Business Emergency Solutions, bringing our clients operational resources extremely useful during change periods, and reporting,



more specifically for international groups' subsidiary companies. Over 600 professionals from the Group offer their services in these two areas, with the capacity to coordinate operations in several countries.



Find more client focuses on :
www.mazars.com/focusonclient

Focus on client

Valeo - another success story

With operations in 27 countries, Valeo is one of the world's leading original equipment suppliers to the automotive industry, a market that was severely affected by the financial and economic crisis. With consumer needs, environmental concerns and labour issues all forcing the pace of the change, automotive manufacturers have to move quickly to safeguard their stability.

Successfully differentiating themselves from competitors is today a matter of innovation, quality and efficiency. *«We quickly realised that we needed to provide a response with these things in mind in order to convince the directors, without forgetting our quality standards»*, says partner David Chaudat who, together with partner Lionel Gotlib, led the pitch for the Valeo business.

Innovation and efficiency were therefore the watchwords in the approach put forward by Mazars, as well as commitment to faultless service quality which would reassure Valeo's governance bodies. *«The dynamic proven by our recent successes and the experience and commitment of the team are what made the essential difference for Valeo. They named us as their statutory auditors for 2010-2015»*, finishes Lionel Gotlib.

Highlight

Financial Advisory Services, solutions tailored to support your business

Mazars' Financial Advisory Services bring together the skills of 450 experts across the five continents in assisting clients at every key stage of their business's life-cycle, including mergers and acquisitions, open offers, share transfers, litigation and recovery for companies in trouble. Regularly requested by large international companies and widely embedded in the developed economies, we are currently seeing an upswing in demand for these services that matches the Group's international expansion, particularly in emerging markets.

Financial Advisory Services assignments demand an integrated approach which requires our teams to constantly refine their expertise in order to perform the legal, financial and fiscal due diligence necessary to a successful corporate sale or purchase. Valuating the acquired assets and contractual commitments, defining the accounting schedules for complex operations, handling essential investigations, intervening in arbitration or litigation procedures and finally, supporting companies in the implementation of business recovery plans, are all part of our daily activity. The experience Mazars has acquired in financial diagnoses, for major international companies as well as Small and Medium Enterprises (SMEs), underpinned by our technical expertise and advanced sectoral approach, enables us to deliver respected advice on transactions to our clients in every country in the Group.

«The fresh eye»

More specifically, the financial due diligence in acquisition operations offers many assets to major companies planning external growth operations, or investment funds who favour active portfolio management. These due diligence indeed include very thorough studies of the targeted companies' performance, detailed identification of the key factors determining the cost of acquisition, critical analysis of the financial projections and the hypothesis on which they are based and an overview of the potential risks of the operation, whether those risks are linked to the company or to the operation itself. On a more practical level, these due diligence also cover fiscal optimization of the transaction, assistance in drafting the price and guarantee clauses in the contract, and post-acquisition assistance, particularly to help the buyer integrate the operation into its accounts.

Involved in many IPOs

This expertise is particularly meaningful when Mazars offers its service to help its clients go through their Initial Public Offerings (IPO). Mazars' capacity to deploy multidisciplinary teams, covering all fields from audit to legal consultancy, allows the Group to manage several key aspects of such projects on major worldwide financial centers. Our clients have a single interface helping their teams throughout

to support them in achieving successful outcomes for all acquisitions, sales, capital raising or other external financial projects, no matter how complex. From analyzing their business plans to helping them seek financing and coordinating tax and legal advice via Marccus Partners, our dedicated, multi-disciplinary teams support our clients right through until the deal is done.



the months-long process, and coordinating all external contractors (Investment services providers, banks, communications agencies and stock exchanges). The Group has developed a very keen expertise in assisting Mid Cap companies during their IPOs.

Our expertise in mergers and acquisitions

The strong working relationships we maintain with our clients and our clear understanding of their strategic issues naturally put us in a good position to advise them on their moves to expand externally. Mazars Corporate Finance international teams provide a whole spectrum of services to major groups, SMEs, entrepreneurs or investment bodies,

Mazars' Financial Services also offer assistance in the resolution of problems relating to fraud («Forensic»), or the restructuring of companies in difficulty («Restructuring»), be it at a financial,

legal, organisational or tax level. This involves helping to design specific measures to get the company back on its feet, whether through seeking additional finance, or the cessation of failing lines of business, or even the reorganisation of certain activities. Here again, the skills of our multi-disciplinary teams, as expert in asset evaluation as tax efficiency or restructuring and expansion, represent a major asset in developing appropriate solutions.

Hot-housing our international consulting offer

In line with our strategy for diversifying Mazars' services, we have set up a team focused on developing our international consulting offer. Our aim is to support private and listed companies through the process of change, and help them to achieve long-term growth and build up a more resilient business model. In doing this we draw on the rigor and technical expertise of our profession of auditing, as well as on the ability of our experts and consultants to offer fresh insight into the problems that companies have to deal with, and devise client-specific strategic or operational solutions. From the clients' point of view, having access to such a complete range of integrated services can only make sense.

The decision to hothouse the international development of our consulting services was taken early in 2010. Responsibility for this mission was handed to Miguel de Fontenay, who joined the Group in the spring. Miguel's vast experience of the consulting professions, his proven capacity to help organisations grow and change, his entrepreneurial vision and international outlook, all make a perfect fit with Mazars' values and the Group's ambitions for making these new services a reality.



Our track record as an international brand providing added-value in auditing and advisory services through a multi-disciplinary approach, is also based on a high level of technical expertise, close relationships with our clients and proven understanding of their market environments. This approach has always given Mazars the edge in understanding our clients' strategies, their challenges and their operational issues.

Today more than ever, with an unstable global market where many companies are having to radically re-think their entire business, Mazars offers business consulting at micro and macro levels, delivering innovation and expertise that make sense both locally and globally. «In creating a stronger focus on consulting, with new and bigger teams, our goal is to help our clients be ready for change and therefore, with our support, to manage it better,» confirms Miguel de Fontenay.

«We will offer a complete range of business consulting services by capitalising on Mazars' multi-disciplinary and international approach.»

The Group's comprehensive international service offer, enriched by our hands-on understanding of each country's market specifics, is designed to respond to companies' key concerns, which we, at Mazars, split into four dimensions: optimisation, restructuring, resilience and innovation. Miguel de Fontenay's analysis underlines the point:

«What drives me is the conviction that company directors are facing scenarios where change is being forced by strategic, financial and operational issues all converging. Our intention is to deliver global solutions through a complete range of integrated services, because a strategic decision doesn't only impact one area, but affects all of the organisation's key functions, including HR, marketing, supply chain, etc.»

The complementary skills and expertise of our teams position Mazars as an added-value partner for businesses and public bodies seeking strategic advice, support in the implementation of operational solutions or the optimisation of organisational models. The genuine advantage for our clients, providing long term support in their ventures and helping them to manage change in a complex environment, stems from the expertise of our consultants and our integrated partnership model, which delivers tailored solutions of consistent excellence across five continents.

To accelerate the development of our consulting offer, we are already harnessing a number of existing skills. Some 300 professionals around the world today are now focusing on our consulting business

– while services mainly focused on financial advisory until then – and providing services ranging from advice on organisation, information systems, to internal control and risk management.

This field of competence is progressively expanding to include new consulting services on financial management of the supply chain, or the use of financial tools to improve HR functions.

«In three years we expect to have about a thousand consultants worldwide and to achieve a turnover of around 100 million euros in our consultancy business,» predicts Miguel de Fontenay.

Mazars has elected to develop these services relying primarily on internal resources and expertise, in the firm belief that added value springs first from the ability to harness all the Group's talent in serving our clients.

We also expect to sign agreements in certain markets with partners who share our vision and our demanding standards of quality, and whose offer helps complete our range of services and contributes to our growth. The Group's ambition is to become swiftly as recognised in consulting as we are in auditing and to offer private and public organisations a complete range of integrated services, helping them to achieve sustainable growth.

Owner Managed Businesses

Innovation and flexibility: the core of our added value services

The Global Business Unit (GBU) in charge of Owner Managed Businesses (OMB) offers responsive and attentive daily service to Very Small Businesses (VSBs), Small to Medium Enterprises (SMEs) and other privately owned entities. Particularly affected by the crisis, these companies are seeking, whether through restructuring of their business, optimisation of their value chain, outsourcing or international expansion, solutions that draw on every kind of Mazars expertise, including our capacities for local innovation and diversification, as well as global consultancy.



Phil Verity, Head of the GBU OMB, highlights the unique characteristics of this market, which includes individual entrepreneurs, family businesses and medium-sized companies, all of which may operate nationally or even internationally. Mazars has seen business in this market grow steadily over the last three years, to reach a level of contribution to Group results that is comparable to that of the large companies (Public Interest Entities - PIEs). It also represents the dominant activity in certain markets, such as the United Kingdom, the Netherlands and in countries that joined

the partnership more recently, such as South Africa or the United States. This growth in OMB business stemmed largely, this year, from the healthy performance in the emerging markets of Asia, CCEE (Countries of Central and Eastern Europe), South Africa and the BRIC (Brazil, Russia, India and China) countries. This performance demonstrates the capacity of the GBU OMB to continuously adapt to the issues facing VSBs and SMEs, which by nature demand higher levels of responsiveness and flexibility in dealing with fluctuations in the market.

To make the most of this potential for significant development in OMB activity, Mazars is focusing on approaching and driving the market internationally, while harnessing indispensable local expertise through close cooperation with the Country Business Units (CBUs) dedicated to OMB activity locally. The key directions for strategic development in 2010-2013 involve

«We showed ourselves to be particularly resilient during the crisis. The loyalty of our clients bears witness to the quality our OMB professionals delivered in working on their behalf, and supporting and advising them during this very difficult time.»

17 % GROWTH
FOR OMB ACTIVITIES
IN 2009-2010

the diversification of our service offer, the expansion of our client base of larger SMEs, the reinforcement of our international network and enhancement of our marketing tools in support of business development.

Innovating and diversifying for tailored solutions

The development of our service offer is our key performance-lever. Every resource at the GBU's disposal is drawn upon in responding to the needs of our clients, particularly in facing issues of cost rationalisation, financial management optimisation (setting up reporting systems, investment advisory, payroll...) and in refocusing on their core

business with a view to making the most effective allocation of their resources. The GBU OMB is also expanding its service offer around advisory services, with particular emphasis on tax advice, outsourcing and restructuring, and on delivering effective solutions that can be swiftly set in motion. We adapt every response to suit the size of our clients: from turnkey solutions for VSBs, artisans or professional freelancers, to global consultancy on business process outsourcing for the big SMEs, via accounting and expertise scaled to the needs of the medium-sized SMEs.



«One of our priorities is to expand our client base of larger companies, in particular through developing our consultancy services.»

This fundamental work on expanding our service offer is one of the main tools in our strategic objective of serving SMEs of all sizes, and especially the biggest. Driving the operations at global level and harmonising our solutions will be further assets in creating a more powerful service. Our capacity to respond to the needs of the biggest SMEs also benefits from the richness of our offer to PIE clients, from our knowledge of local economic environments, ensuring real understanding of our clients, and finally from the synergies created by our integrated partnership. Indeed, the exchange of best practices and techniques among the Group's professionals, whichever their country or

Adaptability, responsiveness, the development of advisory services and of the offer overall are prerequisites for sustainable growth, which is also key to our dynamic for geographical expansion. The strategy for internationalising the OMB business therefore runs along two lines: the creation or reinforcement of dedicated teams in countries where we already operate, and mergers, acquisitions or agreements with local correspondents in other countries. In fact, we rely on external growth to deliver the right level of international coverage and to continue to offer our clients seamlessly



«Our strategy for growth in the OMB market is built on global leadership and long-term commitment at national and regional levels.»

effective service. The arrival of the American firm Weiser within the Group is proof of the dynamism of our strategy, which embraces the integration of new entities at local, regional and international level.

clientele, gives all our teams increased power. For instance, the creation of an extranet dedicated to corporate finance activity enables our experts to help the big SMEs, who are frequently involved in operations for external growth, through harnessing the *savoir-faire* and experience of the Group as a whole.

Global synergies for local effectiveness

Constant, high-quality communication between the teams we have in place is a key factor in achieving our objective of building the reputation of the Mazars brand within the VSB and SME environment around the world. By making common investments with the

«In my opinion, organizing ourselves as Business Units to answer more efficiently the market's need was our best long-term option. Now, the management of our GBUs is clearly aligned with the international markets we operate on.»



other GBUs, we have increased our potential to develop new business and to innovate on behalf of our current and future clients, while opening the way to optimising the Group resources we need (information systems, marketing and communications, human resources...). This real international «back-office» makes excellence not only possible but practicable, ensuring the best possible results for all concerned.

In following this strategic approach to maximise our interoperability, our ambition is to achieve growth in double figures for OMB business by 2013. This will position Mazars internationally as a top ranking player in this important market sector.

FOCUS on client

Mazars and Valode & Pistre: Architects of success!

In 2008 the Mazars office in Moscow began a fruitful collaboration with Valode & Pistre, France's leading architectural agency. Ranking among the top 100 major agencies worldwide, Valode & Pistre has opened offices in Spain, Poland, China and Russia since 2005. Mazars's mandate originally covered a limited review of the holding's creation accounts, but the Group built a long-term relationship with the agency over time, and carried out many other missions in audit, fiscal advisory and more recently accounting outsourcing, as David Motte, Chief financial officer of Valode & Pistre in Moscow explains: «Today, Mazars manages the payroll for employees and continues to provide us with tax advisory services. For a company such as ours, pursuing rapid international development but on a human scale, Mazars is the ideal partner. In addition to their geographic proximity, the quality of their services and the ease with which we can reach the right person are considerable advantages». «Our Chinese office also uses Mazars», adds David Motte, «and if we create subsidiaries, I am certain that we will use again Mazars' expertise, our two companies are on the same wavelength».

☛ Find out more about Mazars' activities in Russia:
www.mazars.ru

Highlight

Outsourcing: a performance-lever for companies

Until now regarded as more of an option for major companies, full or partial outsourcing of 'back-office' functions (especially finance, human resources, payroll and related information systems), also known as 'Business Process Outsourcing' (BPO), is drawing increasing interest from Small to Medium Enterprises (SMEs). In a fiercely competitive economic environment, many companies today find themselves having to review their organisations and find ways of creating efficiencies. Capitalising on the knowledge and experience acquired working with large Public Interest Entities (PIEs), Mazars has over the last few years developed a range of services adapted to answer the needs of SMEs.

Three keys to growth

Outsourcing is one of three techniques for reorganising the processes and working methods central to a company's value chain. The other two are shared services centres (SSC), and re-engineering (see side-bar). Companies are driven to adopt these new models of organisation both by external factors, which are largely macro-economic in nature and affect their ability to compete (labour costs, raw materials, exchange rate fluctuations), and by structural factors, such as internationalisation increasing the number of production sites, or the growing scarcity of qualified personnel. Smoother implementation of these three approaches is assisted by new, lower-cost technologies, increased insight into function costs thanks to more frequent inter-sector comparisons, and the availability of high-quality service providers.

Mazars has made outsourcing one of its priorities in its strategy for developing the SME market, and for medium-sized businesses in general, whether these clients are PIEs or OMBs. This specially-adapted service offer, which is proving highly attractive to the market, consists of dedicated across all countries teams who enable clients to re-focus on their core business by outsourcing the less strategic and more administrative functions. This success is also linked to the rise of the Group in countries where the market gathers a majority of SMEs. This is notably the case in the emerging markets, the BRIC (Brazil, Russia, India, China) countries or in South Africa, all countries where Mazars is gaining increasing recognition as a reliable outsourcing partner.



SHARED SERVICES CENTRES (SSC), OUTSOURCING, PROCESS RE- ENGINEERING: THREE APPROACHES TOWARDS THE SAME GOAL

To provide its clients with solutions that are tailored precisely to their field of business, Mazars starts with three main approaches - shared services centres (SSC), outsourcing and process re-engineering - all aimed at improving productivity and competitiveness in a highly pressurised economic environment. Each approach aims at rationalising processes, but modes of implementation vary according to what will be most effective in the given situation. So, while SSCs and process re-engineering rely on internal re-organisation of the company and the use of resources already in place, outsourcing entails the recruitment of an external service provider, whose level of involvement is defined contractually. While SSCs and outsourcing imply major structural and operational changes, process re-engineering can have a reduced impact on work-flow and resources, although it may demand greater investments in technology at the same time. In the end, the level of savings required is a key factor in the choice between these three different approaches and the higher the level, the more often outsourcing becomes the most appropriate choice.



Focus on client

Bord Bia entrusts Mazars with international tax and payroll management.

At the end of 2009, Mazars Dublin was retained by Bord Bia, the Irish food, drink and horticulture industry's trade development and promotion body, to manage its tax affairs and handle the international payroll for its offices in Amsterdam, London, Frankfurt, Madrid, Milan, Moscow and Paris. Since 1st January 2010, Mazars has been bringing its financial expertise to bear on problems running from administration of salaries to tax efficiency issues, replacing local service providers in the seven Bord Bia countries. The client's aim in seeking Mazars' services was to put an end to the problems caused by too many different parties being involved. Thanks to the resources and synergies of its international partnership, Mazars has met the challenge by establishing a 'gatekeeping' function, which coordinates Bord Bia's different offices and the handling of local issues.

➤ Find out more about Mazars in Ireland:
www.mazars.ie

Tax

A key competence supporting a global strategic approach

The Global Business Unit (GBU) Tax at Mazars is staffed by experts in domestic or international tax matters. These professionals work with privately owned or listed companies, national bodies or private clients, who present a broad spectrum of different tax issues. In addressing these, the Mazars teams in charge of tax consultancy offer a diversified range of services and the capacity to work on transnational assignments. The GBU's development dynamic is based on an ambitious strategy, involving both the roll-out of an increasingly comprehensive service offer and the strengthening of local tax expert teams to enhance our capacity for direct involvement in as many countries as possible.



«With 33% growth in 2009-2010, GBU Tax achieved the objectives set in its strategic plan,» points out Ton Tuinier, Head of GBU Tax. This performance, which highlights the significance of tax efficiencies in a strained economic climate,

nevertheless reflects the disparities in development in different geographic regions. Business remained fairly stable in the countries of Western Europe, where Mazars concentrated on building up tax teams capable of handling business for PIEs (Public Interest Entities) as well as OMBs (Owner Managed Businesses), leading to a balanced client portfolio that made a marked contribution to the overall resilience of the Group. In the emerging markets, however, especially Asia and South America, there was a noticeable increase in business. Here we continued to build our presence

on the ground, making full use of our capabilities, which enables us to form part of multidisciplinary teams and to answer the tax advice requirements of local clients while offering them global consultancy.

International tax consultancy and local expertise

Supported by the expansion of Mazars overall, the extension of our own field of operations is also made possible by our constant watch on tax developments, which enables us to position ourselves as experts on subjects as diverse as transfer pricing, expatriation, repatriation, VAT and customs issues and other cross-border issues confronting our clients, who, like us, are rapidly developing internationally. Nourished by our transnational culture of sharing skills and best practices, this competence, which enables us to respond appropriately to the current needs of major international groups, is also supported by the proven knowledge

of local markets we bring to bear in satisfying our clients, no matter what their size, through committed and attentive relationships. The new structure set up in early 2010 also contributed to our rising influence. Organised as a Global Business Unit, we now enjoy improved synergies across all countries, more harmonised shared approaches and, above all, a better capacity not only to serve our current clients facing ever more complex tax scenarios, but to win more.

Strong growth potential

Empowered by these advances, we are concentrating on the two key strategic directions in our development plan: building our tax advisory/consultancy business in Western Europe, starting with France, by capitalising on the large Mazars client base in those countries, and deploying teams of tax specialists in growing economies such as the BRIC (Brazil, Russia, India, China), in emerging markets, in the CCEE (Countries of Central and Eastern Europe) or of course in the United States, where we have high expectations of the combination with Weiser, whose tax services represent a significant part of their business. Finally, increasing tax activity at global level also relies on our ability to attract experts who are specialists in their local markets. The dynamism of our existing teams, the diversity of the assignments we carry out and the prospects for fast-track career development are all aspects of Mazars that attract the best new or proven talent in the business. «Based on this, we are aiming to increase our contribution to Mazars' global turnover to 15% in the next three years,» concludes Ton Tuinier.

33 %
GROWTH FOR
TAX ACTIVITIES
IN 2009-2010

FOCUS on client

Klarius Group: from the fiscal to the global consultancy

Appointed by Klarius Group to intervene on due diligence related to the acquisition of Quinton Hazell Group, Mazars took full advantage of the partnership's international synergies. To help the client during this complex deal which involved acquiring several entities located in different countries, and advise it on financing and fiscal optimization aspects, teams from Germany, Spain, France, Ireland, Italy, Netherlands and Poland gathered under the supervision of British partners David Sayers and Andrew Ross. The Mazars' teams brought to the project both their expertise of international merger and acquisition transactions, and their specific knowledge of the national fiscal systems involved.

The relationship kept on after the operation, as Mazars helped the newly formed group organize itself to take full benefit of its synergies. When the group issued a request for proposal regarding its audit and compliance needs, it was then no wonder that it decided to appoint Mazars over its competitors.

➔ *Find out more about Mazars in the UK:*

www.mazars.co.uk

Law

Refined expertise to manage complex operations

Developed since 2007 under the aegis of the Marccus Partners' brand, Mazars' law activity has since evolved quite considerably and, since January 2010, is structured within our Global Business Unit (GBU) Law. With more than 300 dedicated professionals, the firm now delivers expertise in business law around the world, notably in transnational contexts, and working with the Group's other professional lines, contributes to providing our clients with global advice. This success stems from a precise strategic vision of which synergies and competences best serve our clients in providing a multi-disciplinary offer that generates real added-value.

«Our capacity to act for clients on every continent is a key factor in our growth.»



«In 2009-2010, as a result of an aggressive development strategy, based both on the expansion of its service offer and the extension of its international field of operations, Marccus Partners clearly proved its dynamism,» points out Bernd Sagasser, Head of GBU Law. The lawyers at Marccus Partners help clients in a variety of situations and fields, whether the need is for company law, mergers and acquisitions, real estate law, restructuring, labour law, litigation and arbitration, or fiscal law. In relatively

challenging contexts, depending on the part of the world, fewer mergers and acquisitions and fewer major property deals have been seen. But the broad spectrum of our field of expertise allowed the Group to maintain its activity in the «law business», with an increased demand for our expertise in civil law, company restructuring and litigation.

As our clients' needs become more complex due to their own international expansion and the number of transnational operations,

our range of legal services is expanding to suit those needs. Making ourselves more accessible by diversifying geographically follows the same line of thinking. In 2010, Marccus Partners opened a representative office in London to be closer to British and American clients operating in Europe, and to support foreign investors seeking to set up on the Continent. Last June, Marccus Partners combined with the Chinese firm HHP Attorneys-at-law. This evolution is part of Marccus Partners' strategy which consists of setting up a platform for serving the Asia-Pacific countries, starting with new offices in Shanghai and Jakarta. This is how GBU Law uses its presence on the ground in key countries - Germany, France, Spain, Italy, the Netherlands, Romania, Russia, United Kingdom and China – to extend the business out into their respective regions of influence. Italy enables coverage of Libya; France facilitates access to French-speaking Africa, Spain links with Latin America, Germany connects with Eastern Europe and so on. In addition, the Group's global reach and operational capacities in 56 countries or so means we can also supply business legal advice to clients by using a local Mazars office to identify a suitable local, legal partner who shares our technical standards and quality of service. «Our capacity to act for clients on every continent is a key factor in our growth and has also benefited from the recent reorganisation into Global Business Units, creating even closer relationships with our clients and even more responsive service,» confirms Bernd Sagasser.

**GBU LAW
AMBITIONS TO
DOUBLE ITS
TURNOVER BY
2012-2013**

With renewed sense of purpose and significant advantages on its side, including the match between its own expertise and the Group's and the multiculturalism of its teams, GBU Law is forging ahead with its ambition to double its turnover by 2012-2013.

FOCUS on client

A TEAM OF EXPERTS IN REAL ESTATE LAW

In 2009-2010, Marccus Partners handled a considerable number of property transactions for its international clientele, including offices, businesses, logistical platforms or international acquisitions and transfers in which Marccus Partners was invited to act both as tax and legal counsel. Appointed to handle property financing for banking establishments, (such as RZB, DG Hyp.) Marccus Partners also assists clients in major lease renegotiations and other non-commercial property investments. Among its many clients in the property sector, Marccus Partners maintains regular relations with Euris/Rallye Real Estate. Marccus Partners took part in several assignments for Euris/Rallye in relationship with co-investors from Portuguese developer Sonae Sierra. More recently, Marccus Partners was assigned as counsel for the selling of "Alexa", the second-largest shopping centre in Berlin. This sale was one of the most important real estate transaction in Germany at that time.

➔ Find out more about Marccus Partners' services :
www.marccuspartners.com



* Responsibility

Cátia, Mazars in Portugal

A sense of democracy, essential to our independence

Responding to market needs with high-quality and innovative services, defining accordingly our vision and the sense of purpose in our strategy and finally creating the conditions for controlled and sustainable growth: these are the challenges that involve both our management and governance bodies helped in their task by the support provided across the world by our Global Support Units (GSUs).

With new teams created at the end of 2009, through our democratic procedure, the governance bodies and the GSUs contribute to the achievement of ambitious goals: continued geographical expansion and the diversification of our services within the parameters of the highest standards of quality and security that are fundamental to our positioning.

For Mazars, sharing and implementing a meaningful strategy also implies that it should be in harmony with the wider society that the Group is part of. Responsibility in this sense is crucial to the way we view our work. It is not only a fundamental value in our democratic model of governance, it is expressed by the very nature of our professions, in our relationships with our clients and the markets, and with society as a whole. Responsibility is reflected in our human resources strategy, and the way we manage people. These social and environmental commitments enshrined within the framework of our Partnership Social Responsibility strategy, are lived out by every professional in the Group.

Democracy at work

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 a key 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. Mazars Srl is directed by its Group Executive Board (GEB), under the supervision of the Group Governance Council (GGC).

The direction of each national entity 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 Srl. 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.

In just this spirit of democracy, the Group Executive Board (GEB) and the Group Governance Council (GGC) were elected in December 2009. The results of the election demonstrated the international dimension Mazars has acquired over the last few years, involving the responsibilities of representatives from several continents and various different professions. Similarly, in April 2010, the partners together approved the expansion of the management and governance bodies to include partners from Weiser.

A purpose-built organisation

The **Group Executive Board** (GEB) is elected for three years by the partners at the General Meeting. They elect the President, then, on his or her proposal, the other members.

Since December, the GEB is formed by the President and CEO and four co-CEOs. It is responsible for defining and implementing strategy as approved by the partners, under the supervision of the Group Governance Council (GGC), and supervises the Group's management.

The **Group Governance Council (GGC)** 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.

The Governance Council has particular responsibility for ensuring that the various institutions function effectively and that the Group develops positively. They regularly evaluate the performance of the Group Executive Board and its members, and follow up the activity of the countries as well as GBUs and GSUs, and verify that the principles of good governance are being followed, that the democratic partnership is running smoothly, and that the professional and ethical values stated in our Partnership Charter, are being respected. They also examine budgets and accounts. Their role has increased over the last four years, with the certification of Mazars' consolidated accounts by two independent auditors, (BDO and Crowe Howarth International for the last financial year). The Governance Council additionally supervises the effectiveness of the risk management system. Lastly, they examine and approve, the integration of new firms as well as individual candidates for partnership.

The **Senior Advisors** are four former members of the GEB who now offer the benefit of their insights to the Board.

Two of them oversee certain geographical regions where Mazars has a presence and is expanding, and the others lend their experience and expertise to, respectively, enhance the management of the Group's people and talent, and drive the development

of the international Praxity Alliance.

The **Global Executive Committee (GEC)** is a broadened governance body set up in December 2009 as part of the reinforcement of the Group's international operations management. It includes five members of the GEB, the four Senior Advisors, the managers of the four Global Business Units who define global business development strategies and direct international operations, and the managers of the four Global Support Units who organise the way the Group shares its common resources at global level and support the growth of business. The role of the GEC is to coordinate policies and common practices and to ensure these are implemented swiftly and effectively.

Partners mobilized around Mazars' project

Mazars' dynamic above all relies on its partners, who chose to share the same values and recognise the same institutions, enshrined in our founding documents, notably our Partnership Charter, and to commit themselves to a project elaborated in common through a democratic process.

Each of our partners is responsible for determining how she or he can contribute to the global project and integrate their contributions in local or business line trends. This approach, which relies on self-evaluation and peer-review allows teams and individuals to enter this dynamic of purpose which combines capacities and individual aspirations with necessary contributions to guarantee collective success. This approach also underpins equity between the partners.

Composition of the Group's governance bodies

The **Group Executive Board** (GEB) elected in December 2009, whose term runs until December 2012, is composed of:

- Patrick de Cambourg – *President and CEO of the Group*
- Antonio Bover – *Group Co-CEO, Sponsor of GBU Tax and GBU Law, Mazars Senior Partner in Spain*
- Philippe Castagnac – *Group Co-CEO, Sponsor of GBU PIE, Mazars Senior Partner in France*
- Douglas A. Phillips – *Group Co-CEO, CEO of WeiserMazars in the United States*
- Hilton Saven, *Group Co-CEO – Sponsor of GBU OMB, Mazars Senior Partner in South Africa*

The **Senior Advisors** to the GEB are:

- Frédéric Allilaire – *Sponsor of the Americas, Middle East and North Africa*
- David Evans – *Senior Partner in the United Kingdom, Sponsor of GSU Talents*
- John Mellows – *Sponsor of Asia-Pacific region*
- Jos Van Huut – *Senior Partner in the Netherlands, Chairman of the Praxity Alliance*



The **Global Executive Committee** (GEC) includes, in addition to the members of the GEB and the Senior Advisors:

The heads of the four *Global Business Units*:

- Hervé Hélias (GBU PIE)
- Bernd Sagasser (GBU Law)
- Ton Tuinier (GBU Tax)
- Phil Verity (GBU OMB)

The heads of the four *Global Support Units*:

- Jean-Luc Barlet (GSU Technique and Innovation)
- Laurent Choain (GSU Talents)
- Thierry Colin (GSU Performance and Systems)
- Caroline Van Troeyen (GSU General Secretariat and Communications)

As well as:

- Miguel de Fontenay (Consulting)
- Loïc Wallaert (Country Forum)

Group Governance Council

elected in December 2009 currently comprises ten members whose term runs until the end of 2012:

- Michel Barbet-Massin (France), President
- Pierre Sardet (France), Vice-President
- Kathryn Byrne (United States)
- Ali Elaouani (Tunisia)
- Patrice de Folleville (Germany)
- Tim Hudson (United Kingdom)
- Ruud Krouwer (Netherlands)
- Vincenzo Miceli (Italy)
- Kenneth Morrison (Hong Kong)
- Mauricio Rioseco (Mexico)

«Our governance is evolving to support our growth»

Michel Barbet-Massin, President of the Group Governance Council, talks about the activities of the team who were elected for a three-year term at the end of 2009, and on their priorities for the coming months.

«The election of a new team for the Group's Governance Council at the Annual General Meeting last December marked a distinct evolution in its make-up. From a primarily

Africa, the Americas and Asia (see details on page 51). All of them possess an in-depth understanding of the workings of the Group and considerable management experience, each of them having already headed a local office or being part of a Country Executive Committee.

Balancing the representation of the main geographic regions for Mazars is a way of ensuring, through a thorough grasp of realities on the ground, that good communications are maintained between the Group Governance Council and local countries.

These changes duly noted, it has to be said that the role of the Group Governance Council as set out in our Partnership Charter has not, in itself, changed. It is still charged with ensuring the proper functioning of our institutions and the way they evolve as the Group expands. It regularly evaluates the performance of the Group Executive Board and the Country Executive Committees, and ensures that the governance principles set out in the Partnership Charter are being respected. In addition, it inspects and approves new integration projects, as well as partnership

European team over the last term, the Group's dynamic international expansion in the last few years is now reflected in a more representative line-up.

The ten team members now come from across all the geographic regions Mazars is working in today.

Since the team profile also reflects the contribution each region makes to the Group's overall business, there are six European members supported by colleagues from each of the continents where Mazars is present:



applications and, lastly, represents the partners in discussions with the governance bodies at Group and national level.

Enhancing interaction

In the first few months of 2010, we focused our attention on the steering groups that shape the way we work, including finance, risk management, partnership life and the various ad hoc groups who support every project for partnership growth. Significant work was undertaken, particularly on remuneration and the establishment of partners' voting rights for the three-year term from December 2009, which forms an essential part of our independence. The regulatory authorities are keen to see that our pay structures guarantee the independence of our partners and preempt any sort of conflict of interest, while ensuring that our evaluation criteria are based on more than just profit-seeking. For our part, we are keen to encourage or develop versions of 'local' Governance Councils, especially in the major Group countries, such as the Administration Council of Mazars in France, or the Governance Council of Mazars in the United Kingdom. By working closely with these local bodies, we have improved the dialogue between countries and made the Group Governance Council more agile and effective.

We are also promoting interaction between the Governance Council and the Group Executive Board (GEB) through regular meetings and by involving ourselves very upstream in discussions about projects on which our opinions are sought.

The combination with Weiser in spring 2010 is a good example of this: in autumn 2009 we were already aware of the due diligence being carried out by the GEB and were able to contribute to a number of the ensuing discussions.

Supporting growth and diversification

In the months ahead, supporting the Group's international development will be one of the Governance Council's main priorities. Our focus will be on the integration procedures for firms and teams joining the partnership. The issues involved are cultural as well as operational and we are constantly striving to optimise the process. Similarly, the development of Mazars' consulting business implies the recruitment of new talent, bringing complementary expertise into the Group. Appointing top professionals to positions of instant visibility within our partnership structure forms a key part of our development strategy for these new services and will no doubt have a certain impact on the details of our Partnership Charter.»

Performance and Systems

Serving our greater purpose

Over and above the usual remit of a financial direction, the Global Support Unit (GSU) Performance & Systems, under the leadership of Thierry Colin, the Group's Chief Financial Officer, is designed to support the Global Business Units and their operational teams in improving their efficiency and productivity and, as a result, their financial performance. From this performance springs Mazars' capacity to continue to finance its growth and development quite independently.



In fact, financial independence is crucial to assuring the long-term implementation of our strategies and the durability of our unique, integrated partnership model. The GSU Performance & Systems plays a key role in this, through building and running financial performance indicators and setting up common information systems and reporting tools across all the countries in the Group. Questioning budgets through daily dialogue with operatives in order to maximise project effectiveness as measured against financial performance criteria, constitutes an essential part of Global Support Unit Performance & Systems activity. This approach is facilitated by the implementation of common procedures and innovative tools designed to create totally workable solutions that are both understood and adopted by users around the world.

Keeping a constant watch on technological evolutions - open-source software, Google Search Appliance, Microsoft applications

«Financial independence is crucial to assuring the long-term implementation of our strategies.»

- is one of the means of making sure our knowledge base is always up-to-date, enabling us to provide the GBU's operational teams with the most innovative solutions to develop their business.

The efficiency of the support brought by the GSU Performance & Systems to the Group's development - in every business line - relies largely on our capacity to balance the growing need for resources with our financing capacities. Managing to find the right balance indeed remains one of the keys to our independence.

General Secretariat and Communications

Supporting our brand development

The GSU (Global Support Unit) GSC encompasses the duties of the General Secretariat plus Direction of Communications, as well as the International Marketing Communications Agency. Under the leadership of Caroline Van Troeyen, its main mission is to promote awareness of the Mazars brand among its various target audiences around the world, and to enhance the Group's reputation in every market where it has a presence.



The General Secretariat teams focus on promoting a vibrant dynamic of international partnership. Our unusual structure and the rapid growth of our organisation do in fact require and benefit from regular meetings for partners to exchange views and coordinate action, as well as more key events at which to validate various strategic angles and to provide a suitable forum in which to express the Group's founding spirit of democracy. Facilitating quality dialogue and discussion is a vital tool in assisting a rapidly expanding Group to make effective strategic decisions and implement them successfully afterwards. Beyond dealing with the obvious issues surrounding change, the General Secretariat also plays an important part in the integration of new firms, supervising, for example, all the legal aspects of these arrangements.

The team in charge of Communications and the International Marketing and Communications Agency focus on the development and implementation of

the Group's communications strategies. This involves first translating the Group's objectives into precise and targeted communications plans. The teams also oversee the local countries' marketing and communications strategies and work closely with the Marketing and Business Development teams in the GBUs to develop appropriate marketing and communications plans for each project, whether it be external advertising or editorial, PR, media relations, lobbying, operational marketing or on-line communications and e-media. Internal communications also plays an essential role in a global organisation that is growing and changing as fast as Mazars. A review of our brand architecture is currently under way to help us adapt better to the implications of expanding our services and of integrating new teams, new firms or new talent from anywhere in the world.

Technique and Innovation

Implementing the highest standards of quality and security

Under the helm of Jean-Luc Barlet, the Group's Chief Compliance Officer, the Global Support Unit (GSU) Technique and Innovation, is responsible for technical excellence and quality control across the Group and for preventing and managing risk, whether within Mazars or from outside. The GSU supports all operational teams through ensuring that common professional standards and internal codes of conduct are respected in all Group countries.



Promoting quality

One of GSU Technique and Innovation's priorities is the consistency of technical competence among all group professionals, regardless of which partnership country they work in, or which clients they work for (PIE, OMB). The GSU writes and updates quality control manuals for Mazars professionals, including the Quality Assurance Manual which provides regularly revised and updated information on the procedures and applicability specific to audit assignments. The range of literature is growing every year with internal publications on issues related

to Risk Management and recently created business lines, or dealing with regulatory developments (most recently a 2010 handbook on Transaction Advisory Services delivered by our Financial Advisory Services business line). The GSU Technique and Innovation also works with the GSU Talents on providing Mazars professionals with training programmes and dedicated help desks to assist them with any day to day technical issues or regulatory enquiries they may have, thus enabling them to deliver their clients the most effective and innovative solutions, based on the soundest expertise. In 2009-2010, the GSU provided

international assistance in the implementation of IFRS standards and liaised with Mazars University in enriching the e-learning system with new modules including International Standards on Auditing, which are rapidly becoming the norm.

Professional quality standards are reviewed several times a year, facilitating evaluation of the organisation, and of the application of regulations and procedures on assignments. The evaluation applies to the respect of national and international audit regulations (ISA, US Gaap), the respect of our code of conduct, the skills of staff and the supervision of assignments. Most of the member entities of the partnership, in Europe and the United States, have in addition set up their own internal mechanisms for quality control.

On constant watch

The need for continually updating support documentation to take into account new developments in regulations and professional practice also leads the GSU teams and other partners in the Group to take active part in the work of other international professional organisations: the IASB, EFRAG, IFRIC, FEE or IFAC, to mention just a few. Mazars also belongs to the *Forum of Firms*, whose members are all committed to promoting better technical and ethical standards of auditing around the world.

These commitments put Mazars in an ideal position to share new approaches and techniques. Innovation also springs from our on-going dialogue with our professionals on the ground, and the new solutions they devise to answer their clients' needs.

Professional ethics and risk management

The creation of GSU Technique and Innovation also supports Mazars' intention to increase global effectiveness and consistency in upholding the ethics and rules for independence governing the auditing profession. Updating our Charter on Objectivity and Independence, producing practical guides to help auditors easily identify situations of incompatibility, particularly with reference to prohibited services, answering auditors' questions about conflicts of interest or acceptance of assignments, are all key aims of the GSU's role in Risk Management.

To improve the way we log and classify all the clients and assignments we are working on around the world, we are gradually rolling out a guidance system for Customer Relationship and Risk Management. This system fulfills the need to pursue our continued international growth in a controlled manner, and will smoothen operations by providing a global overview of resource allocation and by facilitating analysis of risks. In parallel with these technical developments, GSU Technique and Innovation is also deeply involved in nurturing the values of responsibility and transparency that underpin our risk management approach from day to day.



Talents

A fundamental asset to our growth dynamic

In a high added-value services company like Mazars, the way we manage talent is critical to our success; it is also the crucial factor in our capacity to give real meaning to the service and solutions we offer our clients.



This is why we have chosen to build up the international positioning of HR around a Chief Human Resources Officer, who manages the Global Support Unit Talents. Laurent Choain joined Mazars in July 2010, to develop and coordinate the implementation of our talent management policies at Group level. His experience of international groups and of managing high-calibre individuals will be invaluable in supporting the growth of the partnership and in contributing to the emergence of a new generation of leaders.

“ How do you see your arrival at Mazars ?

My title, Chief Human Resources Officer, is not some kind of elitism; it means that I am in charge of developing and leading, at executive Group level, our policy on human resources. The operational implications of this have been immediate: my team is international, our working language is English. Although these details may seem relatively trivial, they are symbolic of the truly global dimension Mazars has achieved. Restructuring the HR directorate as a Global Support Unit, with representatives in each country, gives the Group a mechanism for steering the development of careers and managing needs in terms of expertise that properly matches the Group's ambitions. This building up of our support functions - in parallel with the development of world business units to structure our service offers and our commercial strategies – marks this passage to a new dimension. Pursuing our international expansion with the integration of new partners and new professional teams, boosting our Advisory services by attracting new clients as well as new talent, identifying and supporting the leaders of tomorrow, all demands the increased international coordination made possible by the evolution of our organization. ”



“ What resources do you have to drive these new dynamics forwards ?

When I arrived at Mazars, I found some remarkable structures and tools already in place for managing human resources and sharing information and knowledge: regular meetings between new employees, partners and managers; Mazars University, which facilitates high-level training at an international level; the Mazars Way, which translates the values and principles that form our DNA; the Mazariades, which are a key moment in Mazars' internal life bringing together for two days many young professionals, from many countries of the Group; internal satisfaction surveys, and even measures such as Partner Development Focus, which aims at developing our competences in management and leadership. Above all, I found that these resources had been set up and developed by teams that it will give me real pleasure to lead. The way we manage talent has a critical role to play in meeting our strategic goals and demands a high level of involvement from every partner in our organization, so there is simply no question of centralising the process. If there is one dynamic that I intend promote at every level, it is that of a learning organisation enriching itself through its diversity, just like the Group as a whole. So the HR teams in every country will be positioning themselves as 'guardians', spreading best practices, providing the requisite tools and solutions, and ensuring the global relevance of decisions implemented at the local level. ”

“ What will be your challenges and priorities in the months ahead ?

Our growth calls for an on-going policy of active recruitment, global management of our ‘employer brand’, and the willingness to maintain this through constantly enriching it. Mazars has succeeded in making its mark in France, Europe and beyond as an employer of choice for young people graduating from the best schools of finance, economics or business law. Apart from our widely-recognised technical excellence, what actually makes Mazars stand out in the ‘talent war’ are our values and our integrated partnership model. In comparison with the other actors in the field, we offer fast-track career development, opportunities for international mobility and access to responsibility across a broad spectrum of professional disciplines and in ever-growing numbers of countries. The Mazars notion of the ‘human adventure’ favouring a high degree of



entrepreneurship, as well as its image as a ‘leader factory’, have to be continuously communicated and reaffirmed. In addition, to support the Group’s advisory business, one of the biggest challenges of the next few months will be to prove how attractive our aims are to those more experienced candidates specialising in certain professions or bringing in-depth knowledge of certain markets. ”



➤ To find out more about careers at Mazars, browse our Talents website : www.mazars.com/talents

MAZARS UNIVERSITY

Through its seminars and its e-learning platform, Mazars University offers high level training programs, with a double objective: relaying expertise and best practices and creating professional and personal bonds between associates. This institution is thus the melting pot in which part of our identity is forged and allows every attendee to fully realize the meaning of his or her commitment to Mazars' project. Mazars University relies on three pillars that a learning structure, as the



Mazars group intends to be, should constantly strengthen: dissemination of the know-how and standards of technical excellence which underpin our business model; improvement of management and leadership; global strategic thinking about the purpose of our activity and its capacity to interact with the economical and financial community.

PERSPECTIVE FROM DAVID EVANS

Former member of the Group Executive Board and Senior Partner at Mazars in the United Kingdom, David Evans is now Senior Advisor to the GEB. He also is the Sponsor of the GSU Talents.

The future in their hands

For Mazars, as for any other firm of service professionals, the quality and diversity of the people who join us, our ability to integrate, train and retain them, is a key factor in our current and future success. By bringing on board Laurent Choain, whose career has



been distinguished by his long commitment to talent development and who is familiar with managing international groups and high calibre individuals, we are well-equipped to maintain our track record of success. This consists of continuing to grow by attracting and retaining the best people, continuing to improve the quality of our services and expanding our fields of expertise, as well as driving the development of talent and careers at the international level, to contribute to the emergence of new leaders. My role as Sponsor, alongside Laurent Choain, is particularly to ensure that the strategy that is defined and put in place responds precisely to the specific needs of our professions.

Our deepest sense of commitment

Mazars has always, since the very beginning, seen its development as an entrepreneurial adventure with a duty to benefit the economic community and society as a whole. Our commitment to a morally intelligent approach is shaped through our strategy for Partnership Social Responsibility (PSR), which guides all the Group's professionals in their decisions. Our conception of acting for the general good balances mutual trust, entrepreneurship and respect for all our audiences. Our organisation and our practice of the audit and advisory professions place responsibility for this at the centre of our values and our concerns.



For Mazars, this sense of responsibility is something we feel about all our clients and teams. Each partner commits to the Group core values, which include responsibility, when he or she signs the Partnership Charter. For each associate, whether they are a partner or not, the Mazars Way enshrines these values and principles, and contributes to the building of a common culture based on responsibility.

At the heart of the Mazars DNA

Responsibility is our daily response to bringing these principles alive: our professional commitment to our clients, our respect for

our teams and our focus on their professional development, our sponsorship activities and even our participation in the many debates and forums, such as the *Cité de la Réussite*, at the Sorbonne University in Paris. In 2010, Mazars was closely associated to the *Cité de la Réussite's* debates as its Managing Partner in Indonesia, James Kallmann, was one of the prestigious keynote speakers invited to discuss the crisis effects in emerging countries. Finally, the *Mazars Way* is about inculcating our spirit of entrepreneurship in the up-and-coming generations who form the vital link between the roots of Mazars and our future.

Responsibility in practice

Our desire to create value for the whole community through the way we approach our business is embodied in what we call our Partnership Social Responsibility (PSR) commitments, which run along three main axes: respect for the environment, promotion of human and cultural diversity, and the solidarity we express through skill-based sponsorship. This three-pronged approach translates into action at Group and national levels. As for respect for the environment, our carbon footprint reduction scheme, unveiled at the Partners Conference at the end of 2009, makes a good example as it is being adopted by a number of countries, notably France and the Netherlands.



As far as diversity goes, Mazars signed a Group-wide charter, which every country applies in accordance with local opportunities and constraints (see focus opposite). Lastly, solidarity projects inspire many local initiatives, carried out with great enthusiasm by local teams. Sponsorship through professional skills and volunteer work are at the heart of many association support projects. Brazil gives a good example of this trend, as the Mazars teams bring their support and involvement to many child protection associations.

Mazars' social commitment is also realised through foundations in the United Kingdom, for example, or more recently in France via the Mazars Foundation for Children, Solidarity, Health and Sustainable Development. Set up in October 2009, this foundation supports projects run by organisations helping children in need, or promoting the inclusion of

disabled people in the workplace, or working to protect the environment.

Through our commitment as a Group to acting on this principle of responsibility in every aspect of our business model, we aim to demonstrate that the only truly sustainable development is a responsible one.

➔ To find out more, see pp.116-123, our Partnership Social Responsibility report.

DIVERSITY, AN INTERNATIONAL ISSUE

Diversity of talents, profiles and cultures are a real treasure for a steadily developing group such as Mazars. For several years, the Group has thus implemented a diversity policy, coordinated by a member of the Group Executive Board and enshrined in a dedicated charter. This year, this policy focused on two themes, gender parity and the balance between private and professional life. Like many companies, even though Mazars recruits the same amount of men and women, the number of women decreases in higher positions, to reach only 12% at partners level. Gender parity means offering both genders the same opportunities and embracing their differences. Mazars thus examined the notion of balance between private and professional life and more specifically the issue of maternity and paternity leave. Codes of conduct will be issued on both questions and implemented in each country in accordance with local culture. Lastly, the Group set up a network of women tasked with exchanging best practices and drafting suggestions for improved gender parity. Mazars was also once more a faithful supporter of the 4th Women's Forum, in which it sponsored a delegation of Russian women and took active part in a debate about women's careers in Russia.



Sense of transparency and commitment



CONTENTS

66 FINANCIAL REPORT

- 66** Group Executive Board report on operating and financial performance during the year 2009-2010
- 73** Group Governance Council Report
- 75** Financial statements on the basis of IFRS for the year ended 31 August 2010
- 101** Independent auditors' report

102 GROUP TRANSPARENCY REPORT

116 PARTNERSHIP SOCIAL RESPONSIBILITY REPORT



* Financial report

Consuelo, Mazars in the Netherlands

Group Executive Board report on operating and financial performance during the year 2009/2010

The decision taken in 2004/2005 to prepare and publish an annual report, including 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.

The follow up of our investment and growth strategy...

2009/2010 is the first of a new three-year period in accordance with our constitution. In spite of the uncertain background, notably in the Western economies, Mazars decided to keep following the course laid in its strategic plan Odyssey launched at the end of 2006, the main axes of which proved their value in the past three-year period, notably as far as geographical development goes. In the same way, the Group keeps developing its service offering at a fast pace.

As a matter of fact, in spite of the difficulties stemming from the economic environment of 2009/2010, our business generated turnover of € 884.4 million and grew by 14.3% in euro terms and at constant exchange rates by 13.3%. This pleasing result, particularly in the current circumstances, was achieved through a combination of external and partnership growth.

As far as external growth is concerned, integrating American firm Weiser, the main operation to be noted, allowed significant progress. In the Americas region, this operation coupled with the integration of Canadian firm Harel Drouin generated a turnover rise from € 13.5m to € 77.4m while the number of people rises from 59 to 498. As Weisers merged with effect from 1 January 2010 these figures only cover eight months trading and the full impact of the merger will appear in the 2010-11 financial statements.

Moreover, Algeria, Mauritius, Pakistan, the Republic of Korea and Uruguay joined the partnership, while Mazars was reinforcing its position in countries where the Group is already present. The Group indeed integrated two medium-sized practices in France and smaller mergers in Belgium, Germany and the United Kingdom. Collectively all of these mergers represent € 89.9 million of new turnover in the year or 11.3% growth in euro terms.

Our international growth dynamic will go on in the months to come. At the next general Meeting of Partners in December 2010 will be submitted for approval new mergers which concern the integration of new firms mainly in Kenya, Nigeria, Peru, Sweden and Tajikistan. All of these projects prove clearly our will to go forward in our double growth strategy combining development on new markets with reinforcement of our more classical positions. Thanks to these operations, at the start of 2011 our Organisation will be directly present in 61 countries, with close to 13,000 professionals.

The organic growth in constant exchange rates was 2%. 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 contracts and strong downward pressure on fees for recurring audit assignments.

...to generate satisfying results in spite of the uncertain and challenging environment.

Our partner compensation during the year rose by € 30 million or by almost 20.5% a very creditable performance in the circumstances. The improved profitability stems from managing the rate of increase in the costs of people and overheads to a level slightly below the increase in turnover. Growth in people terms has been a little under 9.6% and on 31 August 2010, our Organisation comprised 639 partners (up 14.9% on 2008-2009 with 556 partners) and 11 762 employees, or a total of 12 401 professionals.

The main increases arise from integrations totalling 650 people with Weiser contributing the largest single increase with 400 people. There have also been significant increases in staff in Botswana, Brazil, Cameroon, Egypt, Indonesia, Ivory Coast, Morocco, Thailand and Venezuela, countries

where activities are in full bloom. There have however been staff reductions in Mainland China, Malaysia, Mexico and the Netherlands.

Despite the difficult conditions the gross margin rose slightly from 51.7% to 52.0%. The relative share of general and administrative costs fell slightly from 32.7% to 32.0% of turnover. These two movements are reflected in the surplus available to partners which rose from 18.9% of turnover in 2008-2009 to 20.0% in 2009-2010, a figure slightly above the rate for 2007-2008, a good year before the crisis hit.

Even though the gross margin increases in absolute value, 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 Netherlands and the United Kingdom. In the year there were significant improvements in the surplus ratio in Asia, Ireland and the United Kingdom while there were deteriorations in South Africa, Luxembourg, Switzerland and Turkey.

The working capital requirement has worsened slightly, from € 109.1 million, or 14.0% of turnover to € 140.8 million, or 15.9 % of turnover, during the previous fiscal year. This reflects the difficult financial conditions of the period.

Besides, financing by the partners, as a percentage of turnover, has increased significantly from 21% to 27.4%, mostly due to the union with Weiser. Our net debt has increased to 7.5% of turnover, compared with 6.3% the previous year.

Our Organisation's financial structure thus remains healthy, with financing costs at less than 0.6% of turnover, compared with 0.8% in 2007-2008. The ratio of net debt to equity (including debts owed to partners which are economically like equity) is less than 1/3, which leaves us the necessary headroom for continued growth.

A still much contrasted economic context, where growth is limited on our historical markets...

Running a detailed analysis of the different markets also confirms the relevance of Mazars' strategy, in the field of international development and reinforced intervention capacity in each country, but also as far as broadening the service offering goes. Indeed, though economic situations remain extremely contrasted, even within the same geographical area, the development of new offices or service offers allows the Group to progress visibly. Besides, given the context, offices made considerable efforts to optimize their organisation and structure, in order to limit as much as possible the effects on the economic turndown in the countries suffering the most, which also impacted the results favourably.

France continued to be impacted by the combined effects of downward pressure on fees and a poor market for channel 2 contracts, due in particular to a lack of significant mergers and acquisitions activity. Turnover nonetheless grew by 7.4% with 5.5% coming from external growth, through local mergers which strengthened our coverage in the Franche Comté Bourgogne region, Orleans and Chartres.

In the United Kingdom, the overall turnover grew by 1.1% in sterling terms, enhanced by a merger in Manchester and Liverpool without which the turnover would have reduced by about 2%. However, in spite of a very difficult market, the United Kingdom maintained a high level of investment in teams and infrastructure while significantly improving profitability through good cost management.

The Netherlands' turnover declined by 8.2%. This performance is very similar to that of most major firms in the Netherlands who typically reported declines in the range 6-10%. This stems from extreme pressures on fees and reduced economic activity, particularly felt in international tax and transactions services, which are a significant part of the Group's activity in the Netherlands. The Netherlands

undertook a major reorganisation of offices and review of professional and overhead costs which led to € 2.5 million in restructuring costs, the office managed to increase its profitability.

In Germany, turnover grew by 9.9% of which 6.8% is accounted for by a merger with a legal practice. The German market continues to suffer from severe fee pressure, and the unit's profitability was hit by € 1.6 million of restructuring costs.

Belgium grew by 7.7% assisted by a local merger in Belgium which took effect on 1 September 2009 that allowed us to consolidate the country's expertise in the banking and insurance sectors.

In Italy, we continued our growth in this market with a 7.7% increase in turnover.

In Ireland, an extraordinarily difficult market context pushed the turnover down by 3.4% but a very thorough cost management enhanced the profitability by nearly 8% of turnover.

In Spain as well, in very difficult economic conditions we marginally increased turnover but improved profitability by 2% of turnover.

Turnover doesn't evolve significantly in most other Western or Eastern European countries, except in a few cases of important growth or loss, which tend to balance each other. For example, turnover grew by 15.8% in Denmark or by 33.8% in Malta. In the same way, Austria and Romania experienced a growth of 6.8% and 11.5% respectively.

However, the situation deteriorated in Luxemburg, in terms of turnover, down by 3.5%, as well as profitability. The same trends apply to Czech Republic and Slovakia, down 6.7% and 16.5% respectively; both countries were impacted by the slowdown in the car industry among other things.

Even though profitability also crumbled in Switzerland and Turkey, overall profitability in Western and Central Europe globally grew by 1%, an increase stemming from the results in Austria, Poland, Hungary and Romania, in spite of the difficult economic environment.

...balanced by the bullish performance in emerging markets

Once again, one can't but notice a very sharp contrast between local situations. However, the significant increase in results in certain emerging countries largely balances the difficulties met in other markets. These results tend to prove the relevance of the international development strategy followed by Mazars : in spite of a volatile context, many of these countries still offer significant growth in the activity. Indeed, the demand for professional service in these countries is an engine for future Group growth.

In Latin America, turnover grew from by 25% in euro terms from € 28.7 million to € 35.6 million. Most of this growth occurred in Argentina, Brazil, Chile and Venezuela. In contrast Mexico declined slightly. Uruguay with turnover of € 0.4 million came in for the first time. Over the area, profitability rose 6.6% in euros, specifically in Mexico and Venezuela, but declined in Brazil.

In the African Region, South Africa grew by 35.0% in euro terms but such was the appreciation that of the Rand against the euro that translated to only 13.3% in Rands. The South African market however has slowed markedly since the World Cup, while profitability started to fall.

Elsewhere in Africa, the turnover rose by 22.1% in euro terms from € 15.8 million to € 19.3 million. Algeria and Mauritius joined our intergated partnership at the end of 2009 and generated € 0.7 million and € 0.4 million turnover. In local currency, Botswana grew by 16.3% thanks to the introduction of statutory audits in that country, while turnover in Cameroon grew by 28.8%, Ivory Coast by 24.3% and Tunisia by 22.8%.

In the Middle East, turnover grew by 9.5% in euro terms with Egypt growing by 13.1% and Lebanon by 15.6% in local currency and UAE and Djibouti showing little change.

In Asia, turnover grew by 24.8% in euro terms from € 39.2 million to € 49 million with the integration, for the first time, of the Republic of Korea for € 3.1 million and Pakistan for € 0.4 million. Growth was particularly strong in Indonesia, up 85.9% in Rupiah, while India and Hong Kong continued to grow well, respectively up 17.6% and 6.4% in local currency. Profitability in the region grew very significantly, especially in Indonesia, Hong Kong, Malaysia, Singapore and Thailand. The restructuring measures taken in 2008/2009 bore fruit in mainland China

**The dynamic of our organisation
in Global Business Units ...**

We have made a significant change to the way that we account for and manage our business. In previous years we have measured our turnover by the international business line: Public Interest Entities (PIE), Owner Managed Businesses (OMB), Tax and Law.

From 1 September 2009 we created Global Business Units (GBU) with the same names: PIE, OMB, Tax and Law. and Our country entities matched this structure by creating Country Business Units (CBU) related to the GBUs. Our policy is to create CBUs in countries where there is sufficient critical mass to do so. In some smaller countries

where there is not yet the critical mass to create separate CBUs turnover that was formerly analysed between PIE, OMB, Tax and Law is recorded under a single country business unit, typically PIE or OMB.

This is particularly the case in Tax where work that was previously analysed by business line is now shown under the relevant CBU. To show the effect of these changes the right hand two columns of the table below show our turnover split and percentages as reported in last year's report on the old business line basis. The next two columns, to the left, restate the same turnover on the basis of the new CBU structure. The next two columns to the left provide the turnover split and percentages for 2009/2010 also on the basis of the new CBU structure.

The results stemming from this new structure resulting in operating consistency allow us to reach a conclusion that is in many ways comparable to the one about international development. Backing our international structure on clear market segments and business lines, enables a better global course and makes Mazars more appealing, especially for international clients. Pursuit and reinforcement of this strategy generates more activity for the PIE and OMB GBU's, and allows them to grow in spite of the context and pressure on the fees. Besides, creating new business lines on an international scale, that grow at a faster pace, such as our consulting services, also generates global turnover increase, and contributes progressively to a better balance between the Group's service offers.

In M€ at constant exchange rate	2009/2010		2008/2009 Restated on 2009/2010 basis		2008/2009 Published in the 2008/2009 report	
	PIE	428.3	48%	389.2	50%	329.1
OMB	346.5	39%	296.1	38%	330.8	43%
Tax	89.1	10%	67.2	9%	96.3	12%
Law	20.5	3%	21.1	3%	17.4	2%
Total	884.4	100%	773.6	100%	773.6	100%

PIE and OMB GBUs grow in mature as well as emerging markets...

• **GBU PIE**

If one excludes the effects of the integration of Weiser and all other external growth results, the GBU PIE grew by 4.8% in 2009-2010, generating €408 million, excluding the impact of the integration of Weiser and other items linked to external growth. The gross margin rose by 6.2% over the year.

Turnover was globally stable in Europe during the period, as the slight increase registered in France and in the United Kingdom compensated difficulties met in countries still suffering from the economic crisis. France and the UK, who brought half of the PIE turnover before Weiser joined the Group, managed to generate a positive growth in their financial audit activities, in market globally declining, which is a performance in itself. In Italy, the audit activity grows steadily as well, which is particularly interesting, since audit mandates for PIE in the country now last 9 years.

The GBU PIE still generates significant growth in Asia, at a rate reaching 18% for the year, which excludes the integration of the Republic of Korea. The performances are astounding in Indonesia, where the unit managed to secure several contracts with listed companies; in India as well, the increasing turnover clearly shows the Group's increased visibility in the major accounts sector. Over the region, it should be noted that the turnover increase comes from increased activity of the audit services, but also of the financial advisory, reporting and outsourcing business lines. Of course, as far as PIE goes, the main markets in Asia remain China and Hong-Kong.

In the rest of the world, our PIE activity grows as well, in South-America, including Mexico, Middle-East, North Africa and Africa. Brazil experienced a strong growth in a resilient market.

Lastly, the integration of Weiser gives the Group a new basis in New-York, and should generate about €31.5 million in PIE turnover, which will effectively make of WeiserMazars one of our most important development agents.

• **GBU OMB**

In the OMB segment, turnover rose by 17.0% in euro terms rising from €296 million to €346 million, a rise which is partly due to the integration of Weiser ; it grew by 2.5% on like-for-like basis. Gross margin remains stable at 51% in spite of the market's difficulties, thanks to the effort deployed by our teams to our client service above other considerations.

This general performance comes from turnover growth in every area where Mazars offers OMB services: turnover grew by 30% in Africa and Middle-East, which now accounts for 11.5% of the unit's turnover, by 5% in Western Europe, from where 79% of the turnover comes, and by 1% in South America, which now represents 2.3% of the unit's turnover. Our performance was particularly good in Africa, where there are still numerous opportunities for growth. Besides, development of activities with Mid Market companies in Asia Pacific and reinforcement of such activities South America are some of the key-ideas of our strategic action plan.

...while the structuring of the Tax GBU and the Law GBU allows significant progress on expertise savvy markets.

• **GBU Tax**

The GBU Tax managed to keep a global growth pace, even in spite of the real economic turndown in almost every country where the unit has clients. Our work to rationalize the service offer catered for mature markets bears fruits, as the activity remained at a good level, whilst slightly down, in Europe, where the GBU still works on broadening the service offer, especially to include transfer price and expatriates-related services. The

integration of Weiser brings positive results to the GBU Tax, as Weiser is a significant player on the financial advisory market in New York, specifically for financial and real estate clients. WeiserMazars contribution should be around € 38 million in additional turnover for the full 2010-2011 year.

Mazars also pursues its development strategy in Asia, by investing in high-profile experts to suit the needs of the local market, which allows the GBU Tax to grow by 27% in turnover. Besides, the Group invests significant amounts in Brazil, Russia, China and India, as these countries will boost future growth. These investments are mostly dedicated to the training of local professionals by European teams. They put pressure on the Group's margins in Eastern Europe and Asia, but should lead to the international development of a high added-value service offer.

• GBU Law

The GBU Law generated a stable turnover of € 21 million, compared to 2008/2009. The gross margin rate for this business is 58.0%, which is quite satisfactory in the economic context. As far as development goes, the GBU Law extended its coverage to include Indonesia.

Reaffirmed ambitions for 2010/2011

Overall this fiscal year was characterized by globally satisfying performances for the Group, and we can take a lot of encouragement from a year in which we saw continued organic growth and accelerating improvements in profitability in a very difficult economic climate for our professions. The fact that we have also had a high level of partnership growth and a pipeline of further external growth shows that our international integrated model continues to be relevant for firms of very different cultures and geographical areas. It has also proven resilient in spite of the uncertainties of the current economy.

The budget for 2010-2011 made by each GBU plans for a turnover reaching € 970 million with constant exchange rate and perimeter, which would be a 10% increase. This prevision is not a mere proof of our willingness, but relies on a practical development project, which includes high expectations linked to the international development and reinforcement of our service offering, and to the impact of the union with Weiser on a full year. Both phenomena should come together with an increase in our profitability.

We are thus determined to continue our growth dynamic, by building upon both the international expansion of our integrated partnership and our organisation in Global Business Units which allows a global and efficient management of our activity. We are in the best position to meet the market's expectations and provide the corporations we serve worldwide with a comprehensive integrated global service offer.

The Group Executive Board

Group Governance Council Report

Main work carried out during the year

The new Group Governance Council (GGC) team, elected in London in December 2009 met 10 times during the course of 2010, including 5 conference calls. The Council also benefited from the work of its three subgroups, dedicated to audit and finance, risks and partnership life respectively.

During the year, the GGC carried out its role by studying closely the international development projects presented to the partners' General Assemblies in April and December 2010. The Charter sets out the role of the GGC in the approval of every international development project. In particular, the GGC members examined closely this year's main project, in terms of its financial impact, namely the integration of the American firm Weiser, now operating under the name WeiserMazars.

Each of these projects is analysed by the Council members, in terms of technical excellence, as well as financial and strategic objectives, but also to ensure that incoming entities are compliant with Mazars' core values and the principles set out in the Partnership Charter.

The GGC also dealt with all of its responsibilities linked to the life of Mazars' partnership, including analysing all applications for partnership or reviewing the partners' compensation allocation. The GGC members also had an active role in the audit committee and in the annual accounts review.

Furthermore this year the GGC deepened the discussions with the Group Executive Board (GEB), specifically to address collectively key issues such as risk management. Relations between these two bodies, whether formal or informal, have been intensified, with a view to improving the speed and quality of the exchange of views.

Follow-up of the financial aspects and risk management procedures

The audit committee met twice during the course of the year. This institution is progressively gaining momentum and the GGC noted a continuing improvement in the quality of the consolidation reporting and other information provided by the Group's entities. This has enabled the audit committee to enhance its role, for example in benchmarking the performance of each entity.

To keep following this path of ongoing improvement, the Group will need to continue working on the strengthening of internal control procedures, and on the consistent implementation of processes throughout its entities.

The GGC is fully aware of the necessity to keep enhancing the risk management and quality assurance procedures, as the Group is growing and expanding at a fast pace, in a rapidly changing environment. The GGC members consequently studied closely all the procedures currently being implemented, a study which led them to full endorsement and approval of these procedures. The GGC will continue to work hand-in-hand with the GEB to set up an agenda to address these issues methodically.

Finally, the Council has maintained a close relationship with the GEB, and read all the reports that it has issued. Our review of the GEB's annual report concluded that this document gives a faithful account of the Group's operational and financial activities.

Partnership life

In 2010, the GGC reviewed all new Partnership applications. The number of candidates has increased, as we reviewed 58 files, compared with only 46 in 2009.

These proposed cooptations come mainly from Europe with 40 candidates. Among the 18 other partner cooptations, 12 partners come from the Asia-Pacific region. This will lead to increasing by 27% the number of partners working in that region which reflects the evolution of the Group's presence.

Similarly, the split of candidates between the various Global Business Units, demonstrates the shift in the balance between the various activities including the growing importance of consulting experts which is in accordance with the Group's strategy.

Globally, many new partners are relatively young high potential professionals who already hold significant positions of responsibility in countries with strong economic growth.

Furthermore, the GGC examined the allocation of voting rights between the partners proposed by the GEB. The voting rights also have a direct impact on the partners' rights to compensation for the triennial period 2010-2012.

Lastly, the GGC members worked with the GEB to make sure that the Group's talents match its needs, both in geographical and in service line terms. They also initiated a long-term reflection on succession-related issues.

Strategy and perspectives

The GGC has been following the progressive implementation of the Group's new organization, which confirms the dominance attached to the business dimension over the country dimension and the creation and empowerment of Global Business Units (GBUs) with dedicated resources and specific reporting obligations. The GGC members endorse and support of this new organization which eases Mazars' international development, as such development is supported by a stronger framework for each activity thereby allowing many synergistic opportunities.

This integrative and transversal approach of the activities is one of the Group's key assets, as it combines global management and coordination of activities with local handling of the clients by the partners. Indeed, the very notion of an integrated partnership would lose its purpose if the partners were not at the heart of Mazars' organisation. Even though our activity is structured around the notion of business line, each partner has a key role in our development and notably in shaping the strategy of the Group.

The Group Governance Council

Financial statements on the basis of IFRS

For the year ended 31 August 2010

In thousand of euros

75	FINANCIAL STATEMENTS
76	CONSOLIDATED INCOME STATEMENT
76	STATEMENT OF COMPREHENSIVE INCOME
77	CONSOLIDATED BALANCE SHEET
78	CONSOLIDATED STATEMENT OF CASHFLOWS
79	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
80	NOTES TO THE FINANCIAL STATEMENTS
80	NOTE 1 : BASIS OF PREPARATION
80	NOTE 2 : SIGNIFICANT EVENTS
80	NOTE 3 : ACCOUNTING POLICIES
87	NOTE 4 : SCOPE OF CONSOLIDATION
88	NOTE 5 : TURNOVER
88	NOTE 6 : COST OF TECHNICAL STAFF
88	NOTE 7 : OTHER COSTS
89	NOTE 8 : SEGMENT REPORTING
91	NOTE 9 : INTANGIBLE ASSETS
93	NOTE 10 : PROPERTY, PLANT AND EQUIPMENT
93	NOTE 11 : CLIENT DEBTORS AND WORK IN PROGRESS
94	NOTE 12 : PROVISIONS
95	NOTE 13 : FINANCIAL DEBTS
96	NOTE 14 : TRADE AND OTHER PAYABLES
96	NOTE 15 : CORPORATION TAX
96	NOTE 16 : CONTINGENT LIABILITIES
97	NOTE 17 : AUDITORS' FEES
97	NOTE 18 : REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE GOVERNANCE COUNCIL
97	NOTE 19 : PERSONNEL
98	NOTE 20 : OPERATING LEASE COMMITMENTS
98	NOTE 21 : POST BALANCE SHEET EVENTS
99	NOTE 22 : FINANCING AND COMPENSATION OF PARTNERS
100	NOTE 23 : ENTITIES ENTERING THE SCOPE OF CONSOLIDATION IN THE YEAR

CONSOLIDATED INCOME STATEMENT

	Notes	August 31, 2010	August 31, 2009
Turnover	5	884,438	773,588
Cost of technical staff	6	- 424,164	- 373,984
Gross margin		460,274	399,604
Cost of administrative staff		- 70,247	- 62,650
Other costs	7	- 177,533	- 167,559
Depreciation and provisions	9,10 & 12	- 28,031	- 18,018
Operating surplus		184,463	151,377
Amortisation of client relations and impairment of goodwill	9	- 2,977	- 1,652
Financing costs		- 4,864	- 3,150
Results of discontinued operations		-	-
Surplus before partners' compensation		176,622	146,575
Partners' compensation	22.2	- 176,581	- 146,532
Result before tax		41	43
Tax	15	- 12	- 40
Result after tax		29	3
Result per share (in €)			
- before dilution		0.31	0.04
- after dilution		0.31	0.04

STATEMENT OF COMPREHENSIVE INCOME

	Notes	August 31, 2010	August 31, 2009
Result after tax		29	3
Other comprehensive income		-	-
Total comprehensive income for the year		29	3

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	August 31, 2010	August 31, 2009
Non-current assets			
Intangible assets	9	112,607	59,930
Property, plant and equipment	10	41,275	34,805
Other non-current assets		14,568	8,065
Total Non-current assets		168,450	102,800
Current assets			
Client debtors and work in progress	11	281,199	234,064
Other current assets		54,059	52,437
Cash and cash equivalents		47,482	40,353
Total Current assets		382,740	326,854
Total Assets		551,190	429,654
LIABILITIES	Notes	August 31, 2010	August 31, 2009
Shareholders' funds		434	391
Non-current and current debts due to partners			
Non-current portion	22.1	158,318	95,391
Current portion	22.1	84,379	67,704
Total Current and non-current debts due to partners		242,697	163,095
Other non-current debts			
Long-term borrowings (over one year)	13	45,152	40,093
Long-term provisions	12	7,212	7,856
Total Other non-current debts		52,364	47,949
Other current debts			
Long-term borrowings (up to one year)	13	26,554	18,656
Current bank borrowings		41,884	30,030
Trade and other payables	14	178,116	163,112
Current provisions	12	9,141	6,421
Total Other current debts		255,695	218,219
Total Liabilities		551,190	429,654

CONSOLIDATED STATEMENT OF CASH FLOWS

	2009/2010	2008/2009
I- OPERATING ACTIVITIES		
Net Result	29	3
Adjustments for: Depreciation, amortisation and provisions	21,376	15,707
Result on disposal of property, plant and equipment	281	832
Self-financing capacity	21,686	16,542
Change in current assets	- 20,435	1,366
Change in current liabilities	- 3,316	- 439
Change in current debts due to partners	13,082	176
Change in working capital requirement	- 10,669	1,103
Net cash generated from operating activities	11,017	17,645
II- INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	- 18,387	- 13,130
Proceeds from disposal of property, plant and equipment and intangible assets	1,309	1,952
Change in financial assets	- 523	835
Net cash flow on acquisition and disposal of subsidiaries	- 2,269	612
Net cash used in investing activities	- 19,870	- 9,730
III- FINANCING ACTIVITIES		
Change in non-current debts due to partners	3,546	857
Increase in capital	14	11
Repayments of borrowings	- 409	- 6,163
Net cash from financing activities	3,151	- 5,295
Net increase in cash and cash equivalents	- 5,702	2,620
Effect of foreign exchange rate changes	977	- 550
Net cash and cash equivalents at beginning of year	10,323	8,253
Net cash and cash equivalents at year end	5,598	10,323

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	August 31, 2010	August 31, 2009
Shareholders' funds at the beginning of the year	391	377
(of which share capital)	(218)	(207)
(of which reserves)	(173)	(170)
Increase in capital	14	11
Total comprehensive income	29	3
Shareholders' funds at the end of the year	434	391
(of which share capital)	(232)	(218)
(of which reserves)	(202)	(173)
Number of shares, of 2,5 euros each, outstanding at the year end	92,805	87,278

Note 1 : Basis of preparation

The financial statements together with the attached notes for the year ended August 31, 2010 are drawn up in accordance with IFRS as adopted by the European Union.

The financial statements are also in accordance with the IFRS standards published by the IASB. The application of the amendments and interpretations not yet endorsed by the European Union or whose implementation is not yet compulsory for accounting periods from 1st September 2009, would not have a significant impact on the financial statements.

The financial statements have been prepared at the request of the Group Executive Board and submitted for review to the Group Governance Council on November 25, 2010. They will be submitted to the approval of the General Assembly on December 11, 2010.

Note 2 : Significant events

Until December 2009, the organization worked via a joint venture with the Weiser practice on the East coast of the United States.

From January 1st, 2010, the latter joined the organization in its entirety.

Note 3 : Accounting policies

• **New standards and interpretations applicable to the financial year 2009-2010**

Mazars applied for the first time during the financial year 2009-2010 the revised standards IFRS 3 – Business Combinations and IAS 27 – Consolidated and separate financial statements to business combinations occurred during that period. The first application of these new standards being prospective, no amendment of previous business combinations has been therefore accounted for. The application of the revised standards related to business combinations that Mazars has achieved in 2009-2010 does

not add any significant changes compared to IFRS 3 and IAS 27 standards before revision.

The following other new standards and interpretations which have to be applied during the period do not have any significant impact on the consolidated accounts of Mazars as at August 31, 2010:

- Amendment of IAS 39 – financial instruments: recognition and measurement,
- Improvements of IFRS (April 2009),
- IFRIC 12 – Service concession arrangements,
- IFRIC 16 – Hedges of a net investment in a foreign operation.

Finally, Mazars did not apply the following standards and interpretations, which have not been adopted by the European Union as at August 31, 2010 or which application is compulsory only for financial years after year-end 2009/2010:

- Amendment to IFRS 2 – Group cash-settled share-based payment transactions,
- IFRIC 15 – Agreements for the construction of real estate,
- IFRIC 17 – Distributions of non-cash assets to owners,
- IFRIC 18 – Transfers of assets from customers,
- IFRIC19 – Extinguishing Financial liabilities with equity instruments issue,
- Amendment to IAS 32 – Classification of rights issues,
- Revised IAS 24 – Related Party Disclosures,
- IFRS 9 – Financial instruments.

The process adopted by Mazars to define the potential impacts of these new standards on the consolidated accounts has been started but is not yet complete. At this stage of the analysis Mazars does not forecast a significant impact on its consolidated accounts.

• **Currency used for the consolidated financial statements**

These consolidated financial statements have been prepared in euros and presented in thousand 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 conditions regarding the control of the entities and provisions whereby the rules resulting from the Mazars agreements are subordinated to national audit legislation and regulations.

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. 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 4 to the financial statements.

• **Key accounting judgements and sources of estimation uncertainty**

The main assets and liabilities that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- client debtors and work in progress: the impairment of client and work in progress balances as at 31 August 2010 amounts to 10,110.

- provisions: professional risks are related to United Kingdom, the Netherlands, Italy, and Switzerland for a global amount of 2,242. In addition specific country risk is presented in the line “Other” for 1,419 and concerns Mexico, Ivory Coast, Switzerland, Italy and Ukraine.

- retirement benefits : actuarial estimates and calculation are shown in note 12. The amount of the provision at the end of the year is 5,498.

Accounting policies are indicated in the following notes for each asset and liability concerned.

• **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 of their remuneration. 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 invoices 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 remuneration 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.

• Foreign currency transactions

Transactions carried out by entities in currencies other than the functional currencies of these entities are accounted for at the current exchange rate at the date of the transaction. Assets and liabilities in currencies other than the functional currencies of the entities 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 accounted for 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 the shares (including any anticipated additional considerations, which is accounted for as other debts) 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 amount 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 amount 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 discounting the future cash flows to present value. The calculation is based on an estimation of three years future cash flows, discounted after applying a growth rate, into perpetuity. 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.

On August 31, 2010, the Mazars organisation has received a commitment to acquire/sell shares held of third parties, who do not have the status of Mazars partner and 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 sector in particular) and portfolios of client relations. The fair value of “Client relations” is calculated by reference to the expected cash flow from these contracts, mandates and portfolios over their respective durations, discounted at a rate determined by the expected rate of return on share capital, weighted according to the organisation’s financing structure. Client relations are amortised over their estimated average lives on a straight-line basis.

Other intangible assets, acquired separately, are accounted for at the value of consideration paid. They are subject to straight-line depreciation over their period of use. The duration is different country by country. The actual range is 8 to 20 years.

• **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 rewards related to the ownership of the rented asset to the lessee are recognised in the balance sheet from the start of the lease 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 rewards 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 20 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.

Unless justified exceptions, 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-sized.

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. Variations having an impact on equity capital are presented in « Non-current debts due to partners ».

• Exchange rate risk management

Each entity in the Mazars organisation uses the same currency for the vast majority of its inflows and expenditures.

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 statement of cash flows, the net cash and cash equivalents include cash and cash equivalents as defined above, less current bank borrowings.

• **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 retirement indemnities, as well as to certain defined-benefit pension schemes.

The calculation of the provision for pension payments is made according to the projected unit credit 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	
Germany		x
India	x	x
Italy	x	
Ivory Coast	x	
Republic of Korea	x	
Turkey	x	
United Kingdom		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 by sectors

The organization put in place in 2009/2010 emphasizes the trans-national development of service offers.

The operational teams are grouped under the designation of Global Business Units (GBU) and deliver the following:

- for the GBU PIE (Public Interest Entities), service offer regarding audit, accounts certification and consulting mainly for listed companies
- for the GBU OMB (Owner-Managed Businesses), service offer for consulting and audit dedicated to non-listed companies
- for the GBU Tax, service offer bringing together a whole range of consulting services regarding taxation
- for the GBU Law, service offer regarding legal aid to clients except legal audit.

According to IFRS 8, the presentation per GBU shows the organization’s functioning; as a result, the internal reporting has been adapted.

• Segment reporting by geographical regions

The geographical reporting is two fold: activity and workforce.

The presentation by geographical regions allows a proper evaluation of the results of the organisation’s business from a territorial point of view.

Note 4: Scope of consolidation

In addition to the consolidating entity, the consolidation perimeter includes 60 operational entities and one joint venture from 56 countries.

The main contributing entities are shown in the table below:

Countries	Scope of consolidation 2009-2010
Consolidating entity	
Belgium	Mazars SCRL Avenue Marcel Thiry, 77 - box 4 - B-1200 - Bruxelles
Operating entities	
France	Mazars Sa 61 Rue Henri Régnault - 92075 Paris La Défense
Germany	Mazars Gmbh / Mazars Hemmelrath Rennbahnstrasse 72-74 - 60528 Frankfurt am Main
Ireland	Mazars Block 3 - Harcourt Centre - Harcourt Road - Dublin
Italy	Mazars SpA Corso di Porta Vigentina, 35 - 20122 Milano
Netherlands	Mazars Paardekooper Hoffmann NV Mazars building - Rivium Promenade 200 2909 LM Capelle a/d IJssel P.O box 23123 3001 KC Rotterdam
South Africa	Mazars Rialto Road - Grand Moorings Precinct - 7441 Century City - Cape Town
Spain	Mazars Auditores Se Calle Aragó, 271 08007 - Barcelona
United Kingdom	Mazars LLP Tower Bridge House - St Katharine's Way - E1W 1DD London
United States	WeiserMazars 135 West 50 th Street, New York - 10020 New York
Other European Union countries	12 countries
Rest of the World	Europe (4), North America (1), Central and Latin America (6), Asia-Pacific (10), Africa and the Middle East (14)

Turnover includes for the first time five new countries: Algeria, Mauritius, Pakistan, Republic of Korea and Uruguay. Furthermore, external growth operations took place in Canada, France, Germany and the United States.

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

The impact of these changes is outlined in Note 23.

Note 5 : Turnover

	2009/2010	2008/2009
Fee notes rendered	906,537	803,470
Re-billable costs	- 28,770	- 29,822
Change in work in progress	6,671	-60
Total	884,438	773,588

The 2009 / 2010 period was marked by an increase of the turnover by 14.3%.

This increase is reaching 3% on a constant basis, external growth delivering 11.3%.

Note 6 : Cost of technical staff

	2009/2010	2008/2009
Personnel costs	411,155	354,766
Sub-contractors' costs	13,009	19,218
Total	424,164	373,984

Note 7 : Other costs

	2009/2010	2008/2009
General Expenses		
“Property costs”	62,760	54,198
Tax, insurance and professional charges	21,782	19,393
General services	27,721	26,707
Other	61,770	65,901
Sub-total	174,033	166,199
Exceptional costs	3,500	1,360
Total	177,533	167,559

The share of general expenses relating to new entities consolidated for the first time amounts 8,870 with 5,088 relating to “Property costs”.

The “Exceptional costs” represent the cost of restructuring operations agreed with certain countries.

Note 8: Segment reporting

The organization presents a segment reporting information according to IFRS 8. Hence, the activity is presented following the information directly provided by the organization model and internal reporting systems.

• Presentation by sectors :

From an operational point of view, Mazars' organization is structured around GBUs (Global Business Units). Two of these GBUs are focused on clients segments (PIE, OMB) and the two others are focused on specific service offers (Tax, Law).

2008 / 2009 data has been reprocessed in order to allow comparison with 2009 / 2010 information.

BALANCE SHEET

	August 31, 2010			August 31, 2009		
	Client debtors	Work in progress	Total	Client debtors	Work in progress	Total
PIE	119,566	20,444	140,010	102,101	14,622	116,722
OMB	76,885	26,764	103,649	65,712	25,098	90,810
TAX	19,616	7,164	26,780	11,526	5,832	17,358
LAW	9,346	1,414	10,760	7,363	1,810	9,173
Total	225,412	55,787	281,199	186,702	47,362	234,064

INCOME STATEMENT

	2009/2010			2008/2009		
	Turnover	Cost of technical staff	Gross Margin	Turnover	Cost of technical staff	Gross Margin
PIE	428,331	- 204,757	223,574	389,177	- 188,870	200,307
OMB	346,468	- 169,654	176,814	296,128	- 144,454	151,674
TAX	89,093	- 41,065	48,028	67,186	- 32,131	35,055
LAW	20,545	- 8,688	11,858	21,097	- 8,529	12,568
Total	884,438	- 424,164	460,274	773,588	- 373,984	399,604

• Presentation by geographical regions :

	2009/2010	2008/2009	Variation
Total Turnover ^(*)	884,438	773,588	14.7%
Europe – Euro zone	510,893	492,883	3.7%
Europe – except Euro zone	154,592	154,185	0.3%
America	112,967	42,149	168.0%
Africa & Middle East	56,997	45,124	26.3%
Asia	48,989	39,247	24.8%

(*) including France 281 816 (+7,4%), the United Kingdom 111 394 (+0,4%), the Netherlands 82 769 (-8,2%), the United States 70 269 (+491,9%)

	2009/2010	2008/2009	Variation
Total Average Personnel Numbers ^(*)	12,401	11,314	9.6%
Europe – Euro zone	4,726	4,640	1.9%
Europe – except Euro zone	1,970	1,973	- 0.2%
America	1,733	1,247	39.0%
Africa & Middle East	2,114	1,805	17.1%
Asia	1,858	1,649	12.7%

(*) Including France 2 361 (+8,4%), the United Kingdom 1 172 (-0,6%), the Netherlands 774 (-10,6%), the United States 411 (+981,6%)

The evolution observed in America results from the integration of the WeiserMazars practice in the United States.

The one regarding Africa and Asia shows the ambition of the Mazars organization to go on developing its activities on an international level, and in particular in the emerging countries.

Mazars' assets are mainly constituted of clients' outstanding debts and intangible assets like goodwill and clients' relations.

The geographical distribution of intangible assets are presented in note 9.

Note 9: Intangible assets

	Net Value August 31, 2010	Net Value August 31, 2009
Client Relations		
Canada	147	
Denmark	1,201	1,444
France	3,555	2,254
Hungary	18	76
Netherlands	1,613	1,984
Singapore	1,874	1,741
United Kingdom	4,333	4,673
United States	9,642	
Other	101	102
Sub-total Client Relations	22,484	12,274
Goodwill		
Botswana	1,234	1,111
Canada	648	256
Egypt	692	634
France	26,280	18,683
Germany	4,039	4,105
Hong Kong	1,138	1,014
Hungary	310	310
Ireland	778	829
Netherlands	3,493	3,591
Singapore	2,109	1,756
Thailand	790	646
United Kingdom	7,218	5,850
United States	30,287	
Other	189	222
Sub-total Goodwill	79,204	39,007
Total Client Relations and Goodwill	101,688	51,281
Other intangible assets	10,920	8,649
Total	112,607	59,930

The movement in the year in client relations and goodwill can be analysed as follows:

	Client Relations	Goodwills	Total
New entities entering the scope of consolidation	14,748	37,879	52,626
Acquisitions/Disposals	256	1,494	1,751
Write-downs	- 956	- 98	- 1,054
Exchange movement	759	1,291	2,050
Reallocation	- 235	235	
Gross Sub total	14,572	40,801	55,373
New entities entering the scope of consolidation	- 3,002		- 3,002
Amortization	- 2,485		- 2,485
Depreciation		- 492	- 492
Write-downs / write-backs	893		893
Exchange movement	232	-112	120
Amortization & Depreciation Sub total	- 4,362	- 604	- 4,966
Net value	10,210	40,197	50,407

Most of the evolution results from mergers in the United States and in France.

The “Other Intangible Assets” category is largely made up of software and is amortised on a straight line basis over a one to five year period.

Note 10: Property, plant and equipment

	Fixtures and fittings	Motor vehicles and other equipment	Furniture and office equipment	Total
Cost at the beginning of the year - September 1, 2009	37,446	6,727	47,619	91,792
Acquisitions	4,253	1,691	6,141	12,085
Disposals	- 4,129	- 1,447	- 3,217	- 8,793
Change in scope of consolidation	8,127	579	8,804	17,511
Cost at the end of the year - August 31, 2010	45,697	7,551	59,346	112,594
Depreciation at the beginning of the year September 1, 2009	- 21,511	- 3,072	- 32,404	- 56,987
Charge and impairment loss for year	- 4,554	- 1,122	- 7,412	- 13,088
Reversal of depreciation on disposals	3,874	837	3,039	7,749
Change in scope of consolidation	- 3,097	- 778	- 5,119	- 8,993
Depreciation at the end of the year - August 31, 2010	- 25,288	- 4,135	- 41,896	- 71,319
Net book value September 1, 2009	15,935	3,655	15,215	34,805
Net book value August 31, 2010	20,409	3,416	17,451	41,275

Note 11: Client debtors and work in progress

	August 31, 2010	August 31, 2009
Client debtors net of impairment loss	225,412	186,702
Work in progress net of payments on account	55,787	47,362
Total	281,199	234,064

Impairment of clients and work in progress balances made during the 2009/2010 period were 10,110 compared to the 2,813 in the prior year. Economic difficulties in some regions caused a deterioration of these items.

Note 12: Provisions

	August 31, 2009	Reclassifica- tion/Changes to scope of consolidation	Additional provisions made in the year	Utilization of provisions	Unused amounts reversed	August 31, 2010
Professional risks	2,922	65	1,277	- 1,400	- 622	2,242
Retirement benefits liabilities (excl. partners)	4,823	127	751	- 137	- 67	5,498
Vacant properties	1,735	90	900	- 1,005	- 35	1,686
Other	4,797	43	3,650	- 1,141	- 422	6,927
Total	14,277	325	6,578	- 3,683	- 1,146	16,353

	Portion up to one year	Portion over one year	Total
Professional risks	1,214	1,028	2,242
Retirement benefits liabilities (excl. partners)	1,911	3,587	5,498
Vacant properties	940	746	1,686
Other	5,076	1,851	6,927
Total	9,141	7,212	16,353

The provision for vacant properties at the end of the year mainly concern two countries: Germany (592) and United Kingdom (954).

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

• Retirement benefits liabilities

Actuarial estimates as of August 31, 2010 for each of the schemes in Note 3, "accounting principles and methods", are as follow:

	Discount rate	Expected rate of return on plan assets
France	3,50%	3,50%
Germany	5,20%	5,50%
India	8,00%	8,00%
Ivory Coast	6,50%	NA
Republic of Korea	4,53%	NA
Turkey	12,00%	NA
United Kingdom	5,20%	4,80%

Using the corridor method

	August 31, 2006	August 31, 2007	August 31, 2008	August 31, 2009	August 31, 2010
Retirement benefits provisions at the beginning of the period	3,444	3,272	4,259	4,775	4,760
Total cost for the financial year	786	437	588	608	1,447
Retirement benefits paid	- 958	- 255	- 72	- 623	- 716
Retirement benefits provisions at the end of the period	3,272	3,454	4,775	4,760	5,491
Reconciliation with provisions recognised in the consolidated income statements:					
Total of entitlements recalculated under IAS 19	3,272	3,454	4,775	4,760	5,491
- portion of provision pertaining to certain partners (*)	- 1,233	- 1,284	- 2,090	- 2,279	- 2,493
+ recognised assets (**)	688	909	722	986	1,157
Sub-total Retirement benefits provisions to be recognised in the accounts	2,727	3,079	3,407	3,467	4,155
Retirement benefits provisions recognised in the statutory accounts (***)	1,580	1,776	1,376	1,356	1,343
Total Retirement benefits provisions excl. Partners	4,307	4,855	4,783	4,823	5,498

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

(**) included under other creditors

(***) provision in accordance with IAS 19

Note 13: Financial Debts

	August 31, 2010	August 31, 2009
Long-term borrowings:		
less than one year	26,554	18,656
over one and less than five years	35,216	30,040
over five years	9,936	10,052
sub-total over one year	45,152	40,093
Current bank borrowings:	41,884	30,030
Total	113,590	88,778
Total cash and cash equivalents	47,482	40,353
Net	66,108	48,425

The increase of financial debts of more than one year results from growth operations which took place in 2009/2010 (United States: 6,388, France: 3,816).

Part of this debt (6,000) 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 1 and an adjustment of the net position of the related entity of -242 presented in « Permanent financing» of non-current debts due to partners (see note 22.1).

Note 14: Trade and other payables

	August 31, 2010	August 31, 2009
Trade and other payables	84,676	81,592
Social charges	45,324	40,862
Tax payable	48,117	40,658
Total	178,116	163,112

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, 2010, this debt amounts to 3,342.

Note 15: Corporation tax

The tax payable breaks down as follows:

Tax payable	2009/2010	2008/2009
Partners ("partners' compensation")	9,006	7,329
Entities ("other costs")	1,571	942
Mazars Scrl	12	40
Total	10,589	8,311

The amount of deferred tax is as follows:

Deferred tax	2009/2010	2008/2009
Deferred tax asset	7,167	7,256
Deferred tax liability	1,223	1,025
Total	5,944	6,231

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

Note 16: Contingent liabilities

There were no contingent liabilities as of August 31, 2010 or 2009.

Note 17: Auditors' fees

For the year ended August 31, 2010, the auditors' fees can be broken down as follows:

	2009/2010	2008/2009
BDO member firms	423	352
Crowe Horwath International member firms	420	462
Other	472	396
Total Audit fees	1,315	1,210

The auditors BDO and Crowe Horwath International have not provided any service to Mazars Scrl or the entities other than the audit of their accounts.

Note 18: Remuneration of the members of the Executive Board and the Governance Council

The remuneration due to the five members of the Executive Board, executive body of Mazars Scrl and the ten members of the Governance Council amounted at 8,596 for the period 2009/2010. This was either paid during the year, or constitutes a current liability.

Note 19: Personnel

Average numbers ^(*)	2009/2010	2008/2009
Partners	639	556
Technical staff	9,913	9,025
Administrative staff	1,850	1,733
Total	12,401	11,314

(*) in full-time equivalents

Note 20: Operating Lease Commitments

	August 31, 2010	August 31, 2009
Non-cancellable lease commitments:		
Less than one year	47,403	38,784
Over one and less than 5 years	152,202	102,644
Over 5 years	69,675	56,420
sub-total	269,380	197,848
Amounts receivable from non-cancellable sub-letting contracts	6,091	5,566

The increase concerns mainly three countries: Germany (12 044), South Africa (9 842), United States (49 449).

Note 21: Post balance sheet events

There are no significant post-balance sheet events that need to be reported for 2009/2010 which may have had an impact on annual figures.

Nevertheless, to be mentioned, new entities will enter the Mazars organisational perimeter from September 1st, 2010 onwards, subject to the partners' approval: Kenya, Nigeria, Peru, Sweden, Tajikistan. They represent a fee income of 31,000.

Other operations could materialize in Germany, Luxembourg, Switzerland and the United States.

Note 22: Financing and compensation of partners

22.1: Non-current and current debts due to partners:

	August 31, 2010	August 31, 2009
Non-current debts:		
Permanent financing	108,001	81,097
Provisions for retirement benefits	41,142	9,266
Bond issues	15,119	11,259
Deferred tax	- 5,944	- 6,231
	158,318	95,391
Current debts:		
Deferred compensation	84,379	67,704
Total	242,697	163,095

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 partners' financing in France and for the remaining part experienced managers.

Two elements, without any impact on P&L account, are presented in "Permanent Financing":

- financial instrument hedging (-242) (see note 13),
- variations due to conversion of financial statements in other currencies than euro (-2 228).

22.2: Partners' compensation :

	2009/2010	2008/2009
Dividends	24,684	24,030
Tax paid and payable by partners	9,006	7,329
Salary and social charges	85,772	67,576
Fees and partnership profits	57,119	47,597
Total	176,581	146,532

Note 23 : Entities entering the scope of consolidation in the year

	The United States	France	Canada	Others	Total
Merger date	1-jan. 10	(a)	1-sept.-09		
Personnel numbers (*)					
Partners	51.0		14.0	3.4	68.4
Technical staff	234.6	162.0	53.5	171.0	621.2
Administrative staff	88.0	11.0	18.8	29.0	146.8
Total	373.6	173.0	86.3	203.4	836.3
Consolidated income statement					
Turnover	57,068	14,371	7,105	4,960	83,504
Operating surplus (**)	15,918	1,920	1,681	1,400	20,919
Assets					
Total Non-current assets	47,352	14,858	1,716	1,438	65,363
Total Current assets	19,284	8,094	3,386	2,149	32,913
Total	66,636	22,952	5,102	3,587	98,276
Liabilities					
Non-current and current debts due to partners (***)	53,518		3,073	972	57,563
Other non-current debts	6,383	17,539	697	976	25,594
Other current debts	6,735	5,413	1,350	1,536	15,035
Total	66,636	22,952	5,120	3,484	98,191

(*) in full-time equivalents

(**) after organisation's contribution

(***) before organisation's contribution

(a) two operations have been achieved on 09/01/2009 and 10/01/2009

In the absence of finalised accounts at August 31, 2009 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 2009/2010 financial year, from the date of their integration.

The amounts shown in "non-current assets" include in particular goodwill in the related operations. Client relations and goodwill have been determined in accordance with the group's rules as it is exposed in the notes to the financial statement.

The union with Weiser in the United States includes a liability due to partners for their retirement. A part of this debt has been treated as a constituent of goodwill.

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, which comprise the balance sheet as at 31 August 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Group Executive Board's Responsibility for the Consolidated Financial Statements

The Group Executive Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group Executive Board, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Mazars SCRL and the entities that form the Mazars organization as at 31 August 2010, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Brussels and London, 25 November 2010



BDO
André Killesse
Belgium



Crowe Clark Whitehill LLP
Steve Gale
United Kingdom



* Transparency

Mathieu, Mazars in France

Transparency Report

103 INTRODUCTION

104 THE MAZARS GROUP

104 Presentation of Mazars Scrl 105 Governance of Mazars Scrl

106 Mazars worldwide presence as of August 31st 2010

107 MAZARS' QUALITY ASSURANCE AND RISK MANAGEMENT POLICY

108 Independence 110 Quality Control System 112 Our contribution to the standard setting process

113 CLIENTS

113 Service offering and turnover 113 List of public interest entities for which the Group member entities have issued an audit report during the preceding financial year

113 HUMAN RESOURCES

113 Quality through talent 114 International staff

114 Partners 114 Mazars' policy regarding the continuing education of statutory auditors

Introduction

MAZARS, A SENSE OF PURPOSE

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

As of August 2010, Mazars has offices in 56 countries across the world with a workforce close to 12,500 highly qualified professionals.

Our consolidated turnover is up to € 884.4M, progressing by 14,3% compared to last year.

Since its origins, Mazars has constantly been focused on developing the right added value to support its clients wherever they are. Serving our clients with a sense of purpose in order to make a true difference to them, to the markets and finally to our environment at large is at the core of our culture. In this view, we maintain our effort to be an active contributor in all the debates regarding our professional environment or the standards ruling our activity. On this account, we are considerably involved in the European debate started by the Commission, by the publication of a Green Paper on audit policy.

Besides, we are committed to :

- playing an active role in the works conducted by international professional bodies and contributing to evolve standards that rule our activity (IFAC, IESBA ...);
- recruiting and growing the right talents internally to work in synergy with those of our clients;
- continuously evolving our methodologies and service offering to better answer and anticipate our clients needs;
- being a responsible player in our society and demonstrating everyday the value of our «Partnership Social Responsibility» strategy. As an example, we do support several projects around the world focusing on protecting our environment or promoting diversity of people and cultures, such as carbon print projects and the creation of a diversity committee.

We also mean to bring our contribution in terms of transparency. We achieve this goal first through the voluntary publication of the Group's annual report which includes our consolidated financial statements prepared under IFRS and audited by two external auditors since 2004. Then we also launched a wilful process regarding our transparency reports. This approach, in accordance with the statutory audit directive for the transparency report, started in 2006. And we decided, last year, to publish countries' transparency as well as a full Group transparency. This year, we also encourage all our member firms that are not legally submitted to this transparency exercise to publish a country transparency report on a voluntary basis.

November 2010



Patrick de Cambourg

The Mazars Group

Since 1995, Mazars has been building a unique 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 Crowe Horwath International.

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

In order to serve its clients the best way at a worldwide level, Mazars developed an international, homogenous and integrated approach of the markets on which the Group operates. To this end, Mazars reinforced its international structure around two major business lines - Public Interest Entities (PIE) and Owner Managed Businesses (OMB) -, two professional services lines - Tax and Law- and support units helping the activities' development. All four PIE, OMB, Tax and Law lines, as well as the four support units are represented at Group level through Global Business Units (GBUs) and Global Support Units (GSUs), but also at national level through Country Business Units and Country Support Units.

The main responsibility of the Global Business Units is to define the overall strategic vision respectively

for PIE, OMB, Tax and Law, to monitor and support implementation at country level and to provide appropriate tools and methodologies. In this sense they are accountable for overall strategic delivery (i.e. growth and profitability). All four GSUs reinforce the Group's capacities in terms of systems, processes and human resources, to ease the activities' development worldwide, through a coordinated approach at Group level, of which all our clients benefit.

Mazars has the ambition to structure itself with a transversal approach in order to ensure consistency between the countries, the Global Business Units and the Group as a whole. It has built a management structure which associates managing partners of all integrated entities in periodic meetings taking 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 client or Global Business Units is represented in every country where the Organisation operates in order to optimise 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) for key strategic decisions and to the Global Executive Committee (GEC) for everyday operational issues. The management of the member entities of the Mazars organisation is the responsibility of

their respective Country Executive committees.

- The GEB reports to the Group Governance Council (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 2012 currently comprises five members:

- Patrick de Cambourg, *Chairman and Group CEO*
- Antonio Bover, *Group co-CEO and Mazars Senior Partner in Spain*
- Philippe Castagnac, *Group co-CEO and Mazars Senior Partner in France*
- Douglas A. Phillips, *Group co-CEO, CEO of MazarsWeiser LLP*
- Hilton Saven, *Group co-CEO and Mazars Senior Partner in South Africa*

And four Senior Advisors:

- Frédéric Allilaire, in charge of the Americas, Middle-East and North Africa
- David Evans, Sponsor of GSU Talents
- John Mellows, in charge of Asia Pacific region
- Jos van Huut, Chairman of the Praxity Alliance.

- The Global Executive Committee meets on a monthly basis to report key business issues & progress status of Global Business Units / Global Support Units (GBUs/ GSUs) projects and validate key decisions on an international and transversal level. The GEC currently comprises:

- The GEB members and senior advisors,
- The GBUs and GSUs leaders:
 - Hervé Hélias, GBU PIE
 - Phil Verity, GBU OMB
 - Ton Tuinier, GBU Tax
 - Bernd Sagasser, GBU Law
 - Thierry Colin, GSU Performance and Systems
 - Laurent Choain, GSU Talents

- Jean-Luc Barlet, GSU Technique and Innovation
- Miguel de Fontenay, Business Consulting
- Loïc Wallaert, Country Forum
- Caroline Van Troeyen, GSU General Secretariat and Communications.

- 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 GEC, and monitoring 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 2012 and GGC currently comprises ten members:

- Michel Barbet-Massin, President, France,
- Pierre Sardet, Vice-President, France,
- Kathryn Byrne, United States,
- Mohamed Ali Elaouani Cherif, Tunisia,
- Patrice de Folleville, Germany,
- Tim Hudson, United Kingdom,
- Ruud Krouwer, The Netherlands,
- Vincenzo Miceli, Italy,
- Kenneth Morrison, China,
- Mauricio Rioseco, Mexico.

- Country Executive committees have authority to manage the member entities within the framework established by the Organization and in terms of the strategic and operational coordination they provide. 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.

1.3 MAZARS WORLDWIDE PRESENCE AS OF AUGUST 31ST 2010

Mazars serves its clients throughout the world via:

- Integrated member entities in 56 countries, and,
- non-integrated entities in 24 countries.

Within the 24 entities stated above, 12 are correspondents or joint-ventures of Mazars SCRL, 7 are country local correspondents (of Mazars Tunisia, Mazars Middle East and Mazars Mexico) and 5 are representative desks/offices. Representative desks/offices are often limited in terms of scope of services offered.

While the member entities constitute the integrated partnership, the non-integrated entities constitute the Mazars network. They all are committed to the risk management policy as described in section 2 of this report.

Furthermore, Mazars (along with all its integrated entities) is one of the founding members of Praxity, an international alliance of Independent Firms created in 2007 as a non-profit-making International Association regulated under Belgium law (AISBL).

Praxity is present in 76 countries. Chosen after a very thorough self-evaluation process, each Praxity participating firm delivers state-of-the-art accounting services and in-depth local knowledge. Participating firms bring their collective commitment to quality and ethical accounting solutions. In line with the Praxity approach stating there is no such thing as a unique solution working for every company, firms participate in the alliance in one of three classifications: member firm, associate firm and correspondent firm. Mazars has a member status in the Praxity alliance which gives the Group the opportunity to operate in twelve more countries.

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 Technique and Innovation Global Support Unit (GSU T&I).

This Global Support Unit:

- Defines the procedures and the quality assurance system that entities and all business and management units 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 the 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 quality label, borne by international networks of accounting firms that perform audits of financial statements that are or may be used across national borders, and that commit themselves to promote worldwide auditing best practices in order to raise 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 is regularly recognised by international stakeholder organisations and national and international regulatory bodies.

Mazars is actively involved in the IFAC with a strong presence in three of its boards and committees:

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

2.1. INDEPENDENCE

As at 31 August 2010, Mazars is the legal auditor of around 450 listed companies in the 56 integrated countries of its international partnership.

Maintaining independence is one of the highest stakes 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 in 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 states in this Code 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 conflicts of interest at a global level. Provision of additional services to an audit client is subject to prior authorisation from the lead group audit partner and, in some cases, to the opinion of the head of ethics. It is 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.
- Technical consultation with the experts 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 (written agreement of the parties before accepting the new engagement, and/or staffing conflicting assignments with 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, or more globally to their financial performance.

The Ethics and Acceptance Committee, under the supervision of the Technique & Innovation GSU Board, is in charge of studying problematic situations that may be brought to its attention, reviewing proposed departures from the CCOI by country, and verifying that changes in international ethical standards are taken into account by the Organisation.

The GSU T&I Board ensures that risk management procedures exist and are monitored 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 Committee of each local entity, particularly 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 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 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 Committee 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 the Quality Control System

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 confirm the presence of these systems guaranteeing independence.

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 that are shared among members and by joint training initiatives. In order to enhance the level of computerisation of audit files of the Organisation, the Group developed and deployed specific audit softwares. It allows a structured definition of the audit approach, on automated performance of certain tasks, and ensure performance of the work in line with the most recent auditing standards (IFAC standards, supplemented by national requirements).

Implementation of the Organisation's policies by its member entities 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

High-quality associates

The high standards of quality for our work require that we recruit talented individuals, who have the ability to take on necessary responsibilities. Our ability to attract and keep talent is one of the key elements in ensuring successful operations. Mazars' strategy in terms of recruiting (refer to section 4.4), 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;
- engagement performance including;
 - Planning and supervision of engagements,
 - Technical consultation,
 - Audit documentation,
 - Independent review,
- confidentiality;
- quality control system supervision;
- managing cross-border engagements;
- complaints and allegations.

These processes are presented in the Mazars risk management and quality assurance manuals which 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.

Quality control managed at Group level

Mazars has put in place an International quality control system destined to all entities in the organisation, whether they are integrated members or non-integrated entities.

Quality control is operationally managed by an International Quality Control Committee (IQCC) which reports to both the Group Executive Board and the GSU T&I Board.

Two types of quality assurance reviews are in place:

- a reporting involving a self-assessment by the countries on their compliance with IFAC standards, completed by the results of internal and external quality control and an action plan in respect of the main areas identified for improvement. This 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 specifically trained Mazars partners or senior managers operating in a different country.

After their intervention, these experts prepare an action plan addressing the findings of the IQAR or the ReQAR. The action plan is submitted for approval to the entity's Executive committee. The partners in charge of monitoring by 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 program which involves an assessment of the adequacy and effectiveness of the entity's procedures and a review of engagement files. Partners are 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 committee. This communication is 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 required.

Entities that are candidates for admission into the Mazars partnership 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 confirmed in December 2009, that it met the membership obligations of the Forum of Firms, in all material respects.

2.3 OUR CONTRIBUTION TO THE STANDARD SETTING PROCESS

We believe that the voice of the audit profession brings value to the standard setting debate. As a consequence, at the level of the Group, we are committed to the improvement of financial reporting, corporate governance and overall confidence in the capital markets on a global level. For example:

- By responding to consultations on auditing, corporate governance, financial reporting and relevant laws, regulations and standards changes issued by various regulatory or professional bodies such as the European Commission, IFAC, IASB, PCAOB, SEC, FASB ...
- By taking part, as stated above, in international professional bodies such as IFAC boards and committees , FEE, IFRIC ...

Our professional staff is being regularly kept informed and trained so as to know of both actual and potential future evolutions. It enables audit teams to better anticipate them, and establish a strong link with their clients on those crucial themes.

In each country, Mazars' entities are quite involved with accounting and audit governance bodies and professional organisations.

Clients

3.1. SERVICE OFFERING AND TURNOVER

As previously mentioned, Mazars' services fall into four Global Business Units (GBUs), two of which focused on Clients: Public Interest Entities and privately owned companies of all sizes and two on the type of services: legal counsel and tax services. This structure is mirrored by each member entity through Country Business Units.

The four Global Business Units 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;
- GBU Tax. This unit offers an extensive array of covers a complete range of tax advisory services;
- GBU Law. Legal counselling in some countries.

Turnover per Global Business Unit (M1)		
	2009/2010	2008/2009*
PIE	428.3	389.2
OMB	346.5	296.1
Tax	89.1	67.2
Law	20.5	21.1
TOTAL	884.4	773.6

* 2008/2009 figures restated in a 2009/2010 basis.

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, 2010 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, 2009 to August 31, 2010) and is available on the concerned member entity's website.

Human resources

4.1 QUALITY THROUGH TALENT

We are deeply convinced that the quality we bring to our clients and to the market in general is dependent on the talent of our people.

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

- our culture
- our sense of commitment
- our diversity of talents
- our transparent and effective assessment system

Based on our common values and management principles, and within a working environment which is intended to be fulfilling, our Talent management policy is based around 3 main principles:

- recruiting the most talented individuals from all horizons
- developing long life training, on both technical and managerial issues (refer to §4.4 continuing education)
- offering attractive career opportunities, particularly internationally, within our fast-growing Group.

Our performance management is as well the key to our high level quality of service. All our people have objectives

and clear work expectations, receive feedback and talk about their performance regularly. Our Global Talent and Performance Management Program covers all grades and is being monitored in all the Mazars countries. This programme provides us with qualitative information on the expectations and competencies of our professionals which in turn enables us to gauge the effects on our long term development ambitions.

Employees have their own special role and their own chance to bring their personal contribution to our collective success.

4.2 INTERNATIONAL STAFF

As of August 31st 2010, around 12,500 people are working in Mazars offices in the 56 integrated countries including more than 1,200 new recruits that have joined the Mazars teams in 2009 - 2010.

4.3 PARTNERS

4.3.1 Our partners on an international level

As of August 31, 2010, Mazars Scrl has a total of 667 partners spread across 56 countries.

4.3.2 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 Group 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 12% 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.

4.4 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;
- 20 hours of professional training each year.

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.

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.



*PSR

Valery, Mazars in Mexico

A social and environmental dynamic shared by everyone

Responsibility is one of Mazars' essential values, which naturally led the Group to launch a dynamic process of environmental and social responsibility in 2008, spearheaded by the Partnership Social Responsibility (PSR) strategy meant to be deployed in the whole Group.

This report gives a transparent overview of the actions led in 2010, whether they are the follow-up of existing programs, or entirely new projects implemented everywhere in the world by our teams. This spirit of citizenship does take its source in an inspiration but can only be meaningful and have added value if it is embodied in everyday-life commitments.

A long term responsible commitment to Mazars' funding values

Our dynamic of social and environmental responsibility, the Partnership Social Responsibility cannot be thought independently of our history and identity. As a matter of fact, this strategy represents the pledge of all our employees and partners to the democratic values of our integrated partnership, which relies on strong values of independence, transparency and responsibility.

These values govern the way our employees and partners all over the world build their relationship with their clients, suppliers, peers and the whole society, with a constant focus on respect and humane treatment of people.

Ever since Mazars opened its first office, each of us is committed to passing on these values, through a shared ambition and strategy deployed in every country.

Being a Mazars partner, whether you joined the Group during an external growth project or were co-opted, means committing yourself to the values of our Partnership Charter – proficiency, continuity, independence, integrity, respect of people and diversity, intellectual stringency, ethics and morale, sense of service and responsibility.

For every professional of our Organization, it also means following the Mazars Way.

Beyond these principles, being a part of Mazars also means following the dynamic of our PSR strategy. To improve its efficiency and guarantee its impact, we decided to structure our policy and our actions around 3 main themes:

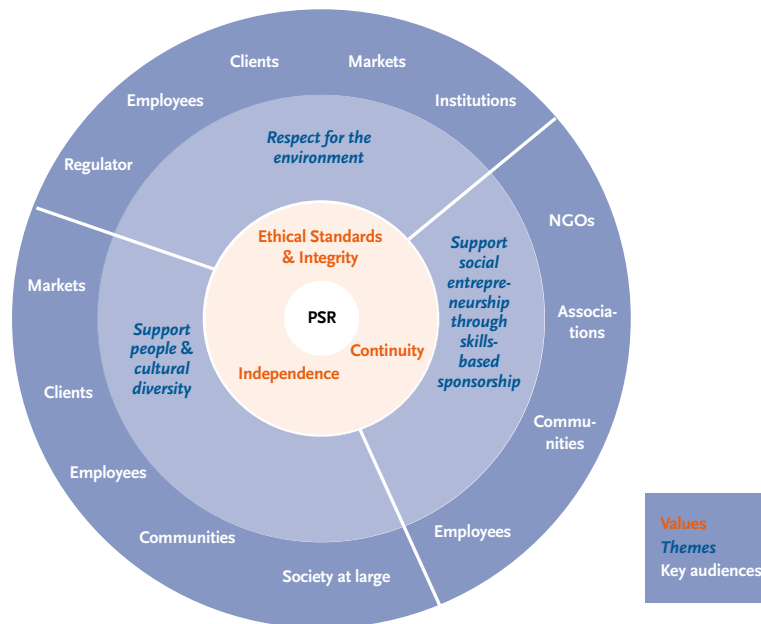
- respect for the environment,
- promotion of human and cultural diversity
- support of social entrepreneurs through skill-based sponsorship.

Our social and environmental strategy is then translated into programs deployed at Group level, and then into practical local actions managed by our entities.



➔ Find out more about Mazars' commitments and PSR actions : www.mazars.com/rse

The purpose of our Partnership Social Responsibility strategy



A strategy translated into practical projects

In 2010, Mazars kept on supporting the different social and environmental responsibility initiatives started in 2009. The year was however marked by the launch of innovative new programs inside the Group, whose very structure facilitates intercultural exchanges and initiative.

• Respect of the environment

Our sustainable growth objective, which takes into account the impact of our activities on the environment, naturally led to a diagnosis of our greenhouse gas followed by a action plan to reduce it. The strategy to reduce our carbon footprint launched during the 2009 Partners' Conference also had significant impact in 2010. We

indeed measured and compensated half of the carbon footprint of the Conference itself, through a reforestation project led in Indonesia alongside our Jakarta office. This year again, we will measure the footprint of our Conference, in order to set up a compensation plan.

Mazars conducted several actions throughout the world, notably in France and in the Netherlands, where the Group measured the carbon footprint of its offices and drew an action plan to reduce greenhouse gas emissions. Besides, when the Group gathers participants to seminars from several countries, for example for training sessions, the air traffic footprint is compensated by support to local tree planting programs.

Moreover, several country offices signed

and implemented «green charters» who include action plans to reduce energy and paper consumption, improve waste management and raise teams' awareness to environmental issues. WeiserMazars signed one of those charters, and gave a team of young professionals the opportunity to work on an initiative, which led to the creation of a Green Manifesto of best practices.



• **Promotion of human and cultural diversity**
Mazars' history is a living evidence that cultural diversity is not only a treasure but also an asset to increase company performance. Diversity impacts our relationship to our clients as well as our talent management. Promoting diversity is for Mazars a key issue that concerns each and every entity. A member of the Group Executive Board thus acts as a sponsor of our diversity strategy, which is summed up in a dedicated charter. This year, the policy focused on two themes, gender parity and balance between private



and professional life. Codes of conduct will be issued on both questions so that each country can draft its own diversity policy. Obviously, countries find interest in such policy, as the deployment of our diversity strategy in

MAZARS, SPONSOR OF THE LOUVRE

This year, Mazars supported financially the acquisition of a Renaissance masterpiece by German painter Lucas Cranach, «The Three Graces». This operation confirms the Group's ongoing commitment to protect cultural legacy, which already translated into two other sponsorship projects with the Louvre museum : in 2009, Mazars contributed financially to the museum's acquisition of XIXth century «Portrait du Comte Molé» by French painter Ingres while in 2007, it had already helped the museum buying Poussin's masterpiece «The Flight from Egypt». This new sponsorship operation is the sign of our Group's commitment to protect world cultural heritage.

41 countries already work on the subject, which led to the implementation of 17 practical action plans.

In October 2010, Mazars went further and created Mazars Connecting Women, an internal network of women from all units and all positions to share their experience and best practices.

This new tool should help the Group devise new strategies to help women reach Group management positions, among other objectives.



As it does every year the Group also supported the Women's Forum, whose aim is to bring together women leaders and their male peers to discuss ways of enhancing women's contribution to the global economy.



Among many other projects to promote diversity, one could quote Mazars' contribution to the «Diversity in the workplace» days organized by Italian NGOs and the Adecco Foundation, to help professional integration of foreign and disabled people. A second example of our involvement comes from the South-African Employment Equity program, which sets national objectives in terms of fair and equal treatment in the workplace. In France, lastly our partnership with association «Nos quartiers ont des talents» allows young graduates from underprivileged neighbourhoods to benefit from professional coaching while they look for employment.

• **Support of social entrepreneurship through skilled-based sponsorship**

This last program of actions relies on the Group's will to offer its services to NGOs and small businesses with a clearly social goal matching Mazars' core values. This form of skill-based sponsorship is efficient in many countries, thanks to the involvement of local teams. The Brazilian teams are particularly active and give time and various skills to many initiatives and projects.

For example, Mazars supports several associations, including the Leader in the Art of Re-education program, which helps children in precarious situations. This pioneer project recreates the social structure of a

family to allow excluded children to fit back in society. Children are hosted in several houses welcoming up to 18 youth. Mazars' team in São Paulo helps the program financially, but also offers professional advice and skills, and many team members also volunteer to help the children.

In Rio de Janeiro as well, Mazars' team offers its volunteer time, its professional services, notably in audit, and a monthly financial support to the children of the Babylonia kindergarten, in the favela. This program allows 70 children aged 2 to 10 to get medical assistance, education and 3 nutritious meals a day.



In Ireland, our teams also volunteered to help several kindergartens and gave their free time to help fitting them out.

Focus

AN EXAMPLE OF GLOBAL COMMITMENT IN THE NETHERLANDS

Environment, diversity, social entrepreneurship : Mazars' spirit of citizenship in the Netherlands is coordinated by an ad'hoc committee and targets all three pillars of the Group's PSR strategy, which have all been analysed to determine their social and environmental impacts. As a result they are implementing a 'green policy', favour low-energy consuming computers and systematically choose recycled paper.



The environmental impact of every action is measured.

Diversity and equality are at the heart of our teams' daily life, which translates in training and awareness, a high employment rate of women (45%) and an increased number of employees (men and women) working part time (36%).

Lastly, Mazars also supports social entrepreneurship culture in the Netherlands, as its partners offer parts of their time to coach training programs.

Focus

HUMAN RIGHTS AND SUSTAINABLE DEVELOPMENT AS A GLOBAL PERFORMANCE LEVEL

Our Group has developed new tools to define and measure the criteria defining the durability of an activity's performance, such as human rights enforcement.

Mazars developed in 2010 an offer in human rights audit, to help its clients be more transparent and reduce governance-linked risks. These audits are based on the very close link between human rights enforcement and creation of value, and make sure the audited company does integrate human rights protection in every aspect of its activity.

There is indeed a large demand for such audits, especially in Asia, as the Mazars Jakarta seminar about Sustainable Business and Human Rights Compliance proved. «Our clients care about human rights compliance and social responsibility. So does Mazars», points out James Kallman, Mazars Senior Partner in Indonesia.

In China, a committee set up in 2009 evaluates Mazars commitments, through a series of indicators and a sustainable development audit led in the Beijing and Shanghai offices.

The Mazars Indicators for Sustainable Development (MISDA) take into accounts three fields of action: environment, social issues and risk management. But, beyond our Group in itself, these new indicators prove our capacity to adapt to new trends and help our clients build a sustainable growth, based on performance criteria going beyond mere financial objectives.



A commitment to the future

There is no such thing as a short-term commitment. This is one of our beliefs. Our PSR strategy conveys this idea and gives us means to implement this long-term action. Our progress charters include specific quantified objectives, which should allow us to monitor progress and efficiency of our different programs. One of the first of these indicators was the carbon assessment of several buildings, which will soon be extended to the entire Group.

Furthermore, we plan to work with our clients to help them integrate in their strategies the main principles of social and environmental responsibility.



This new objective of our PSR strategy relies on our capacity to transmit our skills and our conviction that social responsibility is a performance lever. We have already started, as Mazars now offers audit services specialized in human rights protection. Enriching and keeping alive this dynamic of responsibility is one of our long-term ambitions.

Focus

MAZARS FOUNDATION

Created in October 2009 in France, the Mazars Foundation for Children, Solidarity, Health and Sustainable Development supports practical projects run by organisations to help people in need. The foundation prizes international and transverse projects all over the world. To give a few examples, the Selection Committee chose to help associations working in various areas on quite different issues : « Pas à pas à Paris » («step by step in Paris») helps autistic children; «Coup de pouce humanitaire» («Humanitarian boost») builds a maternity hospital in Abidjan, Ivory Coast; «L'envol» (« First flight») finances specific holidays for children suffering from

FONDATION
Mazars

heavy diseases; «CIELO» (International Cooperation for Local Balances) helps building a media center in an underprivileged part of Abidjan; «L'Averti les Galopins» helps integration of children suffering from cerebral palsy. The foundation also helps «Technological Solidarity» which builds training centres in Cameroon or supports the various projects led in Senegal by the «Catholic Delegation for Cooperation».

MAZARS

Group Communications Department

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