

Annual report  
2010 / 2011

A photograph of a modern office interior. The space is characterized by large windows on the right side, offering a view of a cityscape. The ceiling and walls are dark, and the space is illuminated by glowing white curved lines that create a dynamic, abstract pattern. In the foreground, several people are visible, some standing and some sitting at desks, engaged in work. The overall atmosphere is professional and innovative.

**COLLECTIVE  
INTELLIGENCE**

01

- 01 Profile
- 02 Locations and key figures
- 04 Key facts
- 10 Message from the President
- 14 Wide-angle view

18

## STRATEGY

---

- 20 How the GEB views the year
- 24 The main axes of the strategy
- 28 International development

32

## EXPERTISES

---

- 34 An integrated range of services
- 36 Public Interest Entities (PIE)
- 40 *Consulting*
- 42 *Financial Advisory Services*
- 44 Owner-Managed Businesses (OMB)
- 48 *Accounting & Outsourcing Solutions*
- 50 Tax
- 52 Law

54

## RESPONSIBILITY

---

- 56 Democracy at the heart of the partnership
- 60 Group Governance Council
- 62 A global approach to talent management
- 64 Partnership Social Responsibility
- 66 *Development of sustainable services*
- 67 *Reduction of climate change impact*
- 68 *Respect for employees and well-being at work*
- 70 *Commitment to society and community*

72

## FINANCIAL REPORT

---

- 75 Group Executive Board Report
- 79 Group Governance Council Report
- 81 Financial statements
- 86 Notes to the financial statements
- 107 Independent auditor's report

108

## TRANSPARENCY REPORT

---

- 110 Introduction
- 112 The Mazars group
- 115 Mazars' quality assurance and risk management policy
- 121 Clients
- 122 Human Resources



# COLLECTIVE INTELLIGENCE

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

As at 31st August 2011, the Group has a presence on the ground in **61 countries** and draws on the expertise of its **13,000 staff** to assist companies – major international groups, SMEs and entrepreneurs – and public bodies, at every stage in their development.

Mazars also has correspondents and local representative offices in 22 further countries, which gives it additional capacities and allows it to serve clients to the same strict quality standards across five continents.

Based on listening closely to our clients and offering a fresh reading of their problems, the Mazars range of services is designed to give companies the assurance of recognised technical and regulatory expertise together with the added-value of a partner who can advise them effectively on improving their global performance.

# ON EVERY continent

We have considerably accelerated our global development over the past few years, to reinforce our positioning as a leading international independent player. Our presence is structured around regional platforms : Europe, Asia-Pacific, Africa, Middle East, Latin America and Carribean, North America.

## KEY FIGURES AS OF 31ST AUGUST 2011

**13,000**

professionals

**61**

countries

in the integrated partnership

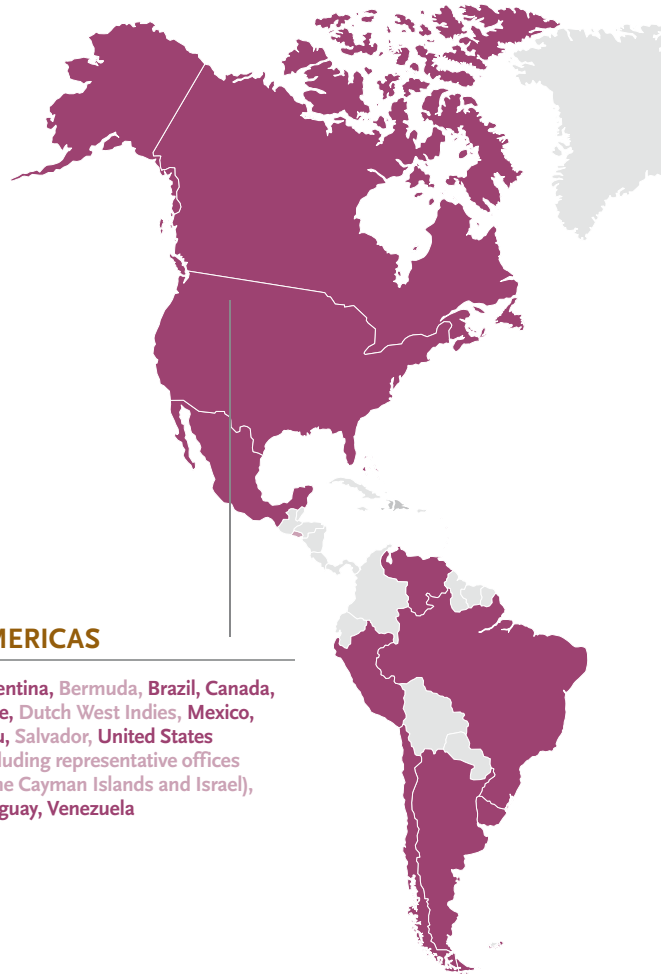
**22**

additional countries

where we serve our clients through our correspondents, our joint ventures and our representative offices

€ **956.7** M

turnover as of 31st August 2011



### AMERICAS

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

■ Integrated countries ■ Non integrated countries: Mazars' correspondents, local correspondents, joint ventures and representative offices

## 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 a 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, Tajikistan, Thailand, Vietnam

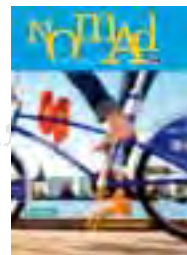
## MIDDLE-EAST

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

## AFRICA

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

Discover Nomad, Mazars' international magazine on : [www.mazars.com/nomad](http://www.mazars.com/nomad)



## Key Facts

# SUPPORTING OUR CLIENTS in sustainability

We have always believed that environmental and social responsibility should rightfully be seen as an element of an organisation's performance, and we continue to develop services that support clients in achieving this. In 2011, the Group strengthened its consulting services for sustainable development by integrating new expertise to the partnership.

Based in Bali, Mazars Starling Resources offers its clients – international corporates, fast-growing SMEs or intergovernmental development agencies – concrete and innovative solutions in the fields of sustainable resource exploitation and reduction of ecological footprint.





## Key Facts

# MAZARIADES 2011: THE INTERNATIONAL FACE **of the** **partnership**

With 13,000 staff in over 60 countries, the international reality of Mazars is most obviously expressed through its cultural diversity. Held every two years, the Mazariades bring together “Mazarians” from across the whole world. Always an exciting moment in partnership life, the Mazariades take place over three days of competitions and talks and give us the opportunity to honour the best talent in the Group, and the individuals who will be the international leaders of tomorrow.

The Mazariades 2011 were held in Paris last May, with 500 participants from more than 40 countries. This outstanding occasion to meet and share with the Group’s executive management on Mazars’ strategy also proved the Mazarians’ capacity to interact and work together, through a day of cultural challenges handled by multinational teams all around Paris.





## Key Facts

# MAZARS, A COMMITTED SPONSOR of world cultural heritage

For the third year running, Mazars re-affirmed its support for the Louvre Museum by sponsoring the acquisition of a National Treasure, the Three Graces, by Lucas Cranach the Elder. Held in private collections since it was first commissioned in 1531, this masterpiece of the German Renaissance is now finally on show to the public in the Richelieu Wing of the Louvre.

The latest symbol of Mazars' strong community commitment, this exceptional patronage operation proves the Group's will to contribute actively to safeguarding world cultural heritage and making it accessible to everyone.

Discover the artist and his work:  
[www.mazars.com/thethreegraces](http://www.mazars.com/thethreegraces)





■ Message from the President

# COLLECTIVE INTELLIGENCE, **a singular strength**



Last year, as the world was going through a period of crisis and profound transformation, we were already stressing the absolute necessity of making the sense of purpose the keystone of our endeavours. A purpose which obviously feeds the long-term vision guiding our Group's strategy for growth, but also forms the basis of Mazars' contribution to controlled and sustainable economic development benefitting the whole community and serving the general good.

### Improving forms of cooperation

Today, there is no choice but to accept that the financial and economic crisis that has been destabilising the world economy since 2008 has upset the previously existing equilibrium and now calls for profound structural reform to re-open the road to international financial stability and to healthy and profitable growth for all. Given the crisis in public debt, which is having serious effects on most of the developed economies, especially the European ones, and faced with the need for better regulation of financial transactions, any potential strategies for re-structuring must avoid creating additional economic and social burdens. That means they have to draw on the powers of collective thinking to elaborate a long-term vision, for only this has true purpose.

Yet the existing mechanisms for international cooperation are now being severely tested. Enhancing the role of collective intelligence therefore seems to us a decisive factor in developing better forms of cooperation, and enabling the application of appropriate, well-considered responses to the imbalances we observe. Without this, we would expose ourselves to the risks of destabilisation which could damage the capacity for progress in the vast majority of regions around the world. Similarly, the impingement of the "time" factor in the resolution of crises, where speed of information is overtaking analysis and perspective, sometimes giving way completely to rumour, is clashing with the inevitable complexities involved in the implementation of re-balancing mechanisms. "Short" timeframes, encouraging volatility in behaviours and protectionism, are now in permanent conflict with "long" timeframes, which are essential for the construction and application of a concerted vision.

At Mazars, whose development model is constantly nourished by the diversity of our people and the complementarity between sets of expertise, we are convinced that the best possible responses to the challenges of the current situation will emerge from collective intelligence. By its nature, this represents shared values serving the common good, and forms the mainspring for a public spirited and profoundly reformist dynamic. Indeed, we are seeing that the companies, communities or countries who are moving forwards are those who are capable of lending a common purpose to what they do, of shining a light on the current complexities and committing to a vision in which each individual can make a difference, and can contribute, more broadly, to the collective dynamic that results.

### Playing an active part in public thinking

Springing directly from the duty to serve the general interest which we ascribe to our professions, our conviction is that it is part of Mazars' responsibilities as a whole to independently advocate an organisational model for our professions that will increase transparency and confidence in capital markets and, in this way, promote financial stability and the return to growth. This is the purpose behind our active contribution to debate on the audit professions that is currently running in certain of our key markets, and involving all multidisciplinary organisations such as Mazars.

We have for long believed that the conditions under which our professions are practised need to be re-thought, and we consider that a certain number of essential points – notably in terms of regulation, quality standards, and level of market concentration – ought to be re-examined in the light of an open and public debate. The crisis, which has led to an in-depth re-evaluation of the dominant models and questions about their relevancy, has brought to the forefront the necessity for such a debate, particularly with regard to the responsibility exercised by auditors in the certification of financial information made available to the markets. This thinking has been particularly stimulated over recent months by the European Commission's publication in autumn 2010 of a Green Paper on the role of auditors, eliciting multiple contributions from across the auditing market. >>>

»» This initiative was warmly welcomed by Mazars. We offered our own response, supporting the Commission's objectives by proposing a programme of pragmatic and consistent reform, and we believe it has sufficient support among our colleagues in the professions, from the most global players to the most local, to make a difference, over and above sectorial interests, to the reasonable and necessary reforms that together will build an open, fair and diversified audit market in Europe. Beyond the healthy re-examination of our technical, ethical and quality standards, we see in this debate the opportunity to introduce into the market the diversity, dialogue, added-value and competition that the many parties involved – companies, institutions and citizens – are calling for.

The influence of such thinking has run beyond the borders of Europe and created the conditions for a similar debate, notably in Asia and America, on promoting the emergence of a fully competitive audit market. To play its full part in the context of this markedly more competitive dynamic, Mazars is patiently building a solid development model, based on an innovative vision, open to a diversity of expertise and cultures, as well as the original corporate structure of the integrated partnership, which is both united and genuinely participatory. Firmly rooted in controlled and sustained growth, our policy for active geographical expansion, the constant extension of our range of services, our recognised capacity to serve global or international companies wherever they operate, as well as to support SMEs with our closely attentive approach, we at Mazars offer a credible alternative to the dominant market players while continuing to develop a business model founded on agility and resilience.

### **Security, technical excellence and added-value guaranteed**

At the heart of our multidisciplinary organisation, co-construction is central to the approach we offer the companies we advise. Beyond the expertise we bring to bear and the methodologies we employ, we engage with our clients in collective consideration on the nature of their issues and relevance of their

objectives, in order to determine with them the most effective solutions to put in place. With the emphasis on results rather than on what form our contribution takes, we aim to respond to the four priority issues for the organisations we help. Firstly, the issues of security and reliability need to be addressed. For our clients this means in particular the quality and validity of their financial information, which is essential for the healthy functioning of companies and markets. The second issue concerns compliance to the demands of the regulatory, legal and fiscal environments in which companies do business and develop. A third important issue is that of performance enhancement. Using our in-depth knowledge of sector specifics, strategic challenges and operational matters, we can define and set in motion the changes that will lead to companies' financial and intangible success. Finally, we are of course committed, in the context of our close, long-term relationships with our clients, based on attentiveness and dialogue, to responding to the challenge of long-term value creation, whether advising clients on managing their growth operations, or, on a completely different level, helping them to implement strategies for sustainable development.

### **A global provider of integrated professional services**

To be in a position to meet all these challenges, Mazars long ago decided to become a global provider of integrated professional services, by following a strategy that combines internal and external growth. As at 31st August 2011, our Group employs 13,000 professionals in more than 60 countries and our volume of business has gone up 8.2% in 2010-2011, with turnover reaching 956.7 million euros, and a robust financial structure. This satisfying result, achieved against a background of great uncertainty, is the fruit of our stronger teams, our expanded range of services and our new geographical developments.

In fact, the international coverage of our integrated partnership was enriched in 2010-2011 by five new countries – Kenya, Nigeria, Peru, Sweden and Tajikistan – and we have continued to accelerate

our development in regions enjoying strong growth, such as Asia, by integrating new firms who expand our field of operations by allowing us to offer innovative services and solutions, for example in corporate, social and environmental responsibility, to the private and public organisations we serve. We have also enjoyed the first tangible benefits from our merger with WeiserMazars, who have strengthened our direct presence in the American market, forming a major advance in our international development. In parallel with the expansion in the Group's geographic footprint, we have pursued the extension of our consulting activities by surrounding ourselves with talented people whose expertise complements our original Audit "DNA". Our intention is to position ourselves as partners for companies making the kind of changes that, beyond financial performance alone, will create the conditions for sustainable growth.

Responding to the challenges for the international economic community by building an innovative, demanding and multidisciplinary vision; serving the general interest through self-determined involvement; and promoting a dynamic governance of crystalline transparency – these are the areas in which Mazars is more than ever determined to be a committed agent for change, by harnessing the singular strength of collective intelligence.

*Patrick de Cambourg*

**Patrick de Cambourg**  
President and CEO of the Group





## Wide-Angle View

# COLLECTIVE INTELLIGENCE, the core prerequisite for partnership

*By Frank Bournois, University Professor, President of the Board of Trustees of Mazars University;  
Michel Fender, Dean, Executive MBA, Professor at ParisTech (Ecole des Ponts & Chaussées);  
Laurent Choain, Chief Human Resources Officer, Mazars group.*

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In a well-known management exercise, participants are asked to imagine themselves as the survivors of a plane crash in the desert or high in the mountains. They are given a list of fifteen objects to place in order of importance for their survival. To begin with, the participants work in silence to draw up their individual rankings. Then they are asked to agree on a new order within a limited amount of time. This generally leads to intensive debate and argument culminating in an agreed ranking at the very last minute. Without exception, when we compare this second list, developed under chaotic conditions, with the individual lists and with that drawn up by survival experts, the group result is always better than that of any of the individuals who make it up. What this game shows is that the collective

performance of human groups is usually better than the performance of individuals, except in emergency situations or those requiring specific expertise.

This phenomenon describes both an empirical, multidisciplinary field of research, and the very essence of the integrated partnership model used by Mazars: collective intelligence in action.

## Collective intelligence at the crossroads of science

Collective intelligence is an interdisciplinary field. Ethology, the science of animal behaviour, coalesced as a discipline towards the end of the 19th century and began to identify collective interaction and learning behaviours within animal groups (ants, bees, migratory birds, dolphins, etc.). At the start of

the 20<sup>th</sup> century, the discipline of sociology started to explore conditions for human learning, first within family units and very soon in the workplace.

The rise of organisations after the Second World War led to more structured, and also more segmented and critical, examination of collective intelligence. The lessons learned from failures attributed to erroneous collective decisions gave rise to schools of behavioural analysis that examined the limitations of collective intelligence.

Starting in the 1960s, the emerging artificial intelligence field opened up new areas of investigation. These studies led to a major disruption in perceptions of collective intelligence, with the postulate that it is possible to establish conditions for intelligence and learning independently of individual human players or groups.

In the fields of business and the sociology of work, Chris Argyris, Peter Senge and Edgar Schein were the standard-bearers in the 1970s of the idea of the learning organisation, which brought a more operational focus to research on collective learning.

A new view of collective intelligence developed out of the technological transformations of the late 20th century. Email (one-to-one communication) rapidly gave way to more elaborate forms of Internet-based communication (one-to-many), and more recently to applied collective intelligence with Web 2.0 (many-to-many). By globalising knowledge and generating communities based on shared interests, information, reflection and socialisation, functioning instantaneously and on a massive scale, the technological revolution gave form to Peter Drucker's 1964 prediction: the era of knowledge has succeeded the era of organisations. Are our organisations, and our approach to education, capable of adapting and surviving in these new conditions?

### **Collective intelligence at work in the company – the specificities of an integrated form of partnership**

The integrated international partnership is the ultimate form of organisation based on the gamble of collective intelligence, that is on social and human cooperation. It is a gamble because, unlike other simpler and more stable forms of human organisation, this type of partnership can generate synergies that are not controlled by the individuals who make it up, and can also lead to failures in case of dysfunction.

Most of the partnerships are based on a free association that pools resources and possibly a brand, without offering real integration. Integration would imply pooling of results – profits and losses – which is a threshold many networks refuse to cross, even more so when the partnership stretches beyond national borders.

Such integration leads the partners to think and make statements at frequent intervals about complex topics relating to the business model, strategy and governance. It cannot function unless the partners >>>

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*The integrated international partnership is the ultimate form of organisation based on the gamble of collective intelligence, that is on social and human cooperation.*”

- »» manage to look beyond their individual stakes, to have a purpose beyond themselves. Finally, it requires sincerely shared values that enable shared “reflexive” responses in urgent situations or when complexity is too great.

These elements, taken together in an intellectual services setting, constitute less a bundle of cognitive skills than a form of social cohesion or symbiosis.

From there, what nourishes collective intelligence is the stability of the partnership, the level of knowledge and trust in others, and how new partners from outside are welcomed. This system is very close to the collective intelligence model of certain animal groups.

However, the challenge for collective intelligence is growth, expanding borders, bringing in new partners from outside – and, by definition, the purpose of an integrated partnership is to keep integrating more and more. This model is much closer to that of artificial collective intelligence, where trust is simply an initial factor programmed in. Partners do not need to learn or have similarities, but just to belong and state their identities.

The combination of stronger social cohesion and a context of sustained external growth is a real test for collective intelligence in an integrated partnership model. It requires that codification, transmission, acquisition and transformation of knowledge be structured. This is the fundamental vocation of a partnership, an “association of individuals”, “*universitas hominorum*” in Latin.

## Collective intelligence, corporate universities' *raison d'être*

Setting examples, taking risks, predicting and preparing for disruptive change, entrepreneurship and the desire to pursue a vision are undeniably personal qualities that open up excellent opportunities to exercise one's talents at the highest levels of business.

However, those who achieve these levels of responsibility must also be able to effectively share their intelligence with their peers. Creating value, innovating, managing sophisticated projects, taking decisions in an uncertain environment, optimising accumulated knowledge and expertise are all necessary to the success of companies, which means that the collective dynamic is an absolute prerequisite.

But tomorrow's leaders are not always well prepared to meet this challenge. Only educational environments that support problem-based learning approaches, such as those practised in the Northern European countries, and concurrent design and engineering, in particular for innovative projects that require a multidisciplinary approach, actually promote a team approach in the most meaningful way. People's earliest professional experiences, often directed towards developing and promoting their own personal functional and sector-based expertise, also generally fail to favour the development of these collective abilities.

This is why professional development at various stages of one's career, and in particular when new

responsibilities are acquired, is a lever of choice for developing the individual's ability to both “run with the pack” and function on their own. Self-knowledge, understanding our motivations and preferences, is a necessity for any collective approach to creating value, and identifies our proper role within the organisation. Education initiatives can be used in leadership programmes such as Executive MBAs to develop collective talent:

- collective projects proposed by participants' companies, formally defined in assignment letters, leading to operational deliverables, and assessed by mixed juries of professionals, educators and academics;
- the class project, which allows an entire class to experience a collective approach throughout a course of study, on a topic that must lead to tangible implementation;
- group work on case studies;
- the use of collaborative platforms open to communities of professionals within and outside the company, to promote the formalisation and exchange of best practises within true knowledge-sharing networks.

Using education to build and strengthen a company's collective intelligence means recognising that the “time” factor plays a role through a continuous process. This is organised in learning phases that correspond to perceptible and measurable changes, both for individuals and collectively, because the goal is to transform the organisations for which these leaders are responsible.

The end-2011 launch by Mazars of an Executive MBA examining external issues and integrated into a Leadership Development Programme at Mazars University perfectly illustrates the belief that education is a primary lever for promoting processes that create collective knowledge and expertise. It also acknowledges that, for a company that produces and distributes intellectual content, the future must be built with teams of leaders who share and promote these assets.

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*The combination of stronger social cohesion and a context of sustained external growth is a real test for collective intelligence in an integrated partnership model.*”





## Strategy

# A DYNAMIC FOR GROWTH AND INTEGRATION

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In line with our ambition to become a leading global audit and advisory provider, delivering an integrated range of professional services to the entire economic community, Mazars continues to pursue growth through its original model of integrated partnership, which enables us to adopt a transnational and multidisciplinary client approach. We are constantly expanding our international coverage to ensure we can act for our clients no matter where they operate.

# HOW THE GEB views the year

As the global crisis unfolds, with calls for profound transformation and significant regulatory action, the members of the Group Executive Board (GEB) offer their thoughts on what stance to take, on challenges ahead for the market and on Mazars' capacity to deliver appropriate solutions. The strength of our integrated model, our entrepreneurial culture and our multicultural and multidisciplinary approach, all form part of our response to the economic situation.

Philippe  
Castagnac  
Co-CEO of the  
Group and Senior  
Partner of Mazars  
in France



## What is your analysis of the current situation?

**Douglas A. Phillips:** We are in a long-term, systemic crisis which initially affected the mature economies of Europe and the United States, but is now having an impact on the entire world economy. We have to help our clients hold a steady course through the storm notwithstanding. They are companies tending to use the structural nature of the crisis to evolve their organisational models.

**Philippe Castagnac:** The crisis we are currently experiencing is unprecedented, not only in its scale but due to its multiple implications. Simultaneously financial, economic and monetary, and recently impacted by concerns in regard to national debts, it is causing a crisis in liquid assets and in the confidence people have in the banking system. It marks a turn of events calling for radical structural transformation, opening the way for the implementation of more robust global economic governance.

**Antonio Bover:** In this situation, the publication by the European Commission of the Green Paper on the role of auditors (see box) saw the first steps in a huge public debate on the future and structure of the audit market within the European Union. We believe that building a Single Market



Antonio  
Bover  
Co-CEO of the  
Group and Senior  
Partner of Mazars  
in Spain



for audit services, less concentrated, more effective, integrated and competitive, is essential for ensuring financial stability in Europe and is in the public interest.

**Hilton Saven:** We are evolving in a global world where borders are disappearing, but where local regulations and specific circumstances are prevalent. Companies today are seeking to secure their future development and to understand the financial, legal and fiscal environments in which they operate. To achieve this objective, they need to be able to rely on support from partners who will deliver reliable and flexible solutions, and who are capable of taking a global approach to their problems which is also informed by in-depth local knowledge.

### In such an unstable context, how is it best to react?

**Philippe Castagnac:** Even though the times call for caution, it would be a mistake to freeze in a “stop go” mode everytime new market turbulence occurs. Mobility, adaptability and the capacity to change, both internally within our organisations as well as in the interests of the profession by actively contributing to various debates, are recognised as important criteria within which to operate. Mazars has established a long-term strategic vision which is shared and nourished by the lifeblood of our whole partnership, but one of our strengths is never to see ourselves as unable to react to any given situation. This is what guarantees the entrepreneurial dynamic and the agility of our business model.

**Antonio Bover:** In fact, only one thing is certain: the world of tomorrow will be a different one from today's. To survive and continue to grow, you have to listen to the market, to question yourself, to be able to anticipate and adapt. Armed with the combination of flexibility and responsiveness, we offer non-standardised approaches, and are able to present our clients with innovative solutions that prove effective once implemented.

**Hilton Saven:** We are clear-sighted, but nevertheless confident in the validity of our strategy for growth, and determined

to drive our investments forward. It's about knowing how to act counter-cyclically, and continuing to invest in the development of new service lines and professionals, as well as the continuous integration of new talent.

**Douglas A. Phillips:** In such troubled economic waters, with the winds blowing from every quarter, we have to focus above all on our clients, and listen to their needs. We have to give them security and be effective, by being a reliable partner and delivering uncompromising quality.

### What approach has Mazars adopted to respond to these challenges?

**Hilton Saven:** We have to help our clients improve their global performance through the quality and reliability of financial information, the appropriateness of their organisational model, the effectiveness of their systems, and the optimisation of those factors that lead to the financial and intangible success of the company. We also have to help optimise the legal, contractual and fiscal environment within which the business develops and operates.

**Philippe Castagnac:** Being set up as a partnership gives us enhanced levels of geographic, technical and financial integration, enabling us to offer our clients a made-to-measure approach that is both transnational and multidisciplinary. It allows Mazars to work to the same high level of quality across the same global platform as the multinationals we are serving, and to provide a broad spectrum of professional audit and consulting services. >>>

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*We are building an international group, welcoming a diversity of cultures and expertise.*”

Douglas A. Phillips

**Antonio Bover:** Wherever our clients require our services, we know how to mobilise the skills and expertise that will contribute effectively and durably to their development. This is how Mazars is proving itself to be a catalyst in enabling companies to change and grow.

### How do you view the Group's performance in 2010-2011?

**Philippe Castagnac:** In a complex economic environment, and in spite of the pressure on pricing in the audit field, Mazars has pursued its development and achieved an increase of 8.2% in turnover, to 956.7 million euros. This encouraging increase in our volume of business stems from both organic growth and external growth. We are particularly reaping the benefits of our expansion policy in Asia, Latin America and the emerging countries, who constitute markets with high potential for growth within the Group.

**Douglas A. Phillips:** In 2010 we made significant progress in the American market with the integration of WeiserMazars, creating opportunities for the medium term. Mazars continued to pursue its international expansion by integrating five new countries – Kenya, Nigeria, Peru, Sweden and Tajikistan – and strengthening its operating capacities in several strategic regions. In France, as well as other countries, we continued to build on our consulting business, which has significant potential for the Group. This necessitates our expertise in Finance, but is also being constantly enriched with new skills which assist us to expand our range of services.

**Antonio Bover:** This year we saw the benefit of having organised ourselves into Global Business Units (GBUs) and Global Support Units (GSUs) early in 2010. This move helped us to improve the international structuring of our business around market sectors and professional lines, and to increasingly utilise our knowledge of national markets. This matrix approach allows for more cross-functionality in management methods and in sharing experience, and a more useful way of monitoring our economic performance, plus the integration of better skill-sets. This has contributed to the Group's good performance this year.



**Douglas A. Phillips**

*Co-CEO of the Group and CEO of WeiserMazars LLP in the United States*



**Hilton Saven**

*Co-CEO of the Group and Senior Partner of Mazars in South Africa*



### What are the main challenges for Mazars in the months ahead?

**Hilton Saven:** Mazars has many growth opportunities. We will be focusing on increasing our geographic coverage by combining internal and external growth, and on increasing the integration of new skills, while continuing to expand our expertise in new fields and business sectors. Thanks to our structure, we are able to harmonise global drive with local culture, by offering a broad spectrum of services with a high level of expertise. We are well-placed to serve clients throughout the world, whether it's a major international group, a family business, or a rapidly expanding SME.

# TOWARDS A EUROPEAN SINGLE MARKET FOR AUDIT

## What are the steps in building an EU Single Market in auditing services?

In line with its contribution to the Green Paper published in 2010 by the European Commission, "Audit Policy: Lessons from the Crisis", Mazars upholds the principal adopted objectives, notably aimed at shoring up financial stability in Europe, and suggests several regulatory measures that might constitute a consistent and practical programme of reform in the audit market:

- the adoption of a transparent, regular and equitable system of tendering for audit assignments;
- the prohibition of contractual clauses and other institutional bias in favour of the dominant audit firms;
- a rigorous restrictive trade assessment, at European and global level, of mergers and acquisitions by dominant audit groups;
- increasing focus in Europe on balanced joint audits that guarantee technical excellence and respond to the risks of excessive market concentration;
- tighter governance and greater transparency of audit groups;
- more importance given to the role of auditors in identifying and assessing risks;
- more explicit information on the results of audits performed, and better communication with the supervisory authorities;
- a pan-European regime for the registration and supervision of auditing bodies;
- additional assurance on narrative reporting.

**Antonio Bover:** Today we have the intervention capacities of a leading international service provider, but we are still determined to preserve our entrepreneurial culture. This encourages us to anticipate economic difficulties and see them as a chance to prove the effectiveness of our model. The economic crisis is also facilitating new areas of opportunity. We have to be constantly alert to enable us to adapt our services, processes and methodologies to the challenges facing our clients.

**Philippe Castagnac:** The probable developments in European regulation, particularly the prospect of a Single Market for auditing services – more open and more competitive – is likely to lead to major changes in the European auditing landscape. We have to be prepared for this if we are to make the most of opportunities for development.

We must be smart enough and adroit enough to envision new organisational structures that can adapt to these changes, and to best serve the economic and financial communities by delivering transparency, reliability and performance.

**Douglas A. Phillips:** I am more than ever convinced that Mazars is "the right place to be"! We have a unique business model, an extensive and diversified range of services, and genuine international stature. But Mazars' real strength lies in its teams. We know how to work together, sharing our experiences and exploiting the synergies of this collective intelligence to deliver made-to-measure solutions founded on a shared demand for quality. We are building an international group, welcoming a diversity of expertise and cultures.



■ **The main axes of the strategy**

## AN ATYPICAL GLOBAL MODEL and a multi-business approach

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An international and independent organisation, the Mazars model differs markedly from that commonly adopted by the market's big players: its "partnership" model is original. It encourages expansion in new countries, new services, new talents, and new ways of working together. It actively supports deeper integration of our teams around the world, so that we can be up and running as responsively and effectively as possible in answering our clients' needs and helping them handle challenges. Based on this organisational model, a true growth facilitator, Mazars is pursuing the expansion of its geographic coverage and the extension of its range of services, while achieving the same standards of excellence around the world. This strategy is aimed at making Mazars a world leader, offering a comprehensive series of integrated professional services.

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*Our business model has amply proven its solidity and its resilience during the difficult times.*”

Hilton Saven

**M**azars has been building an original model of integrated partnership, true to the values of independence, responsibility and transparency advocated by its founders, and the guarantee of genuinely democratic association. Particularly in contrast to a network, the Mazars partnership is an organisation that is seamlessly, operationally, financially and legally integrated. It is similar

## “One Team” Cross-functional and responsive

Because our organisation is integrated at global level, we can form specialist teams who possess strong technical skills in their professional lines and are used to working in international environments. These teams, selected according to the sectorial profile of our clients, are managed by partners who can make swift decisions and guarantee the responsiveness and effectiveness clients expect.

to a system of financial solidarity, in which risks and rewards are shared by all partners, while strategy is built collectively and implemented locally. What's good for one is good for all, internally and externally: this attitude enables Mazars to build international synergies of means and skills, and to serve all our clients to equally high standards in all 61 countries where the Group is present. This participatory dimension is also what drives our model's entrepreneurial dynamic and makes it both demanding and effective, as it gives each individual professional an essential part to play in the Group's development.

### **This atypical model has proven to have numerous advantages, including:**

- understanding, in an increasingly regulated environment, sectorial specifics and our clients' own business issues, so we can provide an effective global response with real added-value;
- making our approach available to the same strict quality standards in every country where the client operates;
- assuring the client of a consistent approach and consistent sharing of knowledge and experience, Mazars staff all work in the same way, using the same tools and technologies;

- reinforcing the solidity and the longevity of team structures, as each partner is involved in the strategy and performance of the Group, and all share jointly and collectively the risks and rewards.

Based on this model, respecting diversity and valuing the contributions of each culture and each individual, we are pursuing our development strategy of combining internal and external growth to become a global provider of integrated professional services.

### **From audit to consulting, an integrated range of professional services**

Today Mazars positions itself as a truly multidisciplinary group, able to support its clients in validating their financial information and their compliance with the regulatory environment. We are also able to advise them in different areas – governance, risk management, company structure, transaction support, CSR strategy, etc. – in which the strategic and operational dimensions are totally interconnected. >>>

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*Thanks to our highly integrated structure, we are building a durable capacity to respond as globally as possible to as many companies as possible. This implies an approach that is multicultural and multidisciplinary, with the common agreement of the Group.*”

Philippe Castagnac



*The evolution of our organisation aims to consolidate the Group's dynamic of international integration on a long-term basis. Having worldwide access to the whole of Mazars' expertise is a significant benefit for our clients.* ”” Douglas A. Phillips

## THE MAZARS singularity



### **Openness and integration**

Our model transcends national borders and cultural differences. We are each unique, but united in the pursuit of a common objective. Our multiculturalism makes us stronger.

### **Multidisciplinarity**

We offer a complete range of integrated services: audit, financial advisory, consulting, accountancy, tax and legal. Our business lines complement and serve one another in a global approach to supporting our clients.

### **Cross-functionality**

We know how to work together, sharing our skills and experiences and delivering solutions to the same demanding quality standards throughout the world.

### **Specialisation and technical expertise**

We have always cultivated technical excellence as the engine of our development. For Mazars, globalisation does not mean standardisation, but, on the contrary, specialisation; specialisation in businesses, specialisation in professions and geographic specialisation in local markets.

»» In fact, we are able to assist our clients by complementing the high level technical competence of our finance experts and the strict methodology of our auditors, ensuring reliability and security, on the one hand the added value of our consultants and their capacity to set change in motion by offering a freshly relevant and innovative view of the clients' problems on the other hand. That's why we can also say we are catalysts for companies' change and growth.

### **Organising ourselves around our clients**

To best serve businesses and public bodies worldwide, we have developed an international client approach which is led by our knowledge of regional and national market environments. The on-going development of the international structure of our organisation around market segments and business lines ensures the efficient global stewardship of our business. It also enables us to offer a consistent and global range of services, which are available wherever on the five continents that we have a local presence, and come in the form of attentive service and tailored solutions.

In this respect, the intervention framework provided by our Global Business Units is an invaluable tool in constructing a global strategy supported by shared infrastructure, information systems and common processes, and the exchange of best practices at national level. This matrix organisation is one of Mazars' strengths, creating a powerful attraction for fresh talent, and completes the consistency in our multi-business approach.

## An ever-increasing international presence

Now established in more than 60 countries, Mazars chose to be a genuinely international Group. This does not mean exporting a single national model, no matter how effective. By using the cultural insights and the expertise developed in each country as a resource, we have developed a partnership in which everyone is expected to contribute to the realisation of a shared vision. The diversity of individuals and career paths among all our partners and staff is a strength. To best meet the expectations of companies and to help them evolve in a globalised context and a complex environment, the teams that service clients must be multicultural.

Our policy for sustained international development aims to secure the Group the geographical coverage that will allow us to act for our clients wherever in the world they operate. We are therefore pursuing our international expansion with the integration of new entities every year. These operations result from our intention to pursue a dual strategy of establishing ourselves in new countries while reinforcing our position in the more buoyant markets.

Our development in the emerging markets and in the current centres of world economic growth, whether Asia, Africa or Latin America, is accelerating, enriched notably by high quality organic growth due to the innovative services offered to local and international companies, as well as to large international funding bodies. In this way, building around regional platforms, we are increasing our coverage of areas where we detect significant potential for growth.

As far as Europe is concerned, we believe that this market, although perceived as mature and concentrated in terms of our professions, is in fact far from stagnating, and still holds significant opportunities for development, particularly for a range of services that is constantly adapting and growing to respond to issues in the region. Finally, in the United States, Mazars built up its direct presence in the world's biggest audit and consulting market thanks to the combination with Weiser in 2010, and intends to progressively extend its presence across the whole territory.

## THE MAZARS singularity



### Attentiveness

Our approach is personalised and made-to-measure. We work hard to exceed our clients' expectations, and to outdo ourselves. We see our assignments as steps in building long-term partnerships with our clients.

### Independence

We are independent thinkers, making independent choices, and therefore able to offer a genuine alternative to the market. The professionals who join us naturally commit to championing this value.

### Integrity

Ethics, moral rigour, responsibility, respect for individuals and for diversity all guide our growth and form the foundations of our talent development policy.

### Entrepreneurial culture

We never see ourselves as part of the status quo. Our entrepreneurial culture always pushes us to go further, to change the game, and not only continually adapt to change, but initiate it.



*Mazars is globalising itself, without standardising itself: the strength of our approach lies precisely in our capacity to offer made-to-measure services, adapted to local issues but informed by expert global vision.*

Antonio Bover

# SERVING OUR CLIENTS all over the world

Central to Mazars' strategy for growth, the Group's international development is based on an active policy of associative growth that respects our key values of transparency, independence and technical excellence.



Loïc  
Wallaert  
Member of the  
GEC,  
Coordinator  
for the European  
region



## Europe

**In Europe, Mazars continued in 2010-2011 to pursue a dual strategy of strengthening its presence on the ground in the mature markets, where growth remains hampered by the economic crisis, and of developing in the more dynamic markets**

such as Russia, Poland, Ukraine and Turkey who have managed to maintain positive growth. In the mature countries which are central to the European economy such as Germany, the United Kingdom, Italy, Spain and Ireland, this development policy has resulted in the expansion of our direct presence, through the expansion of our range of services. Consulting and Transaction Services activities largely contributed to this objective. Moreover, business between countries were strengthened by the development of new foreign Desks. To complement the existing French Desks, German, Russian, Japanese or Chinese Desks were set up in the main European countries. Finally, these last twelve months gave Mazars the opportunity to

reinforce its client base, with new prestigious client and new missions or assignments for existing clients.

An example of the diversification of our services comes from the Czech Republic, where Forensic activities have been set up to enable the Prague office to cover the whole of Eastern Europe. In Russia, we expanded by creating a new unit entirely dedicated to Financial Services (mainly for the banking and insurance sector) as new was created and is entirely dedicated to these services. Mazars' business in Luxembourg was also re-structured to focus on the financial services sector, which is particularly significant in the country and forms a development vector for the whole region.

As for geographical development, Mazars has increased its presence in the Scandinavian region with the integration of the Swedish firm, SET, now Mazars-SET, a business turning over 30 million euros a year. This operation, along with another external growth operation in Denmark, helps Mazars take a step closer to building an integrated platform covering all Scandinavia. This merger in Sweden also provided an opportunity to discuss best practices in the matter of diversity, a subject the Swedes take very seriously and for which SET has a good reputation.

Mazars' future objectives in Europe include the continued development of the Scandinavian platform, and also deployment in the more dynamic Balkan countries.



**Frédéric  
Allilaire**

Senior Advisor  
to the CEB,  
Coordinator for the  
Americas, Africa  
and the Middle  
East

## Americas

### **In both North and Latin America, Mazars mainly spent the year consolidating its business.**

In the United States, where growth has been slowed by continued economic difficulties, Mazars and its American partners started to identify the “need to be” towns – where the Group absolutely needs to have more presence to serve its current and future clients on both coasts – and the ‘nice to have’ towns, which present advantages in terms of image and proximity to clients.

In Latin America, Mazars primarily focused this year on reinforcing business structure in its existing offices, and laying the ground for forthcoming external growth operations in the region. The second objective is to build up the service offer in each country. A team of four partners and staff, dedicated to developing the Financial Advisory Services business, was transferred to Brazil in 2011, while Mazars' governance in Chile was tightened in preparation for the regional development that forms part of the Group's strategic priorities. As part of the same drive, during the course of the financial year 2010-2011, Mazars identified its needs for development in Mexico, where our business remains mainly centralised in the capital. The objective is to extend our presence to other key cities that offer high development potential, such as Guadalajara, the country's second biggest city on the West of Mexico City, or Monterrey in the North East of the country.

## Africa and the Middle East

### **The disparities between various levels of economic maturity in the countries of Africa and the Middle East has led Mazars to opt for a differentiated development strategy, led by the existing offices who are best placed to take local market characteristics into account.**

In the Gulf, Mazars has chosen to re-centre its activities mainly in a few key countries: Bahrain, the Emirates, Saudi Arabia and Qatar. These countries, whose economies remain based on energy, are now investing massively in preparations for the after-oil scenario. Centring our activities in these countries also allows us to work right across the region while still upholding our rigorous standards of technical excellence, which are harder to reach in the neighbouring countries. In English-speaking Africa, the year was marked by the integration into the partnership of two new countries: Nigeria, where the business was launched on 1st January 2011, and the opening of an office in Lagos, and Kenya, where Mazars took on board the firm of KOKA Koimburi & Co. Kenya will now serve as a base for pursuing our development in the Eastern Africa, in countries such as Tanzania and Uganda. Finally, the South African offices are continuing to spearhead developments in the southern cone of Africa, principally from Namibia to Mozambique. In French-speaking Africa, the Group's integration strategy was furthered via a new correspondence agreement in Brazzaville, Congo and we are now looking towards Gabon. In the Maghreb, the Group capitalised on its position as a recognised player in the market in 2011, and made preparations for re-opening an office in Tripoli, Libya, to be ready to grasp the opportunities linked to the emergence of new needs and investments.



**John Mellows**  
*Senior Advisor to the GEB, Coordinator for the Asia Pacific Region*

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## Asia-Pacific

**The economic dynamism of Asia has continued to prove itself this year and to provide Mazars in particular with the chance to put in place innovative services tailored to the region's particular needs.**

Over the coming months, Mazars will therefore be intensifying its effort to increase its presence in China and India, the two key markets boosting the growth of Asia, which now is an economic powerhouse. Central Asia also has the potential for development, as already seen with the growth of the Mazars office in Tajikistan in 2011, following the integration of the Approach Consulting Group. In general, the Asian countries welcome the Group's involvement in developing local economies, and the expertise that Mazars has acquired enables us to identify specific challenges facing the market and the companies, and to develop original service offers which can be rolled out in the rest of the world. Over the last few months, this innovative approach has resulted in the implementation of new services such as supporting companies through human rights audits, an area on which corporates are increasingly having to report. To develop further its expertise in this field, Mazars engaged the services of expert Marzuki Darusman, former Attorney-General of Indonesia, and former Head of Indonesian Commission on Human Rights. Another key subject has been respect for the environment. To respond to the needs of its current and future clients, Mazars integrated a specialist consulting group based in Bali, forming yet another way of going beyond the "financial" audit to offer extra-financial auditing services suiting the market's expectations. In the same vein, and with a view to contributing to growth by supplying dedicated services that guarantee security and trust, Mazars began working on a new consulting offer in Asia, linked to the development of human resources. resulting integration of the firm Metizo enables us to provide a dedicated "People Development Consulting" arm. This move, which arises from our in-depth analysis of the needs of the Asian market, provides the dual benefit of both promoting the business development of local companies in their own markets and of fostering new management practices which are adapted to the quick geographical expansion of these firms, particularly in Europe.

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## Focus

**PRAXITY ALLIANCE**

**In 2007, Mazars became one of the founding members of Praxity, an alliance of independent audit and consultancy firms, who now numbers 28,300 professionals in 87 countries. All members share the same high standards of technical excellence and uphold the same ethical values in conducting their professions. As such, the Praxity Alliance offers Mazars additional operating capacity via professional teams in 17 additional countries.**

The Praxity Alliance perfectly matches Mazars' desire to go forwards as a truly global player, whose clients enjoy the same high standards of service throughout the world. The innovative model of an alliance between independent firms indeed creates a strong bond between the members, who are all dedicated to be relays for one another, giving each of them a global presence. Praxity's evolution was particularly dynamic in 2010-2011, as witnessed by three key events. ShineWing, a Chinese accounting firm of 3,000 staff (specialising in the mining sector, which is particularly important in China) decided to join Praxity, giving the Alliance a solid base in this key country. In Europe, the firm LeitnerLeitner, based in Vienna and with multiple offices in Eastern Europe and the Balkans, also decided to capitalise on its competences by joining the Alliance. The Canadian firm MNP also became members of Praxity at the start of the year. Apart from welcoming these new firms, the Alliance directed its effort towards facilitating and stimulating referrals between participating firms. As part of its on-going development and to reinforce synergies between its members, Praxity also launched a new Internet site as well as an intranet that will enable members to share best practices. The ambitions of the Praxity Alliance also include extending its activities in the Latin American countries and in the Caucasus region – Uzbekistan, Kazakhstan – as well as the Philippines, which are forming an increasingly important growth-vector in Asia.

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*The ambition of the Praxity Alliance is to create new business opportunities for its participants.*”

**Jos van Huut**

Senior Advisor to  
 the GEB  
 Mazars Senior  
 Partner in The  
 Netherlands  
 Chairman of the  
 Praxity Alliance





Sectorial average growth over 2 years

COST REDUCTION  
EXPORT

G  
LE



1 Definition of the matrix of risks and controls

2

2 Identification and implementation of controls within the analysis software



3 Data retrieval From the applicable systems



6

6 Final validation

5 Analysis of results and choice of additional criteria

5



# CONCLUSIONS & DECISIONS



#### Expertise

## GLOBAL SERVICES, AND TAILORED SOLUTIONS

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Mazars offers its clients – major international groups, SMEs, entrepreneurs and public bodies – a stream of integrated professional services in audit, consulting, accounting, tax and law. Grounded in close personal attention and an insightful reading of the problems facing each particular organisation, Mazars draws on expertise from across the whole Group to create tailored solutions that answer the strategic needs of companies and demonstrate real operational effectiveness when put into action.

# FROM AUDIT TO CONSULTING: an integrated range of professional services

Mazars' offer is built on a platform of integrated services covering the entire corporate value chain. From the methodological rigour of our auditing services, guaranteeing reliability and security, to the strategic and operational added-value of our contributions to organisational growth and transformation, Mazars provides an increasingly global range of services and offers clients innovative solutions adapted to their particular environments, both organisational and sectorial.

**M**azars has chosen to serve the economic community in its entirety, supporting and advising major international groups, SMEs, entrepreneurs and public bodies. To best respond to the needs of structures and organisations of such diverse nature, Mazars puts the client firmly at the heart of its strategy, its mode of organisation and its operational management. Our activity is directed internationally via four Global Business Units (GBUs). Two GBUs are dedicated to our main market sectors: the Global Business Unit Public Interest Entities (GBU PIE), which offers an extensive range of services to listed companies, banks, insurance companies and public companies, and the Global Business Unit Owner-Managed Businesses (GBU OMB), which acts for privately owned companies ranging from SMEs to the individual entrepreneur at every stage of their development. Two other GBUs are dedicated to the Tax and Law services respectively and work in close cross-functional mode with the two "client" Business Units. Facilitating strategic direction of

operations at a global level, this structure ensures ideal proximity to the markets and optimisation of operational effectiveness while encouraging the international development of new business competencies and increased sectorial expertise.

## Support functions serving global performance

The roll-out of a global approach that meets clients' expectations has also led Mazars to structure the Group's support functions on an international basis, via the framework of the Global Support Units (GSUs). In the interests of the Group's controlled growth and the optimisation of operational performance, four GSUs coordinate the roll-out in Mazars countries of policies, tools and investments in support of business development:

- GSU Performance and Systems: beyond overseeing financial performance, this unit is targeted with providing our operational teams with the processes and systems to improve their efficiency and productivity.

- **GSU General Secretariat and Communications:** ensuring the smooth running of international partnership life in general, this unit helps implement changes, provides support in the legal aspects of integrations, and oversees international communications with respect to global management of our brand.
- **GSU Talents:** handles the worldwide and dynamic management of recruitment, training, skills development, mobility and individual career paths.
- **GSU Technique and Innovation:** leading risk management, technical excellence and quality control for the whole Group, this unit supervises the international application of our technical and ethical quality standards.



## Focus

# Promoting the best standards of quality and security



**Jean-Luc Barlet**  
Member of the GEC,  
Chief Compliance Officer of the Group

**Leader for GSU T&I, Jean-Luc Barlet talks about the challenges of risk management and quality control, two elements that are intrinsic to the technical excellence at the heart of the added-value in Mazars' services.**

"Intervening in support of the operational teams to ensure respect for the homogenous professional standards and ethical rules governing Mazars in every country in which we work, the GSU T&I constantly monitors the progression and harmonisation of technical and professional competencies in the Group. To this effect, the GSU teams define procedures and produce regularly updated quality manuals for general use. In addition to a 'Quality' manual on auditing, every year the GSU T&I expands the range of guides on risk management and on issues for the business lines as they develop, notably on Financial Advisory Services. Similarly, given the continued diversification of our range of services and our on-going international expansion, regularly involving the integration of new entities, the Risk Management teams keep watch to ensure an appropriate match between our standards and the assignments we undertake. The ethical rules for accepting assignments have been harmonised across all partnership countries and businesses, so that they all share common rules, particularly in the highly regulated field of statutory audit. At international level, to coordinate our operational activity, we have established a set of technical structures in the majority of countries where we do business. Almost 400 correspondents in the GSU are responsible for the day to day roll-out of tools and procedures and for building up best practices, with a view to ensuring the same level of excellence throughout the world, for example in the context of group audits".



## Public Interest Entities (PIE)

# A WORLD-CLASS PARTNER for major companies

The mission of the Mazars Global Business Unit Public Interest Entities (GBU PIE) is to ensure that listed companies, banks, insurance companies and public sector bodies all benefit fully from the expertise of dedicated professionals in six fields : audit, financial advisory services, management consulting, accounting and outsourcing, tax and legal services. Through this single business unit, they offer solutions tailored to the needs of the market in: compliance, assurance, management optimisation and growth operations. The ability of Mazars to combine a global leadership strategy with a local “country” approach enables us to share teams, skills and best practices, especially on sectorial issues, around the world. This is a determining factor in the growth of the GBU, and proves the effectiveness of our integrated model.

“**T**he mature markets find themselves once again facing a more or less severe economic crisis. This marked deceleration in growth could lead to acceleration in the re-balancing process between advanced economies, ‘emerged’ and emerging markets,” points out Hervé Hélias, leader of the GBU PIE. This crisis of confidence is particularly affecting the banking sector; the drive shaft for the whole economy. Indeed, the worldwide financial crisis of 2008 was followed by the European debt crisis, which created an environment of additional risk for banking

establishments. “We are thus seeing unprecedented liquidity crises. The traditional money flows have been impacted as a result, particularly those coming from pension funds and corporate American investors. Interest rates have risen, making the cost of borrowing more expensive.” The BRIC countries (Brazil, Russia, India, China) and the emerging markets are still growing, but they probably won’t escape the knock-on effects of weakening in a whole slice of the global economy. They might find themselves facing on-going problems of inflation and speculative bubbles. “In this context of uncertainty and distrust, very detrimental to the markets, we have

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*Working for major international accounts is fundamental to Mazars' strategy for growth.*”



**Hervé Hélias**  
Member of the  
GEC,  
Head of the  
GBU PIE

*to be a factor of stability and trust for our clients, and for the markets. The big companies are looking for reliable, stable, rigorous and independent partners. They also need our support while they make changes to improve their company performance, in the form of innovative operational solutions.”*

## Compliance, assurance and consulting

Mazars provides a complete range of global services addressing the four key issues for major international organisations:

- **Compliance:** ensuring that companies meet the financial, fiscal and legal regulations in force. Our multidisciplinary teams offer services in financial reporting, fiscal efficiency and payroll outsourcing for corporate subsidiaries who wish to externalise these departments in certain regions. We also offer consulting on internal control and risk management improvement and advisory on regulatory change, such as the Basel III or Solvency 2 projects on financial services;
- **Assurance:** auditing and accounting, legal certification and validation of financial information. This profession has evolved considerably in the last ten years, mostly because of the in-depth rethinking of technical standards. New developments are to be expected in implementing extra-financial data (risk, CSR, governance, human rights, etc.) in a new form of “Integrated Reporting” based on a longer term vision of global performance. These evolutions are already part of our service offer;
- **Growth or divestment operation solutions:** sales and acquisitions, due diligences, valuation,

## TO AREAS OF sectorial expertise

- Aviation and defence
- Insurance and mutual insurance
- Asset management
- Real estate
- Banks and capital markets
- Public works, contracting and engineering
- Energy and resources
- Public sector and government bodies
- Media and telecoms
- Transport and logistics

**6.9%** growth in PIE turnover in 2010/2011

restructuring or transaction forensics. In this field, our capacity to integrate financial experts, auditors, tax specialists and legal professionals within one team delivers added value for our clients;

- **Performance optimisation and operational improvement :** supply chain optimisation, support functions performance enhancement, information systems improvement or post-acquisition restructuring. We have made significant investment in this domain throughout the year, as the market seeks integrated global players in this area.

## Cross-functionality and managing incompatibility

*“The GBU PIE leverages the consistency in Mazars' multi-disciplinary approach, and enhances cross-functionality at international level. Far from standardising everything to the lowest common denominator, our globalisation dynamic nourishes the on-going exchange of expertise and best practices.”* Mazars brings together the best specialists in every profession and every sector to form dedicated teams for each specific project. The teams provide their services across the international board, adapting their approach to local market contexts.

The organisation into Global Business Units, integrating multiple professional lines, facilitates rigorous management of incompatibilities between assignments. *“At Mazars, our goal is to be absolutely uncompromising in the control, handling and arbitration of incompatibilities. This is fundamental to our professional code of conduct and also ensures the proper management of our development.* >>>

**€ 456.1 M** turnover  
in 2010/2011



»»» *Under the leadership of a decision-making partner, the operational teams that form part of the GBU PIE therefore work closely with the Group's Risk Management unit. We have made a clear separation in our client portfolio between regulated and non regulated activities."*

### Accelerating our client portfolio development

The GBU PIE has a substantial portfolio of major international clients for its regulated activities, performing audits for more than 500 listed companies worldwide. *"We have considerably improved our operational effectiveness, for the benefit of our clients, while still maintaining the same high quality standards. However, we are very careful that the squeeze on fees which the profession is currently facing does not adversely affect the essential requirement for accurate and reliable financial information."*

Mazars is also actively pursuing its strategy for developing "non-audit" services relevant to major companies, recently winning several new assignments, including the Central Bank of Ireland, Lloyds Banking Group, AIG-Fortis, Saint-Gobain, Allianz, etc. These activities are set to become an important growth factor for Mazars, a brand with real legitimacy in this market. In parallel, the GBU is benefiting from increased operating capacities, thanks to the continuing expansion of the Group's geographic coverage, complemented by correspondence agreements in several countries. This puts the GBU PIE in the position to tender for major accounts, such as United Nations pitch for auditing the use of its funds as allocated to the populations of 91 different countries.

Our investments in the future continue, particularly in people: the recruitment and induction of high calibre professionals forms a key pillar in the development of the Group's offering. We have significantly strengthened our teams in Europe and Asia, engaging specialists in corporate finance for our FAS services, and further expanding our competences in supply chain management and IT consulting. Supporting companies on their CSR strategy is one of our newer services, which we built up following the integration of Starling Resources, a Bali-based firm specialising in the reduction of CO<sub>2</sub> emissions and the management of deforestation. In similar vein, we have rolled out a service for auditing companies' adherence to human rights law, and assisting them with the development of standards complying with international regulations. The Mazars PIE teams also serve major international funding bodies (Asian Development Bank, USAID, etc.) in the context of assignments to audit their funds, or to advise them on the management of their aid programmes.

### A partner of global standing for major clients

*"We are currently entering a period of unprecedented change. It seems likely that European regulations will be designed to open the audit market, in the interest of improving the transparency and financial stability of the markets,"* observes Hervé Hélias. Opening the market to wider competition will only benefit a limited number of competitors, due to the need, when serving PIE clients, to have an international network and to be capable of marshalling high level professional and sectorial expertise. Our experience in dealing with major international companies will also prove an asset, as, the chief Anglo-American



## CLIENT FOCUS

### CARREFOUR - FRANCE

## Enhancing transparency

players aside, Mazars is one of the few groups in the market to have developed a clientele of major international accounts, especially in the Banking and Insurance sectors. *“For 25 years, we have been building an international range of services delivered by multi-disciplinary teams. On the threshold of a new era, Mazars is ready to take its place among the leaders serving public interest entities.”*

To reinforce our position in auditing and our capacity to serve key international accounts, we will pursue the expansion of geographical coverage in the principal European financial centres (notably London and Frankfurt) and continue to develop our specialist teams in Banking and Insurance, a strategic sector for Mazars. At the same time, the international dynamic of developing the consulting business will help to attract new major clients and to increase the reputation of the brand in many markets.

Present in 33 countries with a turnover of more than 100 billion euros, with 471,000 staff and with 15,000 stores, the Carrefour group has become, in the space of 40 years, the second largest volume retailer in the world. With over 57% of its turnover generated overseas, notably in emerging market economies, Carrefour wanted to strengthen its external audit measures by appointing a 3rd statutory auditor. The Carrefour board of directors, without re-running a tender process, has asked Mazars to put forward a proposal in this regard. *“The challenge of the proposal was two-fold: to develop a relevant offer on the technical and financial levels, but also to reassure Carrefour of our ability to provide and coordinate, within the group and internationally, high quality teams capable of carrying out assignments in complex environments,”* states Pierre Sardet, the partner who led the team in charge of preparing the proposal.

Before being appointed, Carrefour had also decided to entrust Mazars with an assignment supporting the analysis of certain key internal control procedures in several countries including Argentina, China, France, Greece and Spain. *“This mission has given us more effective insight into the group and has also presented us with the opportunity to demonstrate to the management our capacity in leading significant transnational assignments which meet the highest standards of quality and the demands of Carrefour,”* adds Pierre Sardet. Following this a successful project Mazars was appointed as a statutory auditor to the Carrefour group in June 2011.

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*Our teams share the desire to develop professionally, to respond more closely to our clients' needs, and to work together. Solidarity and entrepreneurial spirit is the bedrock to our growth.*”

# MULTIDISCIPLINARY and international support

This year saw Mazars pursue its strategy of expanding its consulting services internationally, to deliver the best possible support to public and private entities as they evolve. By cultivating an innovative approach combining made-to-measure solutions with both strategic and operational support, Mazars is steadily becoming a key player in the world of consulting.

**A**s the world learns to live with economic crisis, businesses are coming to realise that adopting a fall-back position, demonstrating excessive caution and freezing all investments are sure-fire ways of failing to find the road back to growth, or even of going steadily out of business. As crises become more frequent, more systemic and more prolonged, and the behaviour of consumers facing uncertainty becomes more unpredictable, there are inevitably implications for all business models. These repercussions are leading companies to adapt and restructure, and driving them to refocus and refine their strategies, their governance, their organisation and decision-making processes. This is when they need specialists in consulting to help them steer change, to establish a more resilient organisational model, and to optimise performance. *“Because companies have to focus on their core business, their market, their clients and the development of products*

*and services, they can't handle this kind of transformation all on their own. But change has become vital in the context of long-term global instability, and we support them in leading that change and through every stage of its implementation,”* emphasises Miguel de Fontenay, partner in charge of Consulting activities.

## Promoting the practical aspects of consulting

At Mazars we are profoundly believe that the added-value of any strategy for transformation can only truly be gauged by the success of its implementation and its resulting impact. In this respect, the operational dimension of the Mazars consultation process, involving on-going follow-up and support for companies going through change, as well as the practical implementation of the solutions recommended by our consulting teams, is widely appreciated. *“The most difficult thing isn't advising a Board, but helping it to orchestrate the*

## CORPORATE AND SOCIAL RESPONSIBILITY

# A key component of development

*“We firmly believe that the implementation of a strategy for sustainable development is becoming a key lever for companies' global performance. We help our clients play an active role in fair development worldwide, and in turning their commitment to CSR into real competitive advantage,”* points out Miguel de Fontenay. Mazars has consequently focused particularly on those issues that impact the world's ecosystem, including the sustainable exploitation of natural resources, and on the human rights-related issues that have their own unique part to play in the long-term performance of organisations. In addition, we also advise major international foundations (USAID, African Development Bank, European Commission, French Development Agency...) on managing their aid and development projects.

implementation of its strategy in a “space-time” that suits its objectives,” observes Miguel de Fontenay. “It’s time to stop thinking that the only true added-value is in strategy, if this remains divorced from any empirical approach that enables us to measure real effectiveness.” As a true long-term partner for businesses, our consulting teams work on improving internal processes and information systems, on the organisation, key functions (finance, IT, supply chain, marketing, HR) and ensuring that objectives (financial, operational and quality) are appropriate to securing better performance overall.

### A cross-functional and international approach

Our consulting services are built around six main fields of expertise: strategy, operations, finance, organisation, governance and risk management, and sustainability. This portfolio of services is enhanced by our international and multidisciplinary approach. “At Mazars, consulting is global, comprehensive and multidisciplinary. The natural interfaces and synergies with other Group services, such as Financial Advisory Services, tax advice and legal counsel enable us to provide clients with integrated and highly effective solutions.” More than 300 consultants are already dedicated to consulting activities in the United States, the emerging economies of China, Indonesia, Pakistan and India, as well as Europe and the United Kingdom. “We have favoured organic growth, in particular by surrounding ourselves with the most talented professionals, but we are also working on integrating firms in Africa, Europe and the United States. The Mazars brand has rapidly succeeded in establishing itself in the consulting market and is attracting many individuals who are looking to join a new adventure, a project in development with huge potential.”

## CLIENT FOCUS

### RGPP - FRANCE

## Modernising and transforming

The General Review of Public Policies (RGPP) programme, which was launched by the French government in 2007, pursues three objectives in improving the quality of public services, reducing public spending and giving more value to careers in civil service. This vast project calls upon experts and consultants who simultaneously have a broad vision for the strategic issues of the assignment, as well as a history in the operational implementation of such projects. In early 2011, Mazars won a large tender process by participating in a consortium with the Boston Consulting Group and Cap Gemini Consulting. The mission will run until 2013, covering six major French ministries (Defence, Justice, Culture, Education, Research, Foreign Affairs) and their associated bodies. Mazars and the ministerial teams work in an integrated manner to ensure coherence in the projects. “Above all, we must define the assignment, identify the potential areas for modernisation and determine the impact of this modernisation on the work of each ministry in order to unite teams around transformation projects of real purpose,” explains Marc Schwartz, partner in charge of leading the assignment.

The RGPP covers many different missions: studies on public policy implementation, industrial valuation of research facilities, estimates on the savings implied by each reform, reduction of administration processing. The project relies upon numerous skills: strategic analysis, process re-engineering, lean management or financial analysis. “Our approach goes beyond mere definition and includes a section on operational coaching for ministerial teams. To succeed in transformation projects of this size requires thorough analysis of the practical managerial impacts, and then adherence to a very objective itinerary over the short and medium term. These missions are exactly in line with our positioning: high added-value operational consulting,” concludes Marc Schwartz.

“

We are determined to raise the bar in the world of consulting through an approach that is pragmatic, innovative and logically multidisciplinary, demanding high levels of situational awareness, openness and leadership.”



**Miguel de Fontenay**  
Member of the GEC,  
Partner in charge of Consulting activities

# HIGH QUALITY EXPERTISE enhancing corporate performance

Mazars' Financial Advisory Services offer draws on a network of 500 skilled and highly experienced professionals in 50 countries to provide clients with assistance in completing transactions (Transaction Services), project financing (Corporate Finance & Modelling), handling litigation and fraud (Forensic & Investigation Services) and corporate restructuring (Restructuring). The flexibility with which Mazars can roll out multi-disciplinary, cross-border teams within its integrated partnership makes it a reliable and efficient partner for meeting clients' needs.

**B**uilding on its expertise in every area of finance, Mazars has developed a comprehensive Financial Advisory Services offer to provide clients with the assistance they need, whether to successfully complete and secure their transactions or in the context of restructuring their businesses. Closely in touch with trends in economic conditions, Financial Advisory Services stand out for their two dimensions: they are pro-cyclical in growing markets, when assisting economic players with their transactions, fund raising, initial public offerings or valuations, and counter-cyclical when Mazars' expertise is called upon in the context of business restructuring or fraud and disputes.

Assignments in Financial Advisory Services demand an integrated approach and require our teams to maintain a high level of skills, in order to:

- perform all the financial, legal and fiscal due diligence for buyers and vendors that is necessary for a successful deal;

- value the assets acquired and commitments given, and determine the accounting framework for complex deals;
- carry out the necessary investigations, handle arbitration or litigation procedures;
- assist distressed businesses and help them implement recovery solutions.

## Technically expert and agile

Mazars' professional teams have top-level technical skills and expertise in numerous business sectors, particularly financial services (banking and insurance) where Mazars has in-depth knowledge of the business model and the issues. A major advantage is our strong multi-disciplinary approach that can bring together skills such as, for example, asset valuation, tax optimisation and legal advice, enabling us to provide the most effective and appropriate solutions. The strength of Mazars' service offer lies in an integrated organisation, guaranteeing the same standards of quality in more than 60 countries, and its agile, responsive approach.

“

Mazars' Financial Advisory Services teams now comprise 500 professionals in close to 50 countries.”



**Fabrice Demarigny**  
Partner in charge  
of FAS activities

### Growing international focus

Mazars has extended the geographic scope of its Financial Advisory Services in several strategic regions to support its clients' international expansion.

A Corporate Finance & IPO team now covers the entire Asia Pacific region from its base in Hong Kong. Similarly, a Financial Advisory Services division has been set up in Singapore and a dedicated team has been seconded to Brazil, which is the starting point for developing this activity through Latin America.

Lastly, Mazars has built up its Forensic & Investigation Services in Eastern Europe.

A local presence combined with global oversight that ensures identical service quality throughout the world is the key to the added value provided by Mazars' Financial Advisory Services teams, which have in-depth knowledge of the local markets in which they operate. As well as constantly extending its geographic cover, one of Mazars' priorities will be to develop its reputation and position in transaction services for major international clients, leading private equity players and major banking groups specialised in mergers and acquisitions.

### CLIENT FOCUS

## LAGARDÈRE / HEARST - USA Mazars coordination for an international assignment

At the end of January 2011, Mazars assisted Lagardère to prepare the sale of its “International Magazines” activity to the US major media player Hearst, and then helped both parties in the post-closing price adjustment, in the framework of vendor due diligence. As the sales process was centralised in Paris, Lagardère and Hearst wanted Mazars' services to be overseen by a Paris-based structuring team, to facilitate direct contact with the managers of the deal process. This assignment also called for contributions from our local teams in the United States, the United Kingdom, Italy, Spain and the Czech Republic. “*The strong coordination capacity shown and the quality of our international system led Hearst to request Mazars' services for a further assignment*”, says Pierre-Marie Lagnaud, a partner of WeiserMazars in New York. This assignment was led by Financial Advisory Services partner Jacques Giard, in close coordination with Bruno Balaire, signatory partner for Lagardère. The services provided for this deal enabled Mazars to showcase the scope of its advisory offer to the American Group, Hearst.



## Owner-Managed Businesses (OMB)

# ADDED VALUE THROUGH tailor-made services

Mazars' aim is to be a leading global business advisor to Mid Market and SME businesses, helping our clients at every step of their development. The Group serves the widest range of clients through a Global Business Unit dedicated to Owner-Managed Businesses (GBU OMB). Our international stature allows our teams to offer a blend of global expertise and global scale, combined with local service delivery, based on real knowledge of regional markets.

**T**he global economy continues to be volatile, especially within Europe and North America, which has provided a challenging environment to trade in over the past twelve months. "The rise in prominence of the value equation in various aspects of the business is one consequence of this. Many of our rivals have become more aggressive on pricing; however our clients see the merits of a resilient relationship with a trusted adviser and instead seek increasing emphasis on value and a more direct link between services which enhance with profitability within their business", comments Phil Verity, Head of the GBU OMB.

In a context of almost non-existent growth, there has also been a greater pressure on companies to look for new markets. This has typically involved a greater

focus on export or other means of establishing their business on an international stage, especially so if their traditional markets are weakening. "This, of course, is an area where Mazars' OMB teams are ideally positioned to help."

### Client-focused: the core of an advisory-led approach

Our markets are evolving quickly. Not just in financial and economic terms, but as a result of regulatory demands, changing client requirements and continuing technology developments. With our unique integrated structure – where our partners share profits globally and serve clients across borders – we believe we are uniquely positioned to accelerate our own growth if we maintain our focus on client service, quality advice and innovative service development.

## CLIENT FOCUS

## DEN HARTOGH - NETHERLANDS

## A full range of services

Our teams work for clients of many shapes and sizes, from small, ambitious, entrepreneurial growth companies to larger OMBs with an established international footprint. Regardless of their size, our clients undergo change and transformation as they go through the entrepreneurial life cycle; they grow and build, divest and need more financing. They have strong expectations and need support through key-steps of their development, yet sometimes aren't of sufficient scale to bring these services in-house. As Mazars needs to address very different needs, and provide its clients with a global advisory solution that takes into account the circumstances of the local market, the Group chose to structure its OMB activities around one GBU. This structure guarantees that the client is at the heart of our market and at the heart of our service development.

### An international vision, with local delivery

The GBU Board comprises the OMB leaders from the USA, France, Netherlands, UK and South Africa, who work together to drive strategy and lead the OMB business at Group level. *"Over the past two years we have worked hard to establish strong, specialist OMB teams within 27 of the 61 countries in which Mazars operates. This structure provides a rich source for clients because it enables us to deploy consistently high quality service across the group and helps cement our business and our people into 'one-team' wherever they operate from in the world."*

*"These teams – and the oversight that is in place to guide them – act as flagships of excellence."* Our organisation strengthens our cross-border relationships and gives our clients the benefit of access to global best-practice, ensuring world-class support is available for those who operate internationally or have ambitions to do so.

In addition, our clients receive some of the highest levels of partner face-time in our industry. This personal commitment of the partners is especially

Den Hartogh is a world leading full service logistics provider to the petrochemical industry. Based in Rozenburg, Netherlands, the business was founded over 90 years ago and since then has remained under the ownership and direction of the Den Hartogh family. Today, the business has operations in Singapore, Dubai and the US, in addition to its European activities, Mazars delivers a full range of services; not only audit services, but tax compliance and tax advice to Den Hartogh and the family behind the business. In addition, we have provided advice on a restructuring and the disposal of a depot, employer issues, VAT compliance services and Estate planning. We mirror our client's approach to customer service by providing a range of innovative solutions to their issues, underpinned by our knowledge of their sector and technical competence.

Bram Paape, Chief Financial Officer with Den Hartogh, comments, *"Since their appointment, Mazars they have delivered against our three key indicators: cultural fit, international connectivity and technical skills. They share the same 'no nonsense' approach as we have; this is appealing, but also reassuring, in that we understand each other completely and this helps get the job done. As Den Hartogh has expanded beyond Europe, we have been able to use Mazars' international network and introductions. In addition, while we expected Mazars' audit and tax skills to be excellent, we have been impressed by their approach to delivering solutions. Overall, Mazars delivery has been even better than was expected and our standards at Den Hartogh are high."*

Find more client focuses on: [www.mazars.com/focusonclient](http://www.mazars.com/focusonclient)

valuable for owner-managed businesses, for which the decision to trust someone to get involved in their affairs for the long-term is not one to be taken lightly. *"Listening to clients share their business concerns and then helping them to address these are the two fundamental tenets of becoming a trusted adviser. The resilience of our client's loyalty bears witness to the desire and ability of the OMB team right across the world to do exactly this"*, adds Phil Verity. >>>

## »» Business development and reinforced teams

Total revenues across OMB activities were € 383.9M during 2010/2011 which represents growth of 10.3%, including external growth. We are satisfied with this level of progression as we believe it is bucking a trend amongst many of our competitors.

Building on the establishment of a senior leadership team to drive forward the growth of our OMB business, we have appointed client relationship leaders in each OMB Country Business Unit (CBU) to support and facilitate increased cross border business and to share and roll-out business development and client relationship tools. We've also strengthened our business development and marketing teams and started moving towards a sector-led market approach by instating global segment leaders who will provide a focal point for specific industry sectors or niches so that we can better match our clients' needs with our services and solutions.

The appointment of Erick Gillier as global leader for Accounting & Outsourcing Services will ensure consistency and excellence across the board in this critical service for businesses that trade internationally. Erick's appointment will also see a focus on further technology investment to support these types of clients.

In parallel, the launch of CFxB, a cross-border, lead-advisory trading platform that allows clients to benefit from international buyers and sellers, demonstrates the development of our Financial Advisory Services. This complements the strengthening of our Corporate Finance capabilities through the growth in our global teams. Moreover, the creation of a number of 'regional business monitors' across Asia, Africa, Scandinavia and Eastern Europe this year, to drive strategic development and to build stronger specialist teams in these areas, is the first step towards the introduction of eight new OMB CBUs within the next two years. We have also increased the provision of training and development during 2011. In particular, we have ramped up the delivery of a programme to specifically enhance the advisory skills of partners or managers. Finally, 2011 saw the roll-out of several exciting new client-facing tools including an IT Audit tool and a business appraisal tool we call MCAM, which we believe is unique to Mazars.

## Burning ambitions

The GBU OMB has set itself several ambitious goals for the coming months. The first is to achieve double digit organic growth in OMB revenues by 2013/2014, to take full advantage of the investments we have made in our business, and our operating

**10.3%** growth in OMB turnover  
in 2010/2011

**€ 383.9 M** turnover  
in 2010/2011

## CLIENT FOCUS

structure, to grow faster than our competitors and therefore to take market share. We also have to drive external growth-through carefully targeted acquisitions or mergers with organisations that share our cultural ethos, and which will grow our critical mass and expertise in selected territories, notably the US and Europe.

Finally, to continue to transform the way we engage with our clients: by investing in advisory and specialist services to increase the multidisciplinary nature of our business, by developing and rolling-out more client relationship tools and diagnostic services, by extending our segment expertise, by benefiting from new technologies and by continuing to embed a strong advisory culture in our business. *"In 2012 and beyond, we expect a continuing trend of change in the external environment. However, we will maintain a long-term client perspective: our principal goal is to retain our passion for the same values that have served Mazars so well thus far. It is merely the context that is changing,"* concludes Phil Verity.

### INTERMOBIL - TURKEY

## The long-term support of a trusted advisor

Intermobil is an importer of automotive parts into Turkey and is a distributor for many well-known brands, including Hella, Wabco and Continental VDO. For nearly sixty years, the businesses have grown and developed under the ownership and direction of three successive generations of the Perahya family. In 2009 the business merged with Hella. Mazars has delivered tax certification services to Intermobil and the Perahya family for in excess of twenty years and provided transaction consultancy to the family during the sale of their business.

The relationship between Intermobil and Mazars is one built on shared values and we are told by Rifat Perahya, Intermobil's Chief Executive Officer that it is our closeness to Intermobil in terms of how we do business that sets us apart from our competitors. Rifat Perahya, Chief Executive Officer of Intermobil comments: *"There is a human side of Mazars, an aspect to how you do business, which we share at Intermobil, and with our partners Hella. We have a saying in Turkish, about being at your side in your good days and in your bad days. Many times I have needed to speak with Izel after hours or at the weekend and he has always made himself available and provided the support the business needs. Our relation with Mazars is something like a friendship, we have fun and we work hard together, and I hope that it will continue as long as our companies exist."*

In the simplest terms, our role has been one of trusted business adviser, available at all times, confident in the advice we give and wholly supportive of Intermobil's development and exciting future, and that of the family that stands behind it.

“

*These teams – and the oversight that is in place to guide them – act as flagships of excellence.*”



**Phil Verity**  
Member of the  
GEC,  
Head of the  
GBU OMB

# EXPERTISE AND AGILE SERVICE boosting company performance

The full or partial outsourcing of certain functions, especially those involving accounting, finance and administration, is a key performance lever for many businesses. It allows them to re-focus on their core operational activity, to boost productivity and to optimise their international development. Through its tailored support solutions, which can be up-and-running around the world immediately, Mazars has become a trusted partner in helping companies grow.

## A performance lever and a guarantee of continuity

*"We act mainly for two kinds of clients. At local level, to start with, we work closely with Very Small Enterprises (VSE) and SMEs, providing support and outsourcing solutions for accounting, tax and administration. Then, in a more transnational setting, we act for larger listed or non-listed companies seeking to expand internationally to access markets with high growth potential, or to be nearer to their foreign clients, but who want to establish themselves locally while limiting the transfer of competencies to only what's essential to their core business,"* offers Erick Gillier, leader for Group Accounting and Outsourcing Solutions (AOS). *"For the latter group, outsourcing the main back-office functions enables the teams deployed in the field to start up with a very light structure, and focus on their key strategic and operational priorities."*

Furthermore, in an unstable economic environment, our clients seek solutions with innovative economic approaches that can be rapidly implemented and easily adjusted according to specific needs. In handing certain responsibilities to Mazars, our clients gain access to teams of local professionals who have genuine knowledge of the local market and proven expertise in the compliance and regulations pertaining to accounting, tax and administration.

Beyond the reliability and technical excellence offered by Mazars, which help ensure that business carries on uninterrupted, one of the substantial advantages for our clients lies in the flexibility of our approach to financial planning. *"Turning to outsourcing means our clients benefit from the 'variability' in costs that are normally fixed: the fees we bill vary according to the volume of work handled by our teams, which guarantees our clients the optimal fit in relation to the size of their business and their potential fluctuations in activity,"* explains Erick Gillier.

## A consistent range of services and a coordinated approach

Rooted in the high level of technical and operational integration between the teams in all the countries in the Group, guaranteeing both the highest standards and the most effectively coordinated handling of assignments, Mazars offers a global range of services, divided into two key streams. The first stream covers the support services for accounting, tax and administration that are sought by companies developing internationally. These include: aspects of tax and accounting, including book-keeping; the preparation of tax returns and end of year results; the preparation of charts, consolidation returns and other activity reports; administration, including payroll and all the relevant declarations required by law. The second stream covers more targeted services for outsourcing

## CLIENT FOCUS

financial processes (client accounts, supplier accounts, general accounting) and non-financial procedures (human resources, purchasing ...) and interim accounting, which all require the involvement of qualified staff, and even legal secretarial services.

Mazars' solutions are bespoke to each company's size and situation, and personalised according to clients' specific needs. They offer the full advantages of the sectorial expertise developed by Mazars, whose AOS portfolio includes many businesses in the pharmaceutical and aviation sectors as well as retail and services companies.

*"We already enjoy the advantages of having a firm footing in the SME and VSE market in Europe, and are pursuing the roll-out of our services around the world in order to provide support for companies who are developing internationally, particularly in the BRIC countries (Brazil, Russia, India, and China). In Asia we have set up a regional platform dedicated to outsourcing activities and headed by our teams in Singapore,"* says Erick Gillier. Similarly, the increased visibility of Mazars in the American market, cemented following the merger with Weiser in 2010, is a significant step forward in developing the AOS business line. Armed with an internationally consistent range of services that are individually tailored to each client and led by a single partner, Mazars aims to position itself as a leading global player in this market.

## YELP - USA

## Optimising international development

Yelp is a dynamic, online business based in the USA, connecting potential consumers with local businesses. Mazars first started working with Yelp in 2010 when they were expanding their operations internationally and looking for a partner to help them enter new markets.

*"Outsourcing our non-core services to the experts at Mazars has allowed us to focus on the roll-out of our platform in Europe and has enabled us to move the business forward much faster than we would otherwise have been able to,"*

comments Richard Won, Yelp's Head of Accounting. *"At an operational level we have a single point of contact at Mazars who ensures that there is seamless coordination of all the services we use. I have the information I need when I need it and any issues are resolved quickly. Having a single fee which covers all the work Mazars does for us also makes administration and cost control much easier."*

There is a great sense of partnership between Mazars and Yelp. Two years ago, Yelp was present in a single European country, now they have operations in nine and we are currently working with them to set up in three more. The speed with which it has been possible to set up relationships with Mazars' offices in each country Yelp has entered has been a key factor in this.

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*The coordination of our transnational assignments is managed by a single partner. Having this kind of global overview guarantees the consistency and quality of our services.* ”

Erick Gillier



**Tax**

## SECURING THE FISCAL ENVIRONMENT to optimise development

In a globalised world, it has become imperative for companies to increase their scope and to be able to move beyond their own borders. But to ensure the practical implementation of their global development strategies, companies need the support of fiscal experts with a perfect understanding of the local market context and the regulatory environment. This is the role of Mazars' Global Business Unit Tax.

### Taxation: a strategic fact of globalisation

Taxation is a central component of the economic and financial environment in which companies operate, but it is rapidly evolving. "Several key factors influence the taxation system at international level," declares Ton Tuinier, leader for GBU Tax.

*"Individual mobility and globalisation means we can offer companies support in fiscal advice and solutions that work at both global and local levels.*

*Furthermore, we're seeing a general trend towards increasing indirect taxation being imposed by governments throughout the world. In this context, clients want to secure their fiscal situations in the various countries where they operate. But the heavy legislation, and the way it varies between countries, makes this a very difficult exercise."*

This is why Mazars has developed expertise on issues

such as the definition of transfer pricing, VAT and indirect taxation, the tax positions of expats and employers, financial planning for transactions and fiscal optimisation. "We find ourselves being asked, for example, to advise our clients on setting up R&D divisions in different strategic regions. We base our advice on in-depth knowledge of national tax regimes thanks to a network of specialists who are on permanent fiscal watch in more than 60 countries."

### Structured to add value for our clients

The GBU Tax ensures our capacity to advise and act on transnational accounts, but also to respond to the fiscal issues of local clients. "Since the Tax business has been led at international level by the GBU, we have reinforced its cross-functionality,

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*Tax advice based on in-depth knowledge of local legislation and the regulatory environment is today a key competence in the service of company growth.*”



**Ton Tuinier**  
Member of the GEC,  
Head of the GBU Tax

*the sharing and standardisation of approaches, and increased our capacity to mobilise and to serve our clients. We have also expanded our range of services, systematically feeding high-level expertise into made-to-measure solutions. Our degree of involvement and our flexibility make a real difference for clients.”* Already well-established through the local business units dedicated to tax in mature economies like the United States, Germany, France, the United Kingdom and the Netherlands, the GBU Tax also has teams of tax specialists in the rapidly expanding markets such as the BRICs (Brazil, Russia, India, China) and the emerging countries or Central and Eastern Europe. In all these markets, our range of taxation services also includes a cross-functional element of assistance on mergers, tax audits, financial planning for transactions, and the optimisation and structuring of companies. *“Our integrated partnership model is a major asset because we know how to pool our expertise and to offer global advice based on multidisciplinary input. There are obvious areas where we cooperate with Financial Advisory Services, within the framework of financial operations, or with GBU Law, whose legal counsel teams we work closely with, particularly on issues of civil law.”*

### Supporting companies in their set-up plans

Following the principle of the Desk, local teams of bilingual, bi-cultural Mazars specialists support companies seeking to establish themselves in a region or specific country, and, *vice versa*, help local companies seeking to develop their businesses abroad. Hence the model recently developed for Chinese businesses and individuals, via the opening of various China Desks in Europe, aimed in particular at advising Chinese companies on the legal, fiscal, regulatory and accounting aspects of establishing themselves in Europe, but also supporting them through their financial transactions. Such platforms now exist in France, Germany, the Netherlands, Spain and the United Kingdom, as well as in the United States, following the opening of a Chinese Desk in New York in 2011. In the future, this initiative may also be rolled-out in Russia and other countries outside Europe.

**7.5%** growth in Tax activities in 2010-2011



Law

## UNDERSTANDING THE LEGAL ENVIRONMENT **and its risks**

In an increasingly regulated global market, understanding the legal environment and properly protecting their business have become serious challenges for companies. To help them handle the myriad of issues, the 250 staff of Marccus Partners, Mazars' international law firm, working as the Global Business Unit (GBU) Law, are developing centres of specific, high-level expertise as part of the multidisciplinary framework offered by the Mazars integrated partnership.

“  
*Our ability to combine legal, fiscal and financial expertise delivers real added-value to our clients throughout the world.*”



**Bernd Sagasser**  
Member of the  
GEC,  
Head of the  
GBU Law

### A complex, globalised environment

In the context of the economic crisis, the internationalisation of business relationships, global instabilities in human, financial and production terms, together with the increasing complexity and specialisation in different branches of the law, is forcing companies to protect their assets and their operations. “We are seeing two strong trends in our business,” notes Bernd Sagasser, head of GBU Law, “on the one hand, tighter regulation in every area – especially in banking and insurance, energy and environmental as well as consumer protection – and, on the other hand, an exponential increase in litigation.”

Consequently, companies are looking for the highest expertise in corporate litigation and restructuring and require the support of experts to be able to handle the impacts of new national or supranational legislative frameworks, in particular on mergers and acquisitions in regulated markets.

**€ 17.3 M** turnover  
in Law activities  
in 2010-2011.

### Legal acumen, another arrow in the Mazars quiver

The lawyers at Marccus Partners work with their clients in many areas of law, including company law, mergers and acquisitions, real estate law, banking and financial law, insolvency and restructuring, labour law, litigation, arbitration and tax law. More recently, the firm also reinforced its expertise in intellectual property and new technology law, notably on questions of technology transfer in the emerging markets.

*"Our clients' company structures vary considerably according to geographic regions. We advise companies of every size, including many in the financial sector, but also international public bodies such as the European Commission and the government agency USAID."*

Many of these clients benefit from the combined expertise of Marccus Partners and the other services Mazars offers, to be able to devise and protect their international projects. The ability to offer more and more integrated services, particularly Financial Advisory Services, delivered by multidisciplinary teams across five continents, gives a real edge to the firm's approach. *"The way we advise our clients is very entrepreneurial. We are highly attentive and responsive to their needs, and we are in a position to offer both a big-picture perspective and solutions that are tailored to their particular problems, by calling on globally integrated sets of expert knowledge and experience."*

### Internationally effective

Integrating new talents is the key to achieving 20% annual growth, the objective GBU Law has set itself. Marccus Partners continues to bolster its teams and diversify skills in its main European offices in Germany, France, Spain, Italy, the Netherlands, Romania and Russia. In Asia-Pacific, its lawyers and local experts follow companies looking to expand

## CLIENT FOCUS

### EUROPEAN COMMISSION

# Shedding light on regulatory change

Marccus Partners and Mazars have been entrusted by the European Commission with performing an external study relating to Directive 2004/25/EC on takeover bids. The Directive applies to takeover bids for the securities of companies governed by the laws of Member States, where all or some of those securities are admitted to trading on a regulated market. The Study includes 31 countries: 22 Member States, representing more than 99% of the total EU market capitalization, and 9 third-party countries.

Marccus Partners submitted the draft of the Study in Autumn 2011. The completion of the Study demanded practical experience in capital markets, company law, corporate governance, as well as regulatory and supervisory matters. It was conducted by Christophe Clerc and Fabrice Demarigny and fully supported by Marccus Partners and Mazars offices, geographically located throughout Europe and around the globe. Marccus Partners also extensively worked with a network of highly qualified long-term partner law firms to provide the best and most up-to-date advice on takeover regulations.

The Study combines a "top-down" approach, carried out by Centre for European Policy Studies (CEPS), and a "bottom-up" approach, involving law firms in each of the respective jurisdictions. Issuers, institutional investors, retail investors, financial intermediaries, employee representatives, stock exchanges and regulators have been given the chance to express their views on possible improvements for the current legislation.

into strategic areas such as China (Shanghai), Indonesia (Jakarta), Thailand (Bangkok) and Singapore. Via the China Desks recently set up in Europe, the teams at Marccus Partners and Mazars are also assisting Chinese firms with their transnational investments, estimated at 23 billion dollars in the first quarter of 2010. A practical guide for Chinese investors and their advisors, *"China Outbound Investments"*, has also been published in collaboration with CCH Hong Kong Limited.





## Responsibility

# A PRINCIPLED COMMITMENT TO COLLECTIVE ACTION FOR THE COMMON GOOD

Responsibility is at the heart of our culture and of everything we have done since Mazars' beginnings. An expression of the Group's determination to push the envelope and advance together, we understand responsibility in its broadest sense: Mazars is responsible to its teams and its clients, but also to the environment and society as a whole. One of the Group's founding values, we show responsibility every day, in every aspect of our democratic model of governance, and in our relationships with our clients as we carry out our assignments. This principle is obviously key to the way we manage talent, and is also expressed through the many initiatives we undertake in favour of the kind of wise and sustainable development that takes full account of all current social and environmental issues.

# DEMOCRACY AT THE HEART of the partnership

Encouraging everyone to commit and to contribute, in the spirit of responsibility, is fundamental to the way we see our professions, and intrinsic to our integrated partnership model. The sense of responsibility that Mazars promotes through this model also draws on the values of independence and transparency, which are not only prized by our professions but which guide our actions in relationship to our clients, the markets and society as a whole. Whether directed towards our teams or the other social and professional communities with whom we interact, these public-spirited commitments, formalised in the framework of our strategy for Partnership Social Responsibility, are shared by everyone working in the Group.

**M**azars has been building an original model of integrated partnership, true to the values championed by our founders and the guarantee of an authentically democratic association. Transcending their cultural differences, the Group's partners have chosen to commit themselves to an adventure based on shared values, a shared understanding of the business and a shared demand for excellence. This challenging model, which has proved its relevance in serving the Group's growth, encourages initiative and diverse opinions, using the comparison between views as fuel for development. Avoiding alignment with the methods or standards of any one particular country, Mazars is unwavering in its construction of a mutually supportive, integrated, international organisation, run by professionals who have chosen to share both risks and rewards.

At Group level, the management of Mazars ScrI is headed by the Group Executive Board (GEB) under the supervision of the Group Governance Council (GCC). The management of each national entity is handled by the Country Executive Committee elected

by the partners of the entity concerned, candidates having been first approved by the GEB.

At the core of this democratic mechanism for collective decision-making, the partners gather at the General Meeting at least once a year to approve the key strategic and operational directions of the Group, the election of new partners and the consolidated results for the financial year. This Meeting is also the occasion, every three years, for the election of our instruments of direction and governance. The current Group Executive Board and the Governance Council, elected in December 2009, reflect both the multi-business profile and the international nature of the Group.

## A deliberately dynamic structure

**The Group Executive Board** is elected every three years by the partners at the General Meeting. They first elect the President, and then, on his or her proposition, the other members. The Group Executive Board elected at the end of 2009 consists of a President and CEO and four co-CEOs. The Board defines and sets in motion the strategy approved by the partners and the Governance Council, and is responsible for managing the Group. >>>

# The Group Executive Board

**The Group Executive Board, elected at the General Meeting in December 2009, and mandated till December 2012, consists of:**

- **Patrick de Cambourg**,  
*Group President and CEO*
- **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 LLP in the United States*
- **Hilton Saven**,  
*Group Co-CEO, Sponsor of GBU OMB, Mazars Senior Partner in South Africa*

## The Senior Advisors

to the Group Executive Board

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

## Supporting and stimulating the partnership dynamic

The Global Support Unit General Secretariat and Communications (GSU GS&C) operates mostly in two domains. It is in charge of stimulating partnership life and leading organisational change projects, and it develops and implements the Group's communication strategy and global brand management.

*"It is important to secure time for exchanging ideas, in order to discuss and validate strategic orientations and prepare their implementation. This ability is an effective facilitator in driving organisational change, which benefits Mazars' growth",* points out Caroline Van Troeyen, Group General Secretary and head of the GSU. In the context of continuous international development, and in a democratic governance model such as Mazars' partnership, the General Secretariat's teams are a key factor in the dynamic of partnership life and focus on organising interaction and exchange between the partners in the Group. They also support and constantly improve the integration process of the new entities joining our international partnership.

# The Governance Council

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**Elected in December 2009, Mazars Governance Council currently comprises 9 members, whose mandate 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**  
*(China – Hong Kong)*
- 

## »» The Group Governance Council

Supervision of the Mazars organisation is the responsibility of the Group Governance Council (GGC). Between 8 and 16 members are elected every three years by the partners at the General Meeting. The GGC is charged specifically with overseeing the smooth running of the Group, and ensuring that its institutions develop properly. It regularly evaluates the performance of the GEB and its members, monitors the way business is conducted in the countries, the GBUs and the GSUs, and ensures that the principles of governance, the functioning of the democratic partnership and the professional and ethical codes all set out in the Partnership Charter, are duly respected. It also examines budgets and accounts. Its role in this area has increased over the last five years with the independent certification of Mazars' consolidated accounts by two external auditors, BDO and Crowe Clarke Whitehill. The GGC is additionally responsible for supervising the effectiveness of risk management systems. Finally, it assesses and approves new prospects for integration, or candidates for partnership.

**The Senior Advisors** are four former members of the GEB who now advise the current Board. Two of them oversee certain regions of the world where Mazars is established and developing. The other two bring their experience and expertise respectively to bear in the Group's management of talent, and the development of the Praxity Alliance.

**The Global Executive Committee** is a management instrument created at the end of 2009, in the context of our drive to reinforce the international structures for the Group's operational management. The Committee comprises five members of the GEB, the four Senior Advisors, the four leaders of the Global Business Units (GBUs) who define global commercial strategies and lead operations at international level, and the leaders of the four Global Support Units (GSUs) who deploy our common resources around the world in support of business growth. The GEC's role is to spearhead common policies and practices and ensure they are implemented swiftly and effectively.



## The Global Executive Committee (GEC)

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

**The leaders of the four Global Business Units:**

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

**The leaders of the four Global Support Units:**

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

**As well as:**

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

### The partners: playing a crucial part in Mazars' democratic dynamic

Mazars' organisational model is built, above all, on its partners, who have chosen to share the same values and the same practices as set out in our founding documents, in particular our Partnership Charter, and to commit to a shared adventure, envisioned together and agreed on democratically. The Partnership Charter makes partners central to our structure, due to their technical responsibility, while the entity they belong to and the Group itself serve as mechanisms for control. The partner takes full responsibility both for the way he carries out his missions and for the opinion he

emits or the advice he gives.

In this setting, each partner is responsible towards the partnership for determining the on-going relevance of his or her contribution to the global project and its geographical or business dimensions. Based on self-assessment and challenged through the peer review, this approach enables individuals and teams to benefit from a dynamic that aligns personal capacities and aspirations with the contributions required for the success of the collective venture. This approach is also fundamental to the fairness of the democratic partnership.



## ■ Group Governance Council

# A FRAMEWORK DESIGNED for 'getting on' together

The Group Governance Council, which confers and liaises with the GEB, oversees the proper running of all our systems and the way they evolve in line with Group developments. Michel Barbet-Massin, President of the Governance Council, takes a look at the last twelve months.

**E**lected two years ago, Mazars' Governance Council now comprises nine members from across our international territory. *"Mandated until the end of 2012, this team reflects Mazars' dynamic of constant internationalisation. In close touch with the local issues faced by our partners, the Council's job is to offer practical, transnational solutions,"* stresses Michel Barbet-Massin.

This year we have been able to focus on increasing the diversity of people and points of view, namely via preparations for the appointment of two individuals from outside the Group, due in December 2011. This is one way in which the Governance Council manages its dual function of supervision and of providing a forum on governance.

### Democratic partnership

Acting on behalf of the partners, the Group Governance Council's permanent mission is to evaluate and ensure the appropriateness of improvements made to the mechanism for integrating new entities and teams into the Mazars partnership. The issues involved are not only operational but also ethical and cultural. Integration depends on a system of remuneration and voting rights, the foundation stones of democratic partnership. *"The originality of our integrated partnership model is what makes Mazars strong and guarantees our independence. We take care to ensure that the provisions in our Partnership Charter meet both the demands of the regulatory authorities and the expectations of the partnership body."* The Partnership Charter has been the subject of a great deal of reflection and work with the Group Executive

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*Representing the partners in the supervision of the Group's management, the Governance Council is one of the guarantors of the integrated partnership model that gives Mazars its strength and independence.*”

Board throughout the year, aimed particularly at improving the process for co-opting outside partners, and more generally at building up better integration capacities for the Group.

### Empowering the Audit Committee

Charged with monitoring Mazars' financial performance, the Audit Committee contributes to reinforcing mechanisms for internal control and improving coordination with external auditors commissioned to certify Mazars' own accounts. In close collaboration with the GSUs "Performance and Systems" and "Technique and Innovation", a working party was set up on the implementation of a proper mechanism for internal auditing, that covers both operational and support functions, and more specifically financials. *"Our clients buy confidence in a signature. So it's essential that Mazars should apply the same strictness to itself as it does to the clients it advises. We are making the most of the increasingly frequent and demanding checks by the regulators on the compliance of our auditing, ethical and organisational systems."* Strengthening the Committee follows the logic and objective behind the improvement of our integration process: preventing risk and ensuring the Group's control over its development.

### New blood, fresh ideas

The Governance Council also collaborated with the GEB and the Human Resources Department in their thinking on ways of identifying and supporting the Group's rising stars. *"We have*

*to maintain their loyalty by providing rapid and rewarding career paths."* With this in mind, the Governance Council focused its attention on the implementation of a Group-wide system for identifying and nurturing the people with the highest potential.

### The challenges of the Green Paper

The European Commission is exploring several routes to favour the development of an open, diversified and equitable audit market, which would have major implications for Mazars in terms of development. Some of these routes could, for example, imply enlarging the current teams in every country in the region, followed by a re-forming of our organisation within the European Union.



**Michel Barbet-Massin**  
President of the  
Group Governance  
Council

# A GLOBAL APPROACH to talent management

Our people are crucial to the success and sustainability of Mazars' business around the world. The Human Resources Department elected to make the notion of education pivotal to its strategy for career development and one of the major attractions in its recruitment policy.

## Life-long learning

*"The services we offer are intangibles, founded in intellectually demanding professions, whose value resides above all in the calibre of our teams and their capacity to adopt a multidisciplinary approach, including attentiveness to our clients, which forms*

*a precious melting pot of collective intelligence,"* begins

Laurent Choain, Chief Human Resources Officer of the Group. The Mazars approach

to talent management is therefore characterised by the priority given to education. Every year Mazars recruits a number of young graduates from the best educational backgrounds – business schools, engineering schools, top flight universities etc. – who the Group will then train according to the highest technical and professional standards and in the spirit of innate openness to the business challenges of multiple sectors. Building the early stages of a professional



**Laurent  
Choain**  
Chief Human  
Resources Officer  
of the Group

career at Mazars therefore constitutes the promise of the kind of experience that is highly appreciated by the market, and of increased employability, not only in the countries where Mazars is long-established, but also in the emerging markets where the Group is continually bolstering its presence. *"An HR approach focused on continuous education, in the setting of a 'learning organisation', also responds, for us, to the issue of social integration which is at the heart of the humanist and entrepreneurial values that have always guided Mazars,"* emphasises Laurent Choain. Beyond the first years, the development of competencies and leadership capacities that will lead certain individuals to become partners in the Group and to exercise leadership responsibilities, is also central to Mazars' international HR policy.

## Hot-housing talent

*"In line with the highly participative culture of the partnership, which places great emphasis on the democracy of the enterprise, our HR structure is unified but relatively decentralised. It revolves around six Senior Talent Leaders who each have responsibility for looking after ten or so countries and for supervising, by remaining in direct touch with reality on the ground and local needs, the coordination of our global strategy for recruitment, skills development and mobility ...,"* explains Laurent Choain. A hot house for talent, nourished by its

“

*Our HR best practices contribute to giving full meaning to the Mazars' Way, which positions us above all as a human partner, both for our clients and for all the Group staff.*”

diversity of cultures and people, Mazars has set up a system for identifying, selecting and supporting the Group's best potential candidates for becoming the leaders of tomorrow. Committed to a strategy for associative growth, we also watch to ensure that the levels of competencies are identical in all staff in each Group country. *“We are creating 10 education programmes, centred around the development of capacities for management and leadership, which will be run through Mazars University in 2012 and will guarantee an excellence that transcends cultural differences,”* continues Laurent. Mazars is already going further with the launch in autumn 2011 of an Executive MBA. Dedicated to building and expanding the leadership capacities of directors with executive responsibilities in major international groups, this selective degree course will initially welcome two classes of about twenty Mazars partners from various Group countries each, with a programme focusing particularly on managing the world's major economic challenges. *“This unprecedented initiative, which is grounded in our legitimacy as strategic advisor to the world's company directors, reinforces Mazars' position as a top employer, and will be gradually opened to external intake over the next few years,”* concludes Laurent, who was recently elected to the Board of the EFMD (European Foundation for Management Development).



## Insight from David Evans

**Mazars Senior Partner in the United Kingdom, David Evans is Senior Advisor to the GEB and sponsor of the GSU Talents.**

*“In today's particularly demanding economic environment, surrounding ourselves with the best people is more fundamental than ever for Mazars. Winning the world 'talent war' is indispensable if we are to be able to put forward and implement the most effective and innovative solutions. It also forms one of the key levers for our sustainable pursuit of growth at international level. Beyond on-going investment in our programmes for technical and managerial training for everyone, the Executive MBA we have set up also reflects the spirit of open-mindedness that keeps Mazars fresh. It will contribute to enriching the profiles of the forthcoming generation of partners, and in broader terms, by taking in candidates from other fields, help develop the leaders of tomorrow. The true challenge for our collective intelligence lies in knowing how to combine the right people at the right time, to deliver just the right solutions to our clients.”*



## PARTNERSHIP Social Responsibility

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**T**he sense of responsibility that drives us as we practise our professions every day, and our constant efforts to promote the highest possible technical and ethical standards in the general interest, are the marks of a corporate citizenship commitment that the Mazars Group has made to the economic community and society at large. Since 2008, this commitment has been embodied by our strategy for Partnership Social Responsibility (PSR), which is followed by Mazars staff, and whose implementation we encourage in every Group country.

Applying as much internally as it does to our clients or the organisations with whom we work, this responsible policy relies on the commitment of everyone in the Group, and in order to have

maximum effectiveness and impact, is designed to take account of the social and environmental issues that affect each country and accordingly shape our activity at local level. Mazars' PSR strategy defines the Group's main areas of investment in terms of corporate social responsibility (CSR) and sets up programmes and action plans that are developed at Group level before each country adopts and enriches them with locally developed initiatives.

Built along four key lines, the PSR strategy enables Mazars to act in various areas where its involvement can effectively contribute to creating change and encouraging controlled and sustainable development policies:

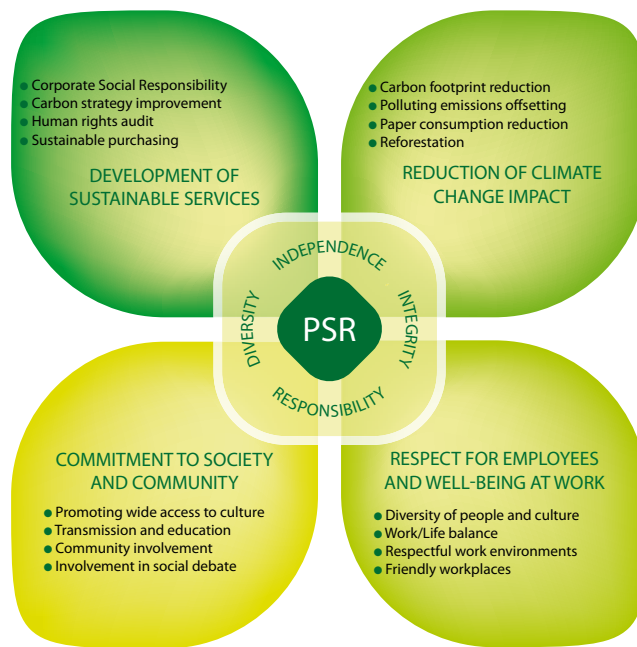
- Reduction of climate change impact
- Development of sustainable services
- Respect for employees and well-being at work
- Commitment to society and community

## LONG TERM SUSTAINABLE COMMITMENTS

THEME	OBJECTIVES	COMMITMENTS
Development of sustainable services	Offering our clients innovative services adapted to their CSR needs	Providing the best international expertise in this field
Reduction of climate change impact	Achieving our growth while protecting our environment	Heavily promoting the use of Carbon footprint measurement and offsetting/reduction programmes
Respect for employees and well-being at work	Encouraging every office to create a working environment respectful of people and their diversity	Promoting a Group-wide programme favouring diversity and well-being and implementing it in every country
Commitment to society and community	Developing programmes aimed at helping people in difficulty and widening access to culture	Encouraging each country in developing their commitment to supporting local communities

Promoting a model for sustainable development is everybody's concern and demands constant adaptability to change. Based on a long term vision which is, by its very nature, mutable, our PSR strategy is very much a work in progress. This report on social and environmental responsibility shows the policies headed by the Group and the initiatives set up locally by each entity, symbols of our contribution to the protection of all human and natural heritage, and of the respect in which we hold all social and professional communities.

We are fully aware that sustainable development involves very complex issues. The road ahead is a long one, and there is still a lot to be done. We are committed to regularly reporting to everyone involved on our objectives and progress.



# DEVELOPMENT OF sustainable services

Companies' success is no longer measured solely by the yardstick of their financial performance. Mazars, alert to these developments, puts its expertise in audit and consulting to good effect in supporting its clients in the implementation of effective CSR strategies, and offering them a range of responsible services, adapted to their specific needs, based on an innovative approach and attuned to local cultural and legal settings.

## Auditing extra-financial performance

The service we have developed for auditing a company's environmental, social and corporate impacts is aimed as much at companies seeking to ensure their compliance with international standards as at subsidiaries of international groups whose CSR standards have to be respected around the world. Several countries have actually modified their legislation to include extra-financial information in the reporting obligations of listed companies. Responding to the growing need to address sustainable development and corporate social responsibility in the way companies are run, our offer notably includes a service dedicated to human rights audits, designed to measure the policies to enforce human rights and to evaluate the social and ethical compliance of organisations, via a specific framework based on existing regulations and best practices. More broadly, some teams of Mazars in France, and soon in China, for example, are offering their clients a complete set of services dedicated to auditing aspects of CSR.

## Supporting the implementation of CSR policies

Apart from handling the CSR aspects of auditing the over-all performance of companies, our teams also help clients to define and implement a strategy for sustainable development that is adapted to their particular issues and their environment. In particular, the CSR consulting service developed by Mazars runs from the implementation of controls and measurement tools, which help, for example, to optimise carbon strategy, to defining, building and

2 NEW CONSULTING PRACTICES OPENED IN 2010-2011

rolling out protocols for internal use as well as with partners, via ethical charters or sustainable purchasing guides with respect to suppliers. To build this complete and innovative range of services, Mazars has brought on board the top international experts in these matters. Part of this was the launch of Mazars Starling Resources in 2011, following the integration into the partnership of an Indonesian firm based Bali and internationally respected for its expertise in the fields of social and environmental consulting as well as use of natural resources, particularly through its work for the United Nations' REDD programme. Following the same line of thinking, this time with regard to the human dimension of sustainable development, Mazars now offers a People Development Consulting service, one result from the 2011 merger with Metizo, an Asia-based firm specialising in personal development. This new service aims to support companies in their growth through championing human values in terms of individual and social development.

## Partnership Social Responsibility (PSR)

# REDUCTION OF climate change impact

Our commitment to helping our clients implement solutions for sustainable development, together with our commitment to promoting better quality of life at work for our teams, both demonstrate the Group's determination to make respect for human and natural communities a part of everything we do. Our commitment to protecting the environment forms a clear part of Mazars' corporate citizenship, with an element of our PSR strategy dedicated to combatting climate change.

### Carbon Audit and offsetting programmes

The Carbon Audit method facilitates the measurement of the greenhouse gases (GHG) generated by an organisation in the course of its activity, and therefore to establish action plans aimed at reducing or offsetting these emissions. Over the last three years, Mazars has set up a programme for reducing the GHG emissions generated by its annual international partners Convention (in particular through the selection of 'responsible' suppliers, the recycling of materials and the reduction of printed material etc.). The Carbon Audit of the Convention we carry out every year, has shown a GHG reduction over the past two.



Offsetting the Prague Convention in 2010 took the form of our partnership with the Million Tree Project for the reforestation of Inner Mongolia.

### Concrete action plans, country by country

Many Mazars countries have decided to get involved in fighting climate change by following the Group's recommendation to set up programmes for reducing their carbon footprint. These include diagnostics of the key premises, such as the Carbon Audits carried out in 2010 by Mazars teams in France, the Netherlands and China, corrective action

and highly pragmatic charters which cover favouring "green" suppliers (post, copy machines, taxis), recycling, providing low emission vehicles in the Netherlands, or reducing print-outs. Our offices in the Czech Republic, for example, have taken several innovative steps: recycling plastics and ink cartridges, reverting to local suppliers of water and tea for staff etc. Similarly, Mazars in Russia has produced a 'green' charter and Mazars in China is carrying out a Carbon Audit of all its offices through a methodology elaborated internally, to determine the most effective ways of reducing its carbon footprint.

REDUCTION OF **7%**  
OF THE ANNUAL  
INTERNATIONAL PARTNERS  
CONVENTION'S CARBON  
FOOTPRINT BETWEEN 2009  
AND 2010



■ Partnership Social Responsibility (PSR)

## RESPECT FOR EMPLOYEES and well-being at work

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In the conviction that our partnership is truly enriched by the variety and mix of the people who choose to join us, Mazars has activated a policy for promoting diversity by offering not only equal opportunities for employment but the same potential for developing a career.

Embodied in the International Diversity Committee, these commitments address in particular the consideration of gender, age, different kinds of disability and social, ethnic or racial backgrounds. The Committee has worked with the Human Resources department on the question of parity (see boxes) to identify and share the best practices

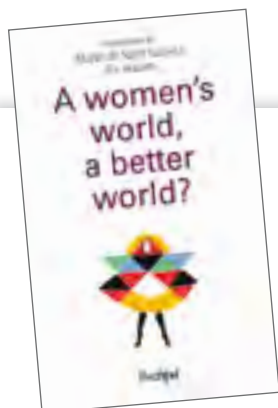
in the Group, and in 2010 published a code of conduct on parental leave, and on a healthy work-life balance.

### Diversity and work-life balance

Our diversity policy emphasises a greater representation of women and older staff in the company, particularly at senior management level. This approach includes, among other things, training programmes for managers and initiatives such as the creation of an internal network for women, based around collaborative discussion groups. In 2011, Mazars also began a Group-wide drive to identify our top high-fliers, which included a special focus on the “women talent pool”, representing 40% of the thousand high-potentials identified. This talent pool will benefit from specific support and development action plans. Resulting in the selection of one thousand female colleagues. This move complements our partnership with the Women’s Forum, which dates from 2007, and whose goal is to promote, through dialogue, access for women to positions of responsibility.

Quality of life at work has been the subject of a number of practical initiatives in certain countries, such as ‘Home Office’, where people benefit from the flexibility of being able to work from home one day a week, and programmes to help smooth the running of daily life, such as the concierge service offered in France.

**32** COUNTRIES  
GATHERED FOR  
A WORKSHOP ABOUT  
IMPROVING WORK/LIFE  
BALANCE IN MILAN



## Mazars takes ‘a woman’s view’ of the world

In autumn 2011, as part of its policy on diversity and equality, whose Sponsor is Philippe Castagnac, Mazars Senior Partner in France, Mazars brought out a book, “A women’s world, a better world?” In this essay, Muriel de Saint Sauveur, head of Group Diversity, interviews 100 influential women in the economic, political and cultural arenas of 33 different countries, asking them what changes they would make to the way the world is run, if they had the chance.

Mazars chose the Women’s Forum, which was held in October 2011 at Deauville, to launch the book, which has encouraged a discussion on diversity and parity at Group level. Mazars partnered the Women’s Forum for the fifth consecutive year, inviting four of the women interviewed in the book to speak at its stand during the event:

- Soukaina Bouraoui, Tunisian lawyer and Director of CAWTAR (Centre of Research, Studies, Documents and Information About Women), who talked about “The Role of Women in the New Tunisian Government”
- Brigitte Grésy, Vice-President of the Commission on the Image of the Media at the Ministry for Employment and Solidarity in France, on the theme of “The Deconstruction of Stereotypes”.
- Loula Zaklama, President and founder of Rada Research and Public Relations, who led the debate on “The Place of Women in Egypt. The Revolution and After”
- Noriko Carpentier, Director of the Franco-Japanese Exchange Committee, who spoke on “The Japanese Woman Today”

This year, Philippe Castagnac was a member of the CEO Champions Club of the Women’s Forum. It was launched in 2010 with the aim of bringing together around twenty CEOs from major international companies, who are “champions” of parity. In 2010, the CEO Champions Club made six commitments regarding progress and responsibility within the private sector in relation to the position of women within business. This year, each member presented on the action and progress made within his/her company.



**Marianne Sandén-Ljungberg**  
Managing Partner of Mazars SET

### **GENDER EQUALITY:** Mazars SET comes top in Sweden

In 2011, *Balans*, the Swedish magazine for audit and accounting professionals, published a ranking on gender equality in this sector. Mazars SET, who joined the Mazars integrated partnership at the end of 2010, was top of the list, with the percentage of female partners rising from 16% to 23% in one year. “This has nothing to do with any form of quotas” indicates Marianne Sandén-Ljungberg, Managing Partner of Mazars SET, “it is more of a proof of our capacity to attract and keep talented women, from recruitment to partner level. We are especially dedicated to supporting women during their pregnancy and during their first years as young parents, which is a critical time both in their personal and professional lives.”

An example of good practice to adopt in Mazars’ diversity strategy worldwide.



## ■ Partnership Social Responsibility (PSR)

# OUR COMMITMENT TO SOCIETY and the community

Since we at Mazars do not believe that an organisation's performance can be measured solely by its financial and economic results, our concern for the general good goes far beyond the issues connected to our professions or our expertise. This is why we are naturally involved, wherever we are, in the life of the communities we work in, whether this means taking active part in society's most pressing debates, or playing a key role in the success of initiatives designed to enhance solidarity and the continuity of ethical values.

### Culture and debates

Mazars has a history of involvement in numerous think tanks and in speaking out on social issues that are far broader than our particular fields of expertise. Since 2006, for example, we have been supporters of the Cité de la Réussite (City of Success), an event regularly organised at the University of La Sorbonne in Paris, which draws a huge audience for hundreds of professors, economists, directors, politicians, artists and philosophers coming to debate on different subjects. Mazars' professionals take part in various round table discussions at every edition.

In 2010, Mazars also chose to join the Montaigne Institute, a think tank renowned in France for its public spirited role, in order to contribute to the working parties on 'Health' and 'University', as well as various debates including the recent one on "*15 years of university reform: what's worked and what are the challenges?*"

Mazars is also very active in cultural sponsorship, another way of taking part in the exchange of ideas and making works of art accessible to the widest possible public.

Since 2007, the Group has been a sponsor of the Louvre Museum, helping it to acquire National Treasures that can then be exhibited for all to see. Following 'La Fuite en Egypte' ('The Flight to Egypt') by Poussin, now displayed in Lyon's Fine Arts Museum, and 'Le Portrait du Comte Molé' ('Portrait of Count Molé') by Ingres, in 2010 we sponsored a touching painting by Lucas Cranach the Elder, 'Les Trois Grâces' ('The Three Graces'). Mazars was the main sponsor of this work, which had never before been shown to the public, and is now on display in the Richelieu wing of the Louvre, dedicated to German and Flemish painters. Mazars is now one of the Grands Mécènes de la Culture (Grand Patron of Culture), a title conferred by the French Minister of Culture. WeiserMazars also chose the Guggenheim Museum in New York

in March 2011 to organise a major client event, while Mazars in South Africa supports widespread access to the performances of Cape Town's Opera.

At the end of 2010, our sponsorship of the France-Russia season culminated in another fine moment of artistic involvement following our support for the creation of a new ballet by the choreographer Angelin Preljocaj, 'Suivront Mille Ans de Calme' ('One Thousand Years of Calm Will Come'). Performed by dancers from the Preljocaj Company and the Bolchoi ballet formed in Moscow as Mazars was celebrating its 15th anniversary there, it enjoyed another successful run at the Palais de Chaillot in Paris.

## Solidarity and education

Solidarity and education have been central to Mazars' values from the very outset and form the foundation of the partnership model itself. Every member of the Group, in every country and at every level, is therefore naturally involved, through daily life on the ground in the local offices, in concrete actions to help under-served communities gain access to the services or solutions that they need. The transfer of knowledge and education is one of our main concerns, as the following examples demonstrate:

In Singapore, 2010, Mazars sponsored the 9<sup>th</sup> Gala held by 'Les Enfants du Mékong' ('Children of the Mekong'). Created in 1958, this organisation helps educate the children of South-East Asia via teaching programmes or projects including rebuilding schools.

In China, the NGO 'Colours of China' gives Mazars the opportunity to support under-privileged pupils in the villages of the Guangxi minority. Here, as in many other places around the world, Mazars helps by providing free skills according to the organisation's needs.

In Argentina, Mazars actively supports the "Dafne Flexer Foundation", which is dedicated to children with cancer and their families. We make donations, organise events and help select student researchers to work for this NGO.

The 'Mazars Company Foundation for Childhood and Solidarity, Health and Sustainable Development', founded in 2009, is a similar kind of project and has become a central pillar of our



commitment. Every year it enables various organisations that are fighting against vulnerability, helping families in difficulty, promoting access to education and culture or providing aid to handicapped individuals, to advance their aims thanks to targeted financial assistance. This year, the Foundation supported 16 projects, but also confirmed its support for a second year to CIELO and l'Envol, in order to establish long term relationships.

One such association supported by the Mazars Foundation, the Catholic Delegation for Cooperation, is also enjoying an unexpected benefit in the shape of Adrien Mercier, who, after two years at Mazars, decided to leave for Senegal on a partnership assignment as an international solidarity volunteer. His mission? Managing the internal quality and control systems in the 'ClairAfrique' network of libraries that does such an outstanding job in the field of providing access to books and culture for all.

# 1.75%

OF THE PROFIT BEFORE  
PARTNERS COMPENSATION  
DONATED TO CHARITIES  
BY MAZARS IN THE UK





#### Financial report

## COMMITTED TO TRANSPARENCY AND EXEMPLARY CONDUCT

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Since 2004/2005, we have voluntarily published an annual report including the consolidated financial results of the Group, compiled according to IFRS standards and examined by two external auditors. This is the strongest signal of Mazars' commitment to transparency towards the financial and economic community, and our intention, as experts in the certification of financial information, to promote exemplary conduct.



## FINANCIAL REPORT

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75	Group Executive Board Report
79	Group Governance Council Report
81	Financial statements
86	Notes to the financial statements
107	Independent auditors' report

# GROUP EXECUTIVE BOARD REPORT

## on operating and financial performance during the year 2010/2011

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 remains a distinctive feature of our integrated global partnership. We are therefore pleased to present you, as an evidence of our commitment to transparency, the report on our business and earnings for the past fiscal year.

### Pursuing our development strategy

During the financial year 2010/2011, our business environment had suffered from global financial and economic instability but as well as from political turmoil in some countries. While emerging countries still sustain a good growth, there has been a significant slowdown in Western economies.

At € 956.7 million, our consolidated fee income shows an increase of 8.2% compared to the previous year (+7.4% at constant exchange rate). The total growth is a combination of organic development and integration of new firms or practices (net of a few disposals).

Within the 8.2% overall growth, the increase of the fee income coming from external growth accounts for 4.8% resulting principally from the full impact of our 2009/2010 US combination and from the integration of Swedish colleagues. This confirms the resilient attraction of the Mazars' model of an integrated partnership.

In Sweden, since 2004, we have had a joint-venture with the Swedish firm SET, one of the leading audit practices in the country. Both Mazars and SET partners felt it was time to move beyond a JV to become fully part of the Group team. Therefore, whilst the JV is being discontinued, SET and its partners have joined as full members of Mazars, effective September 1<sup>st</sup> 2010.

We experienced 3.4% organic growth in our global activity. This is robust and demonstrate more than resilience under current market conditions but with a contrasting pattern between the regions:

**Europe:** slightly positive at +2% in large Western European countries whilst the growth in Central and Eastern Europe is much higher with 7.6 %, of which 1.6 points were due to the exchange rate impact. Malta (+28 %), Turkey (+17%), and Belgium (+10%) enjoyed double digit growth.

**Africa:** an increase of 7 % of which 4 points are mainly due to the Rand favorable variation. While we are present in 14 countries, South Africa (€29 million) alone accounts for more than half our total activity on the continent (€52 million). The previous year has been buoyed by the Soccer World Cup. This year, the economy had experienced a slowdown, explaining a drop in the revenues at constant exchange rate. The other countries of this continent are developing satisfactorily: Cameroon gained assignments in Congo; Morocco grew by 14%, as did Tunisia despite the Jasmine revolution.

**Middle East:** despite the political instability, this region achieved an organic growth of 4%, offset by the unfavorable foreign exchange effect.

**North America:** the activity is mainly impacted by the change of perimeter in New York (full year turnover whilst it was 8 months fee income last year).

**Central and Latin America:** variation of perimeter excluded, the region had a good level of activity with an improvement of 12.5%, mostly driven by Brazil's organic growth.

**Asia:** our business in 11 different countries grew by a healthy 14 % from the previous year. Growth in the following countries was driven by:

- Pakistan successfully winning assignments
- India: benefiting of synergies resulting of the joint efforts of Kalyaniwalla & Mistry and S N Dhawan & Co
- Hongkong: market opportunities
- China Mainland: positive evolution of prices & transaction services assignments
- Japan: in spite of the adverse impact of Fukushima, activity grew through a new joint venture

## Strengthening our business lines

From January 2010, we created Global Business Units (GBU) supervising Country Business Units (CBU) in countries where sufficient critical mass and leadership exist. In some smaller countries where there is not yet the critical mass to create separate CBUs, turnover is recorded in a single country business unit.

## PIE

Under worsening market conditions, where uncertainty and instability severely hit the financial markets, Mazars PIE performance for year 2010/2011 shows a good overall resilience of Mazars position. Mostly driven by organic factors (The integration of our American PIE practice was the only significant external growth impact less than € 10 million) current growth reflects our PIE Strategy: develop a strong channel 1 client base, develop channel 2 services through partners and team integration and benefit from emerging markets rapid economic growth.

In channel 1, despite a trend of severe decrease in prices observed in the main mature markets, we grew through winning several significant client in the large listed company market; we have also renewed large assignments with an extension of our geographic coverage. In channel 2, new teams

have joined and we are developing our Consulting and Financial advisory offering. As a result we have grown, with a very good performance in Financial Services, especially in France and in the UK. Finally, Emerging Markets, and especially the BRICs countries (Brasil, Russia, India, China) showed a double digit growth which reflects our capacity to respond to the needs of local booming economies.

Even if European economic market conditions have recently worsened, we remain confident in our capacity to keep on growing through external growth, team integration and pure organic growth for next year, while being flexible on our own cost structure.

## OMB

There is little doubt that we have seen a mixed and in certain respects two-tier financial recovery following the events of 2009 and 2010. The owner-managed market has, to all intent and purposes, mirrored the global economic position with limited organic growth in more developed economies (including Western Europe and North America) and higher rates in emerging economies, especially in Asia-Pacific and Central and Latin America. Nevertheless we are starting to see certain economies buck that trend and return to more significant levels of growth.

External growth has therefore been the principal catalyst for growth in 2010/11 and we were particularly delighted to integrate our new partners in Sweden. Despite a tough competitive environment our integrated global OMB offering continues to attract not only clients who want to work with our teams but also like-minded advisers as we continue to build critical mass and deepen our service offering.

Our outlook remains positive as OMBs increasingly seek to expand or export into new territories and use technology to get closer to their markets. We are well positioned to help through the combination of our

global scale and our local presence. We continue to invest in new technologies and services to support our clients in the fulfillment of their ambitions.

## Tax

A prerequisite for the development of other tax practices within Mazars was to establish a solid tax organization in Europe first. To achieve this we have invested in appointing the right leaders teams and staff, for example in the United Kingdom and France. To serve its clients at the right level Mazars tax teams have specialized, creating centers of

excellence. We have invested in developing financial services in key locations such as London, Amsterdam, Frankfurt and Paris.

## Law

For our GBU Law it was a year of repositioning. Growth in Germany was mixed and there was stagnation in other European CBUs (Country Business Units). Most countries invested in new areas of practice and preparing for future growth. Indonesia was integrated as a new CBU. Due to investments gross margin was slightly lower than in past years.

<i>(in € million)</i>	2009/2010*	2010/2011	%
Public Interest Enterprises (PIE)	426.6	456.1	+6.9%
Owner managed business (OMB)	348.1	383.9	+10.3%
Tax	92.5	99.4	+7.5%
Law	17.2	17.3	+0.6%
<b>TOTAL</b>	<b>884.4</b>	<b>956.7</b>	<b>+8.2%</b>

\* Restated under 2010/2011 organization for consistent comparison

## Supporting development by solid profitability and financing

Our global partnership relies on its partners and staff to generate adequate profitability, thereby providing sufficient resources for investing in new expertise and tools. In spite of competitive pressures over fee levels and thanks to improved efficiency, the gross margin has been maintained at 52%. Since our fixed costs were kept under control, the bottom line shows a 21.2% surplus in line with the previous year (21.4%). Surplus is defined as the profit before any direct or indirect form of partners' remuneration, including their share of corporate income tax, in case of dividends.

The financing of our activities is essentially brought by the partners. It may translate in different forms

(equity shares, loans, current accounts, deferred compensation,...). In total financing by the partners accounts for 15.5 months of their total earnings.

Actually, our ratio of turnover to total assets improved from 1.6 to 1.7 with a better control of work-in-progress and receivables (3.6 months of turn-over instead of 3.8 months). Whilst our net fixed assets and partners' equity financing remained stable, the overall net indebtedness could therefore be reduced from € 66.1 million to € 57.1 million. Thus, recourse to external financing has been contained at 23.7% of the partner's financing, thereby securing the financial independence of the organization and leaving some room, should we need additional financing to support our development.

## Relying on our people for success

Mazars combines strong ambitions with controlled means in a very competitive talent field. Hence, we need to focus on selected hi-impact actions to leverage our position as a challenger through a distinctive employer brand (Mazars, Human Partners). The following actions were launched one year ago to frame our mission for the next five years:

- Build an effective worldwide Talent Management policy; to date, the Senior Talent Leaders organization has allowed us to gather the necessary information on which a united Talent Management strategy can be based. A “dialogue process” will now deepen / fine-tune our knowledge of Mazars Talent Pools and feature a new approach to international mobility as well as talent grooming.

- Create an innovative albeit operational leadership development track from the manager to the Executive ranks. In July we launched our own Executive MBA, whilst our International Managers Seminar and Partners Induction Program have been fundamentally redesigned, as part of a more global leadership development pipeline within Mazars University.

- Secure a smooth ongoing transition process in key executive positions through the development of a high-end community of leaders; an ongoing program of identification, assessment and development of top executives is now in working order, fostering collective rather than individual leadership.

In the coming years, we will continue to pay attention to upcoming challenges for the HR function in intellect-intensive industries such as professional services:

- The growing importance of social networks in HR strategies will challenge us to be trendsetters, not followers in this field
- The demographic turmoil in Western countries will incite us to be even better at sourcing, attracting and retaining good young people.
- We need to design our policies in order to face major changes, not just to serve the needs of our current businesses and client base.

- Emerging countries have completely different approaches in the war for talent. In these countries, we need to strengthen our HR leadership capabilities.

The internal co-option of talented professionals and newly integrated ones strengthened the number of Mazars' Partners by 10% in 2011.

Mazars worldwide has a workforce of 13,000 people, tuned in to our clients' business with a focus on expanding our coverage in emerging countries.

## Pursuing the challenge

Disruption in world financial markets since summer 2011 may result in an economic slowdown in Western economies. However, our policy in past similar situations, possibly less severe, our objective is to continue to invest in the development of our global partnership.

Our financial situation and management will allow it.

We also have to prepare for potential changes of the audit environment, primarily in Europe where significant evolutions in terms of rotation of audit firms, joint audit, restriction of non-audit work for audit firms may be envisaged, but also in Asia and in the US.

We are confident that our integrated partnership model, our human and financial resources are, irrespective of the economic environment, factors to enable us to remain optimistic for our future.

**Group Executive Board**

# GROUP GOVERNANCE Council Report

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## Main work carried out during the year

The Group Governance Council (GGC), elected in London in December 2009, met 10 times in 2011, including six meetings held by conference call. The Council also benefited from the work of its three subgroups, dedicated to audit and finance, risks and partnership life respectively. The GGC has also set up two additional committees to work on the issue of succession and revise the Partnership Charter. As stated in the Charter, the Group Governance Council must be consulted before the approval of each international expansion project during the year. Therefore, it examined integration projects for submission to the General Meeting of the Partners in December 2011: Norway, Qatar and Ghana. The members of the Council assessed in detail the quality of the projects, both strategically and financially, and ensured that the new partners adhere to Mazars' founding principles and to the principles of its Charter.

With a view to preparing the partnership's future, the GGC (in a joint working group with the GEB) drafted a revision of the Partnership Charter proposed to the vote of the partners, with the aim in particular of strengthening talent within the Group and helping the Group's management to put their action into a more long-term perspective.

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. Apart from its role formally assigned in the Charter, the GGC exchanged views with the Group Executive Board (GEB) on key issues of particular importance for the future: succession and integration. The GGC was kept informed of the progress of the Group's European integration project, and of the regulators' reflections concerning the regulations governing

the auditing profession (the European Commission's Green Paper in particular).

## Follow-up on the financial aspects and risk management procedures

The Audit Committee continued to reinforce its role and its procedures, and held three meetings during the year, starting in March 2011. Its members noted that the new structure of the Group Finance Department will lead to the improvement of the accounting consolidation process. In the next few years, the on-going implementation of this procedure will enable the Committee to focus its efforts on comparing the reporting of the Group's entities and working with the external auditors, to make sure the external audit procedure actively participates in the improvement of Mazars' overall performance.

The Council has maintained a close relationship with the GEB, and read all the reports that it has issued. Its review of the GEB's annual report concluded that this document gives a faithful account of the Group's operational and financial activities. The action plans put in place during the year in terms of risk management are an undeniable step forward, specifically in some countries, where regulatory audits pointed out difficulties. The Council will follow up on this process which forms the basis for global harmonisation and deployment of a unified quality control system.

## Review of the Partnership Charter and transmission issues

Potential evolutions in the audit market, as well as the on-going reinforcement of the Group's structure, led the Governance Council and the Group Executive Board to create a joint working group to prepare several modifications to the Partnership Charter. All the suggested changes have the twin objectives

of strengthening the Group's talent and putting the Executives' action in a long-term perspective. In the same spirit, the members of the GGC also examined the programme finalised in January with the aim of better identifying and monitoring talent to promote a new generation of leaders. The GGC concentrated both on the selection criteria for future high potential partners and the training set up for them.

### Partnership life

In 2011, the GGC reviewed all new partnership applications. The number of candidates has increased, as the Council reviewed 59 files, compared with 58 in 2010. The proposed co-options come from 23 countries, in every geographic zone, reflecting the on-going international development dynamic.

Similarly, the split of candidates between the various Global Business Units, demonstrates the shift in the balance between the various activities.

The increase in the number of candidates dedicated to consulting activities illustrates the importance given to new activities, in accordance with the Group's strategy. Besides, many of the candidates show relatively young profile, as 80% are of age between 35 and 49, thus permitting to better anticipate the transmission issues.

Lastly, the GGC members identified a slow but real increase in the proportion of women applying for partnership.

### Strategy and perspectives

The Group Governance Council will put emphasis on the key issues of risk management, enhancement of financial and operational integration and strategic evolution in the coming year. The dual effort to harmonise quality control processes and to strengthen the Partnership Charter indeed serves one common objective: securing processes and making sure each partner is integrated in an entity that really fits the challenges of the regulatory evolutions in our professions.

As the Group is developing internationally, its capacity to be structured is also becoming a critical factor of success. Even though the idea of a global strategy implemented locally remains the heart of Mazars' partnership, the Group must now be ready to face new missions that often involve several countries. This evolution must be shared by the partners, who will keep an active involvement in the elaboration process of Mazars' strategy.

### The Group Governance Council



## FINANCIAL STATEMENTS ON THE BASIS OF IFRS

For the year ended 31 August 2011

In thousands of euros

<b>82</b>	<b>Financial statements</b>			
	Consolidated income statement	82	Note 13: Retirement benefits and similar liabilities	100
	Consolidated statement of comprehensive income	82	Note 14: Borrowings and other financial liabilities	102
	Consolidated balance sheet	83	Note 15: Trade and other payables	102
	Consolidated statement of cashflows	84	Note 16: Corporation tax	103
	Consolidated statement of changes in equity	85	Note 17: Contingent liabilities	103
			Note 18: Auditors' fees	103
<b>86</b>	<b>Notes to the financial statements</b>		Note 19: Remuneration of the members of the Executive Board and the Governance Council	104
	Note 1: Basis of preparation	86	Note 20: Personnel	104
	Note 2: Significant events	86	Note 21: Operating lease commitments	104
	Note 3: Accounting policies	86	Note 22: Post-balance sheet events	104
	Note 4: Scope of consolidation	93	Note 23: Financing and compensation of Partners	105
	Note 5: Turnover	94	Note 24: Entities entering the scope of consolidation in the year	106
	Note 6: Cost of technical staff	94		
	Note 7: Other costs	94	<b>107</b>	Independent auditor's report
	Note 8: Segment reporting	95		
	Note 9: Intangible assets	97		
	Note 10: Property, plant and equipment	99		
	Note 11: Trade and other receivables	99		
	Note 12: Provisions	100		

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 August 2011	31 August 2010
Turnover	5	956,652	884,438
Cost of technical staff	6	(455,151)	(424,164)
<b>GROSS MARGIN</b>		<b>501,501</b>	<b>460,274</b>
Cost of administrative staff		(77,363)	(70,247)
Other costs	7	(207,313)	(177,533)
Depreciation and provisions	9, 10, 12	(19,572)	(28,031)
<b>OPERATING SURPLUS</b>		<b>197,253</b>	<b>184,463</b>
Amortisation of client relations and impairment of goodwill	9	(3,321)	(2,977)
Financing costs		(6,570)	(4,864)
Result for entities excluded from scope of consolidation			
<b>SURPLUS BEFORE PARTNERS' COMPENSATION</b>		<b>187,362</b>	<b>176,622</b>
Partners' compensation	23,2	(187,302)	(176,581)
<b>PRE-TAX RESULT</b>		<b>60</b>	<b>41</b>
Tax expense	16	(29)	(12)
<b>POST-TAX RESULT</b>		<b>31</b>	<b>29</b>
Result per share (in €)			
– basic		0.29	0.31
– dilutive		0.29	0.31

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 August 2011	31 August 2010
Post-tax result		31	29
Other comprehensive income			
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>		<b>31</b>	<b>29</b>

## CONSOLIDATED BALANCE SHEET

ASSETS	Notes	31 August 2011	31 August 2010
<b>Non-current assets</b>			
Intangible assets	9	110,203	112,607
Property, plant and equipment	10	39,072	41,275
Other non-current assets		15,450	14,568
<b>TOTAL NON-CURRENT ASSETS</b>		<b>164,725</b>	<b>168,450</b>
<b>Current assets</b>			
Trade and other receivables	11	286,419	281,199
Other current assets		55,615	54,059
Cash and cash equivalents		55,244	47,482
<b>TOTAL CURRENT ASSETS</b>		<b>397,278</b>	<b>382,740</b>
<b>TOTAL ASSETS</b>		<b>562,003</b>	<b>551,190</b>
LIABILITIES	Notes	31 August 2011	31 August 2010
<b>SHAREHOLDERS' EQUITY</b>		<b>504</b>	<b>434</b>
<b>Non-current and current liabilities due to Partners</b>			
Non-current portion	23.1	159,271	158,318
Current portion	23.1	82,630	84,379
<b>TOTAL NON-CURRENT AND CURRENT LIABILITIES DUE TO PARTNERS</b>		<b>241,901</b>	<b>242,697</b>
<b>Other non-current liabilities</b>			
Long-term borrowings (over one year)	14	42,224	45,152
Long-term provisions	12	6,963	7,212
<b>TOTAL OTHER NON-CURRENT LIABILITIES</b>		<b>49,187</b>	<b>52,364</b>
<b>Other current liabilities</b>			
Long-term borrowings (less than one year)	14	28,663	26,554
Current bank borrowings		41,463	41,884
Trade and other payables	15	192,741	178,116
Current provisions	12	7,544	9,141
<b>TOTAL OTHER CURRENT LIABILITIES</b>		<b>270,411</b>	<b>255,695</b>
<b>TOTAL LIABILITIES</b>		<b>562,003</b>	<b>551,190</b>

## CONSOLIDATED STATEMENT OF CASHFLOWS

I. OPERATING ACTIVITIES	2010/2011	2009/2010
Net result	31	29
Adjustments for depreciation, amortisation and provisions	22,620	21,376
Profits and losses on disposal	527	281
<b>Self-financing capacity</b>	<b>23,178</b>	<b>21,686</b>
Changes in current and other assets	(4,211)	(20,435)
Changes in current and other liabilities	10,613	(3,316)
Changes in current liabilities due to partners	(1,749)	13,082
<b>Changes in working capital requirements</b>	<b>4,653</b>	<b>(10,669)</b>
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>27,831</b>	<b>11,017</b>
II. INVESTING ACTIVITIES	2010/2011	2009/2010
Purchases of property, plant and equipment and intangible assets	(25,098)	(18,387)
Disposal of property, plant and equipment and intangible assets	1,935	1,309
Changes in other non-current assets	(770)	(523)
Net cash flows on acquisition and disposal of subsidiaries	(54)	(2,269)
<b>NET CASH IN INVESTING ACTIVITIES</b>	<b>(23,987)</b>	<b>-19,870</b>
III. FINANCING ACTIVITIES	2010/2011	2009/2010
Changes in non-current liabilities due to partners	5,595	3,546
Capital increase	39	14
Net changes in borrowings	(875)	(409)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>4,759</b>	<b>3,151</b>
<b>Changes in cash flows</b>	<b>8,602</b>	<b>(5,702)</b>
Impact of exchange rate changes	(420)	977
Cash and cash equivalents at beginning of the year	5,598	10,323
<b>Cash and cash equivalents at the end of the year</b>	<b>13,781</b>	<b>5,598</b>
Cash assets	55,244	47,482
Cash liabilities	(41,463)	(41,884)
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>13,781</b>	<b>5,598</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	31 August 2011	31 August 2010
Shareholders' equity at start of financial period	434	391
(of which share capital)	(232)	(218)
(of which reserves)	(202)	(173)
<b>Capital increase</b>	<b>39</b>	<b>14</b>
<b>Total comprehensive income</b>	<b>31</b>	<b>29</b>
Shareholders' equity at end of financial period	504	434
(of which share capital)	(271)	(232)
(of which reserves)	(233)	(202)
<b>NUMBER OF SHARES, VALUED AT 2.5 EUROS EACH AT YEAR</b>	<b>108,598</b>	<b>92,805</b>

### Note 1: Basis of preparation

The financial statements together with the attached notes for the year ended 31 August 2011 are drawn up in accordance with IFRS as adopted by the European Union.

These 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 2010 would not have a significant impact on the financial statements.

The financial statements have been approved by the Group Executive Board on 24 November 2011 and submitted for review to the Group Governance Council. They will be submitted for approval of the General Assembly on 10 December 2011.

### Note 2: Significant events

Until 31 August 2010, the organisation had operated in Sweden, for several years, through a joint venture with the SET practice.

From September 2010, the latter joined the organization in its entirety.

For the current reporting period, the organisation includes WeiserMazars which joined the partnership on 1 January 2010.

### Note 3: Accounting policies

#### • New standards and interpretations applicable to the financial year 2010-2011

The new standards and interpretations applicable to the accounts for the 2010/2011 period have had no significant impact on the consolidated accounts of Mazars at 31 August 2011:

- IFRS 2 amendment – Group cash-settled share-based payment transactions,
- IAS 32 amendment – Classification of rights issues,
- Annual improvements (2010),
- IFRIC 14 amendments – Prepayments of a Minimum Funding Requirement,
- IFRIC 15 – Agreements for the construction of real estate,

- IFRIC 17 – Distribution of non-cash assets to owners,
- IFRIC 18 – Transfer of assets from customers,
- IFRIC 19 – Extinguishing financial liabilities with equity instruments.

Mazars has not applied the following standards and interpretations for which application is mandatory only for financial periods after the 31 August 2011 financial period:

- IAS 24 R – Related party transactions,
- IFRS 9 – Financial instruments,
- IFRS 10 – Consolidated financial statements,
- IFRS 11 – Joint arrangements,
- IFRS 12 – Disclosure of interests in other entities,
- IFRS 13 – Fair value measurement,
- IAS 19 R – Employee benefits,
- Amendments to IAS 1 – Presentation of other comprehensive income,
- IFRIC 20 – Stripping costs in the production phase of a surface mine.

The process adopted by Mazars to define the potential impacts of these new standards and interpretations on the consolidated financial statements are in progress. At this stage of the analysis, Mazars does not forecast a significant impact on its consolidated financial statements.

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

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

#### • 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 Partners “), all of whom are practicing partners in Mazars entities (“the entities”), have deemed that, for financial information purposes, Mazars Scrl be the consolidating entity for 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 provided in note 4 to the financial statements.

#### • Key assumptions judgements and sources of estimation uncertainty

The mains 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 2011 amounts to 1,314 thousand of euros.
- provisions: professional risks are related to Spain, Italy, the Netherlands, the United Kingdom and Switzerland for a global of 3,215 thousand of euros. In addition, specific country risk is presented in the line “Other” for 1,451 thousand of euros and concerns Ivory Coast, Mexico and Ukraine.
- retirement benefits: actuarial estimates and calculations are shown in note 13. The amount of the provision at the end of the year is 5,960 thousand of euros.

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

#### • Presentation of the net result before and after tax

The result before and after tax in the financial statements of Mazars Scrl, together with the tax itself, 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 etc. 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 partners; 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 Mazars’ agreements, it is not intended to generate significant profits. >>>

#### • Other comprehensive income

Other comprehensive income is ascribed a nil value because of the particular presentation of income in the financial statements. The components of comprehensive income, including translation differences and the hedging of financial instruments, are reclassified and presented in “Non-current liabilities due to Partners”.

#### • 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 surplus is the measure used to reward the performances of entities and partners, and as a reference, after the elimination of exceptional items, if any, in the Mazars’ agreements, 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, financial costs and the results of discontinued operations from the surplus before compensation of the Partners.
- the gross margin: the gross margin corresponds to 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 liabilities 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 liabilities 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 liabilities due to Partners”, as a current liability.

#### • 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 and recognised in income for the period.

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. Resulting translation differences are recognised in income for the period.

#### • 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 was adopted, with as at 31 August 2003. Goodwill relating to the acquisition of non-euro zone entities is accounted for the operating currency of the acquired entity and converted at the exchange rate at the year-end rate.

#### • Business combinations and goodwill

The IFRS principles on business combinations have been applied retrospectively to 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 decade. The Goodwill accounts for the difference between the cost of the shares (including any anticipated additional considerations, which are accounted as other debts) and the acquired portion of 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 “Intangible assets” heading, together with the fair value of “Client relations”. They are assessed according to the principles set out 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 value of a cash generating unit is whichever is the higher between the fair value (usually the market price) net of selling costs, and the value in use. The value in use is determined by discounting the future cash flows to present value.

The calculation is based on an estimate 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.

At 31 August 2011, the Mazars organisation has received a commitment to acquire/sell shares held by third parties, who do not have the status of Mazars partners and who are 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 ‘Other payables’ under ‘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 either of the two following conditions are met:

- they are identifiable (i.e. they result from legal or contractual rights); or,
- 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 amortisation over their period of use. The duration is different from 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 recognised 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 21 to the financial statements.

#### • Trade and other receivables

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 or 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 liabilities 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 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 loans.

#### • Provisions

A provision is recognised 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 finance 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 credit unit 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 “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 plan
France	x	
Germany		x
India	x	x
Ivory Coast	x	
Republic of Korea	x	
Turkey	x	
United Kingdom	x	

#### • Turnover:

Turnover equates 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” and – for the portion payable by the organisation – “Other costs”. Consequently the tax is only tax on the profits of Mazars Scrl, and no tax proof is presented. By applying these principles, “Non-current and current liabilities due to Partners” in the non-current portion, and details are given in the relevant note. ▶▶▶

• **Segment reporting by sectors**

The organisation structure put in place in 2010/2011 emphasizes the trans-national development of service offers.

The operational teams are grouped under the designation 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 in accordance with standards and incompatibilities.

According to IFRS 8, the presentation per GBU shows the organisation's functioning; as a result, the internal reporting has been adapted according by.

• **Segment reporting by geographical regions**

The geographical reporting is presented in two fold: activity and workforce.

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

## Note 4: Scope of consolidation

In addition to the parent entity, the consolidation perimeter includes operational entities from 61 countries. The main contributing entities are shown in the table below:

Countries	Scope of consolidation 2010-2011
<b>Parent entity</b>	
Belgium	Mazars SCRL Avenue Marcel Thiry, 77 – box 4 – B-1200 – Brussels
<b>Operating entities</b>	
France	Mazars Sa 61, rue Henri Regnault – 92075 Paris La Défense
Germany	Mazars GmbH 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 SLP Calle Aragón, 271 08007 – Barcelona
Sweden	Mazars SET Mäster Samuelsgatan 56 – SE-111 – 83 Stockholm
United Kingdom	Mazars LLP Tower Bridge House – St Katharine's Way – E1W 1DD London
United States	WeiserMazars 135 West 50th Street, New York – 10020 New York
Other European Union countries	11 countries
Rest of the World	Europe (4), North America (1), Central and Latin America (7), Asia-Pacific (11), Africa and the Middle East (17)

Turnover includes for the first time five new countries: Angola, Kenya, Nigeria, Peru and Tajikistan.

Furthermore, external growth transactions took place in Sweden and France. Changes to the scope of consolidation took place in Brazil, Chile, Mexico, the Netherlands and South Africa.

The impact of these changes is outlined in note 24.

## Note 5: Turnover

	2010/2011	2009/2010
Fee notes rendered	988,288	906,537
Re-billable costs	(38,315)	(28,770)
Change in work in progress	6,678	6,671
<b>TOTAL</b>	<b>956,652</b>	<b>884,438</b>

The 2010/2011 period was marked by an increase of the turnover by 8.2%.  
This increase is reaching 3.4% on a constant basis, external growth delivering 4.8%.

## Note 6: Cost of technical staff

	2010/2011	2009/2010
Personnel costs	442,644	411,155
Sub-contractors' costs	12,507	13,009
<b>TOTAL</b>	<b>455,151</b>	<b>424,164</b>

## Note 7: Other costs

	2010/2011	2009/2010
<b>General Expenses</b>		
Property costs	68,578	62,760
Tax, insurance and professional charges	26,743	21,782
General services	33,853	27,721
Other	79,405	61,770
<b>Sous total</b>	<b>208,580</b>	<b>174,033</b>
<b>Exceptional costs net</b>	<b>(1,267)</b>	<b>3,500</b>
<b>TOTAL</b>	<b>207,313</b>	<b>177,533</b>

The share of general expenses' increase linked to the perimeter evolution amounts to 16,515.

In "Property costs", an amount of 2,000 corresponds to rents invoiced by lessors sharing interests with partners at key management positions. These billings are drawn up according to normal market conditions.

The "Exceptional costs" comprises the payment made to settle a commercial dispute (1,440) and the capital gain from the sale of the Terneuzen office in the Netherlands (-2,707).

## Note 8: Segment reporting

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

### • Presentation by sectors:

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

2009/2010 data has been reprocessed in order to allow comparison with 2010/2011 information.

## STATEMENT OF FINANCIAL POSITION

	31 August 2011			31 August 2010		
	Client debtors	Work in progress	Total	Client debtors	Work in progress	Total
PIE	126,197	21,437	147,634	119,566	20,444	140,010
OMB	72,719	31,506	104,225	76,885	26,764	103,649
TAX	19,133	8,523	27,656	19,616	7,164	26,780
LAW	5,112	1,792	6,904	9,346	1,414	10,760
<b>TOTAL</b>	<b>223,161</b>	<b>63,258</b>	<b>286,419</b>	<b>225,412</b>	<b>55,787</b>	<b>281,199</b>

## INCOME STATEMENT

	2010/2011			2009/2010		
	Turnover	Cost of technical staff	Gross margin	Turnover	Cost of technical staff	Gross margin
PIE	456,055	(214,540)	241,515	426,652	(204,175)	222,477
OMB	383,881	(186,374)	197,507	348,147	(170,236)	177,911
TAX	99,372	(45,954)	53,418	92,450	(42,151)	50,299
LAW	17,344	(8,282)	9,062	17,188	(7,602)	9,587
<b>TOTAL</b>	<b>956,652</b>	<b>(455,151)</b>	<b>501,501</b>	<b>884,438</b>	<b>(424,164)</b>	<b>460,274</b>

• Presentation by geographical regions:

	2010/2011	2009/2010	Variation
<b>TOTAL ACTIVITY (*):</b>	<b>956,652</b>	<b>884,438</b>	<b>8.2%</b>
Europe - Euro zone	516,339	510,893	1.1%
Europe - except Euro zone	199,400	154,592	29.0%
North and South America	124,497	112,967	10.2%
Africa & Middle East	60,236	56,997	5.7%
Asia	56,180	48,989	14.7%

\* Including France 291,874 (+3.6%), the United Kingdom 117,817 (+5.8%), the Netherlands 78,610 (-5%), the United States 90,612 (+29%).

	2010/2011	2009/2010	Variation
<b>TOTAL AVERAGE PERSONNEL NUMBERS</b>	<b>12,508</b>	<b>12,401</b>	<b>0.9%</b>
Europe - Euro zone	4,597	4,726	-2.7%
Europe - except Euro zone	2,233	1,970	13.4%
North and South America	1,598	1,733	-7.8%
Africa & Middle East	2,087	2,114	-1.3%
Asia	1,993	1,858	7.2%

The change in the figures for 'Europe - except the euro-zone' is due to the integration of Mazars SET in Sweden.

While there were some changes in the scope of consolidation in South Africa, Brazil, Chile and Mexico, the figures for North and South America, Africa and Asia demonstrate Mazars' ambition 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 goodwills and clients' relations.

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

## Note 9: Intangible assets

	Net Value 31 August 2011	Net Value 31 August 2010
<b>Client relations</b>		
Canada	118	147
Denmark	1,258	1,201
France	5,241	3,555
Hungary	–	18
Netherlands	845	1,613
Singapore	2,454	1,874
Sweden	528	–
United Kingdom	3,419	4,333
United States	7,815	9,642
Other	101	101
<b>Sub-total client relations</b>	<b>21,779</b>	<b>22,484</b>
<b>Goodwill</b>		
Botswana	1,122	1,234
Canada	618	648
Egypt	579	692
France	26,744	26,280
Germany	4,731	4,039
Hongkong	996	1,138
Hungary	310	310
Ireland	727	778
Netherlands	3,571	3,493
Singapore	2,724	2,109
Thailand	725	790
United Kingdom	6,921	7,218
United States	26,325	30,287
Other	206	189
<b>Sub-total goodwill</b>	<b>76,300</b>	<b>79,204</b>
<b>Total client relations and goodwill</b>	<b>98,079</b>	<b>101,688</b>
<b>Other intangible assets</b>	<b>12,124</b>	<b>10,920</b>
<b>TOTAL</b>	<b>110,203</b>	<b>112,607</b>

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	5,317	2,158	7,475
Disposals	(625)		(625)
Exchange differences	(2,038)	(4,747)	(6,785)
Final allocation	(348)	(746)	(1,094)
<b>Gross sub-total</b>	<b>2,307</b>	<b>(3,336)</b>	<b>(1,029)</b>
New entities entering the scope of consolidation	(204)		(204)
Amortization / Depreciation	(3,057)	(264)	(3,321)
Disposals	(326)	601	275
Exchange differences	575	94	669
<b>Amortization &amp; Depreciation sub-total</b>	<b>(3,012)</b>	<b>431</b>	<b>(2,581)</b>
<b>NET CHANGE</b>	<b>(705)</b>	<b>(2,905)</b>	<b>(3,609)</b>

Most of the evolution results from the external growth transactions in France, Sweden and Asia. The exchange movements are primarily related to assets registered in the United States and United Kingdom.

The "Other intangible assets" category is largely made 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
Gross value at the beginning of the year 1 Sept. 2010	45,696	7,551	59,346	112,593
Acquisitions	4,459	2,269	7,957	14,685
Disposals	(2,071)	(1,915)	(3,587)	(7,574)
Changes in scope of cons. & exchange margins	(2,293)	(827)	(5,839)	(8,959)
Gross value at the end of the year – 31 August 31 2011	45,790	7,078	57,877	110,745
Depreciation at the beginning of the year – 1 Sept. 2010	(25,288)	(4,135)	(41,895)	(71,318)
Charge and impairment loss for year	(4,175)	(1,539)	(7,341)	(13,055)
Reversal of depreciation on disposals	1,715	1,397	2,930	6,042
Change in scope of consolidation	1,518	(1,364)	6,504	6,659
Depreciation at the end of the year – 31 August 2011	(26,230)	(5,641)	(39,801)	(71,673)
Net book value, 1 Sept. 2010	20,408	3,416	17,452	41,275
Net book value, 31 August 2011	19,560	1,437	18,075	39,072

## Note 11: Trade and other receivables

	31 August 2011	31 August 2010
Client debtors (net of provisions)	223,161	225,412
Work in progress net of payments on account	63,258	55,787
<b>TOTAL</b>	<b>286,419</b>	<b>281,199</b>

## Note 12: Provisions

	31 August 2010	Reclassification / new entry to scope of consolidation	Additional provisions made in the year	Utilisation of provisions	Unused amounts reversed	31 August 2011
Professional risks	2,242	0	1,887	(603)	(311)	3,215
Retirement benefit liabilities (excl. Partners)	5,498	(2,456)	335	(32)	8	3,353
Properties	1,686	(65)	495	(272)		1,845
Other	6,927	227	3,117	(3,571)	(608)	6,093
<b>TOTAL</b>	<b>16,353</b>	<b>(2,294)</b>	<b>5,834</b>	<b>(4,476)</b>	<b>(910)</b>	<b>14,507</b>

	Portion up to one year	Portion over one year	Total
Professional risks	1,654	1,561	3,215
Retirement benefit liabilities (excl. Partners)	82	3,271	3,353
Properties	1,435	410	1,845
Other	4,373	1,721	6,094
<b>TOTAL</b>	<b>7,544</b>	<b>6,963</b>	<b>14,507</b>

The provision for vacant properties at the end of the year mainly concern two countries: the Netherlands (699) and the United Kingdom (730).

The line "Other" in "Provisions" includes provision for covering specific economic risks (Ivory Coast, Mexico) and litigation costs relating to staff.

## Note 13: Retirement benefits and similar liabilities

Actuarial estimates as of August 31, 2011 for each of the schemes in note 3, "Accounting policies", are as follow:

	Discount rate	Expected rate of return on plan assets
France	4.50%	3.50%
Germany	5.40%	5%
India	8.50%	8.00%
Ivory Coast	6.50%	NA
South Korea	4.23%	NA
Turkey	10.00%	NA
United Kingdom	5.30%	4.70%

The net cost at the year-end is broken down as follows:

	2008/2009	2009/2010	2010/2011
Cost of services rendered	338	366	480
Interest expense	1,594	1,603	1,651
Expected return on assets	(1,226)	(1,102)	(1,158)
New entities entering the scope of consolidation	–	425	266
Actuarial gains and losses	(85)	67	87
Amortisation of cost of services rendered	–	27	–
Exchange rate movement	(12)	62	(36)
<b>COST OF RETIREMENT BENEFIT LIABILITIES FOR THE PERIOD</b>	<b>608</b>	<b>1,447</b>	<b>1,291</b>

The historical data related to the retirement benefits are as follows:

	31 August 2009	31 August 2010	31 August 2011
<b>Retirement benefits and similar liabilities measured in accordance with IAS 19</b>	<b>29,164</b>	<b>33,595</b>	<b>31,839</b>
Fair value of plan assets	(21,686)	(24,867)	(24,738)
Unrecognised actuarial gains and losses	(2,718)	(3,239)	(1,141)
<b>RETIREMENT BENEFIT PROVISIONS AT CLOSING</b>	<b>4,760</b>	<b>5,490</b>	<b>5,960</b>

	31 August 2009	31 August 2010	31 August 2011
<b>Retirement benefit provisions at the start of the period</b>	<b>4,775</b>	<b>4,760</b>	<b>5,490</b>
Total cost for the financial period	608	1,447	1,291
Retirement benefits paid	(623)	(716)	(820)
<b>RETIREMENT BENEFIT PROVISIONS AT CLOSING</b>	<b>4,760</b>	<b>5,490</b>	<b>5,960</b>

Reconciliation of retirement benefit provisions, excluding Partners :

	31 August 2009	31 August 2010	31 August 2011
<b>Retirement benefit provisions at the end of the period</b>	<b>4,760</b>	<b>5,490</b>	<b>5,960</b>
Portion of provision to certain partners (*)	(2,279)	(2,493)	(2,607)
<b>Retirement benefit provisions at closing</b>	<b>2 481</b>	<b>2 997</b>	<b>3 353</b>

(\*) Included under "Non-current liabilities due to Partners"

## Note 14: Borrowings and other financial liabilities

Borrowings and other financial liabilities	31 August 2011	31 August 2010
less than one year	28,663	26,554
over one and less than five years	33,530	35,216
over five years	8,693	9,936
<b>Sub-total over one year</b>	<b>42,224</b>	<b>45,152</b>
<b>TOTAL</b>	<b>70,887</b>	<b>71,706</b>

Part of this liability (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 -122 presented in "Permanent financing" of non-current liabilities due to partners (see note 23.1).

## Note 15: Trade and other payables

	31 August 2011	31 August 2010
Trade and other payables	97,121	84,676
Social charges	50,910	45,324
Tax payable	44,711	48,117
<b>TOTAL</b>	<b>192,742</b>	<b>178,116</b>

The "Trade and other payables" line shows liabilities contracted by the organisation from buying back the shares in some consolidated entities. As at 31 August 2011, this liabilities amounts to 6,307.

## Note 16 : Corporation tax

The tax payable breaks down as follows:

Tax payable	2010/2011	2009/2010
Tax payable by Partners ("Partners' compensation")	8,979	9,006
Tax payable by the organisation	1,320	1,571
Mazars Scrl tax	29	12
<b>TOTAL</b>	<b>10,328</b>	<b>10,589</b>

The amount of deferred tax is as follows:

Deferred tax	2010/2011	2009/2010
Deferred tax assets	7,627	7,167
Deferred tax liabilities	(1,014)	(1,223)
<b>TOTAL</b>	<b>6,613</b>	<b>5,944</b>

The deferred tax assets are primarily composed of elements of Partners' compensation (Retirement benefit provisions).

The deferred tax liabilities pertain to amortisable client relations presented in assets, for which the financing is guaranteed by the Partners.

As a result, the net deferred tax is presented in "Non-current liabilities due to Partners".

## Note 17: Contingent liabilities

There were no contingent liabilities as of 31 August 2011 or 2010.

## Note 18: Auditors' fees

For the year ended 31 August 2011 the auditors' fees can be broken down as follows:

	2010/2011	2009/2010
BDO member firms	417	423
Crowe Horwath International member firms	482	420
Others	420	472
<b>TOTAL</b>	<b>1,319</b>	<b>1,315</b>

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

## Note 19: 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 nine members of the Governance Council amounted to 8,302 thousand euros for the 2010/2011 financial period. This was either paid during the year, or constitutes a current liability.

## Note 20: Personnel

Average numbers (*)	2010/2011	2009/2010
Partners	705	639
Technical staff	9,844	9,913
Administrative staff	1,959	1,850
<b>TOTAL</b>	<b>12,508</b>	<b>12,401</b>

(\*) Full-time equivalent.

## Note 21: Operating lease commitments

	31 August 2011	31 August 2010
<b>Non-cancellable lease commitments:</b>		
less than one year	46,591	47,503
over one year and less than five years	138,876	152,202
over five years	63,600	69,675
<b>Sub-total</b>	<b>249,067</b>	<b>269,380</b>
<b>AMOUNTS RECEIVABLE FROM NON-CANCELLABLE SUB-LETTING CONTRACTS</b>	<b>7,047</b>	<b>6,091</b>

## Note 22: Post-balance sheet events

There are no significant post-balance sheet events that need to be reported which may have had an impact on the 2010/2011 annual figures.

Nevertheless, to be mentioned, new entities will enter the Mazars organisation from 1 September 2011: Bermuda, Oman, Bahrein and, subject to the Partners' approval, Ghana, Qatar and Norway. They represent a fee income of approximately 6,000 thousands of euros.

## Note 23: Financing and compensation of Partners

### • 23.1: Non-current and current liabilities due to Partners:

	31 August 2011	31 August 2010
<b>Non-current liabilities:</b>		
Permanent financing	112,371	108,001
Provisions for retirement benefits	38,405	41,142
Bond issues	15,108	15,119
Deferred tax (net)	(6,613)	(5,944)
	<b>159,271</b>	<b>158,318</b>
<b>Current liabilities:</b>		
Deferred compensation	82,630	84,379
<b>TOTAL</b>	<b>241,901</b>	<b>242,697</b>

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 Partners’ financing in France and for the remainder part, experienced managers.

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

- financial instrument hedging (-122) (see note 14);
- variations due to conversion of financial statements in other currencies other than the euro (-7,431).

### • 23.2: Partners’ compensation:

	2010/2011	2009/2010
Dividends	23,924	24,684
Tax paid and payable by Partners	8,979	9,006
Salary and social charges	93,117	85,772
Fees and partnership profits	61,282	57,119
<b>TOTAL</b>	<b>187,302</b>	<b>176,581</b>

## Note 24: Entities entering the scope of consolidation in the year

	France	Sweden	Others	Total
<b>Merger date</b>				
Personnel numbers (*)				
Partners	–	42.0	7.7	49.7
Technical staff	25.7	148.0	80.0	253.7
Administrative staff	3.0	32.0	22.0	57.0
<b>TOTAL</b>	<b>28.7</b>	<b>222.0</b>	<b>109.7</b>	<b>360.4</b>
<b>Consolidated income statement</b>				
Turnover	2,371	31,728	2,451	36,550
Operating surplus (**)	106	9,183	629	9,918
<b>Assets at 31 August 2011</b>				
Total non-current assets	2,686	1,020	285	3,991
Total current assets	1,545	13,480	1,057	16,082
<b>TOTAL</b>	<b>4,231</b>	<b>14,500</b>	<b>1,342</b>	<b>20,073</b>
<b>Liabilities at 31 August 2011</b>				
Non-current and current liabilities due to Partners (***)	–	7,148	169	7,317
Other non-current liabilities	124	2	245	371
Other current liabilities	1,658	7,350	928	9,936
<b>TOTAL</b>	<b>1,781</b>	<b>14,500</b>	<b>1,342</b>	<b>17,624</b>

(\*) Full-time equivalents.

(\*\*) After organisation's contribution.

(\*\*\*) Before organisation's contribution.

In the absence of finalised accounts at 31 August 2010 for certain entities concerned, 12 months' pro-forma information could not be produced. The P&L account therefore reflects the impact of new entries to the perimeter for 2010/2011 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.

# INDEPENDENT auditors' report

## 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 31 August 2011, 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 the related notes number 1 to 24.

## 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 2011, 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, 24 November 2011

**BDO**  
André Killesse  
Belgium



**Crowe Clark Whitehill LLP**  
Steve Gale  
United Kingdom







## Transparency Report

# OUR SELF-DETERMINED APPROACH AND OUR COLLECTIVE CONTRIBUTION

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Since 2008, Mazars has been pursuing a self-determined approach on the matter of transparency reports. In compliance with the European Directive on the legal supervision of accounts, Mazars publishes individual country reports, but also offers, through its Annual Report, a complete overview on the Group's transparency. We also encourage the entities in our partnership to voluntarily publish their own transparency reports, even where they have no legal obligation.



## TRANSPARENCY REPORT

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### 110 Introduction

### 112 The Mazars Group

- 1.1 Presentation of Mazars Scrl
- 1.2 Governance of Mazars Scrl
- 1.3 Mazars' worldwide presence as of August 31st 2011

### 115 Mazars' quality assurance and risk management policy

- 2.1 Independance
- 2.2 Quality Control System
- 2.3 Our contribution to the standard setting process

### 121 Clients

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

### 122 Human resources

- 4.1 Quality through talent
- 4.2 International staff
- 4.3 Partners
- 4.4 Mazars' policy regarding the continuing education of statutory auditors

**S**pecialising in audit, advisory, accountancy, tax and legal services, Mazars is a leading integrated and independent organisation whose international dimensions are expanding every year. As at 31st August 2011, Mazars is present in 61 countries around the world, with 13,000 highly qualified staff. Our consolidated turnover for the year 2010-2011 is €956.7M, an increase of 8.2% on last year's result, and 7.4% at constant exchange rate.

Mazars' development model has been nourished since the very beginning by the diversity of talented people who join us and the complementarity between our various sets of expertise, all of which contribute to constant enrichment in the added-value we create for our clients. We approach our relationships with our clients in the conviction that collective intelligence forms a meaningful dynamic that counts for more than the sum of all individual

# INTRODUCTION

## Collective intelligence

contributions. We all listen to our clients; we stay in constant touch with them, and work alongside them to co-create innovative, purpose-built solutions that effectively address their issues. In the same spirit, we strive to actively contribute to current thinking on our professional environment or the norms that regulate our activity.

In line with this, we were heavily involved in the public debate opened by the European Commission on the structure of the audit market in Europe, following the publication in autumn 2010 of the Green Paper: "Audit Policy: Lessons from the Crisis". Our contribution took the form of a detailed paper built around a certain number of proposals that, in our view, constitute a consistent and practical programme of reform.

In addition, we are committed to:

- playing an active part in the work of international professional bodies and contributing regularly to their think-tanks, and the regulatory developments affecting our activities (IASB, IFAC, ESMA...)
- recruiting and developing the best people to work in synergy with our clients' teams
- constantly evolving our methodologies and our service offer to meet and anticipate our clients' needs
- being a responsible member of society by regularly reaffirming our CSR commitments. We are developing a line of 'responsible' services for our clients, in particular to help them in their approach to non-financial reporting. We also support a number of projects around the world tackling climate change (programmes for reducing or offsetting our

carbon footprint) as well as projects promoting respect for human and cultural diversity. Our commitment to society and community is, of course, on-going, driven notably through the Mazars Foundation, and we strive to improve access to culture for all through our patronage policy.

As a responsible Group, our intention is to make a contribution in the area of transparency. Firstly with the voluntary publication of our Group Annual Report, initiated in 2004-2005, which includes consolidated financial statements complying with IFRS standards, and certified by independent auditors. Secondly, through a self-determined approach to transparency reports, since the launch in 2006 of the European Directive on the legal supervision of accounts. Since 2008, we publish the countries' reports, as well as a complete transparency report for the whole Group and we also encourage all the entities in our integrated partnership who are not legally obliged to do so, to publish a 'country' transparency report voluntarily.

**Patrick de Cambourg**  
President and CEO, Mazars Group



**Jean-Luc Barlet**  
Chief Compliance Officer,  
Mazars Group



# THE MAZARS group

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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.

**T**he democratic partnership gives each partner the right to vote on the strategic decisions involving the future of the partnership. This sharing of responsibility is central to Mazars' principles and practices. We established an integrated international partnership with the principal objective of guaranteeing consistency in the quality of our service to clients.

## 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 Clark Whitehill.

The Group Executive Board (GEB), directly elected by the partners, assumes ultimate responsibility for the framework of the Mazars organisation. Mazars is not simply a collection of national firms, but an integrated organisation of professionals sharing growth goals, commitments to investment and technical excellence, bearing risks and sharing profits.

### Operational integration

In order to serve its clients the best way at a worldwide level, Mazars developed an international, homogenous and integrated approach to the markets on which the Group operates. To this end, Mazars is structured internationally around two major business lines – Public Interest Entities (PIE) and Owner Managed Businesses (OMB) –, two professional services lines – Tax and Law – and four 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 (CBUs) and Country Support Units (CSUs).

The main responsibility of the GBUs is to define the overall strategic vision, to monitor and support implementation at country level and to ensure the Group's operational efficiency. In this sense the GBUs are accountable for overall strategic delivery (i.e. growth and profitability). The GSUs support our business in a joined up way for the benefit of our clients in areas such as policies, systems, people and processes.

Mazars is structured in such a way as to ensure that the countries, the GBUs and GSUs and the Group are aligned. It has a management structure which

facilitates the bringing together of senior partners or managers of all integrated entities and Global Units in periodic meetings taking place at least three times a year.

The integrated international partnership permeates through every aspect of the 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 global business unit 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 Group.

All the entities of the Mazars integrated international partnership are thus committed to enhance the quality of services provided to large, cross-border groups, in a more complex and global environment.

## 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, under the supervision of the Group Governance Council (GGC). 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 at least once every other month 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/Eric Albrand, 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 9 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 – Hong Kong.
- 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 31st August 2011

Mazars serves its clients throughout the world via:

- integrated member entities in 61 countries; and
- non-integrated entities in 22 countries.

Within the non-integrated entities are correspondents or joint-ventures of Mazars SCRL, and country local correspondents.

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 nonprofit-making International Association regulated under Belgium law (AISBL). Praxity is present in 87 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 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 is a member firm of Praxity. Through Praxity, Mazars is able to accompany its clients in 17 additional countries.

# MAZARS' QUALITY ASSURANCE and risk management policy

The Group Executive Board of Mazars takes overall responsibility for internal quality control including a periodic review of its effectiveness. To this effect it has set up a Technique and Innovation Global Support Unit (T&I GSU).

**T**his Technique and Innovation 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 constitute 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 International Standards on Auditing (ISAs), the IFAC Code of Ethics and International Standard on Quality Control (ISQC). Each year there is a follow-up of the action plans that have been defined jointly with the Mazars firm's Risk Management and Quality Leaders and approved by the Managing Partners. There is also a review of each member firm's own annual self-assessment and of the results of their internal and national external 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 International Federation of Accountants (IFAC) standards. They are available online and are regularly updated to reflect changes in regulations.

Mazars is a member of the Forum of Firms and has declared 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. These criteria are as follows: the implementation of a quality control programme coordinated across the world and the application of the IFAC Code of Ethics and of ISAs to all transnational audits.

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 2011, Mazars is the legal auditor of more than 500 listed companies in the 61 integrated countries of its partnership and in the 22 countries where Mazars serves its clients through non-integrated firms.

Maintaining independence is of utmost importance for audit firms.

### 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 has adopted a Code of Conduct for Objectivity and Independence (CCOI), which is compliant with the revised IESBA Code effective on January 1, 2011.

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 programmes.

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 also subject to authorisation of the client's audit committee, where required by auditing standards or when the client has put in place a procedure for the prior approval of such services.
- A complete list of non-audit services rendered to audit clients. For group audits, this list forms part of the audit instructions sent out by the coordination team. These non-audit services are subject to a priori communication and a posteriori inventory and confirmation of independence to the group audit engagement and 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.
- A method of remunerating partners that is not solely related to the level of fees billed, new clients obtained or additional engagements performed for their clients and/or to financial performance, but taking into consideration the quality of the engagement.

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 the IESBA 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 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 independence safeguard systems**

The internal systems described above were established so as to identify circumstances whereby Mazars' independence could be impaired and to take appropriate safeguarding measures.

The management of each member entity commits to implement these measures and the persons in charge 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. These policies and procedures are complemented by audit methodology and audit support techniques which are shared among members of the organisation and by joint training initiatives. Specific audit software has been developed which allows a structured audit approach in accordance with the most recent and comprehensive auditing standards (IFAC clarified standards, supplemented by national requirements).

Compliance with the organisation's policies and procedures is regularly controlled through reporting by the entities on the results of their internal and external quality control and through periodic quality assurance reviews by trained and experienced reviewers from other countries.

### **2.2.1 The internal Quality Control System**

#### **Maintaining quality**

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

Mazars' strategy in terms of training (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,
  - engagement quality control 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.

## A Global Assurance Programme and internal inspections

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

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 trained and experienced Mazars reviewers from different countries.

Each reviewer or quality control responsible prepares 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 geographical zones are informed of these action plans and follow up the implementation with the help of the IQCC.

Each year the entities critically assess their Quality Control System by implementing a monitoring programme which involves an assessment of the adequacy and effectiveness of the entity's procedures and a review of engagement files. Each partner is reviewed at least every three years. The results of the

engagement file reviews are taken into account in determining the partners' compensation.

Once a year, the entity communicates the results of internal and external quality control reviews (ReQAR/IQAR/national oversights and peer reviews) 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:

- Mazars response to the European Commission (EC) Green Paper on Audit Policy: Lessons from the Crisis of October 2010, which covers a wide variety of audit and auditors reporting related topics, can be accessed at: <http://www.mazars.com/Home/News-Media/Latest-news2/Mazars-contribution-to-the-Green-Paper>
- Mazars responds 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 and its committees and boards, FEE, EAIG, PCAOB, IASB...;
- Mazars takes part directly, as stated above, in international professional bodies such as IFAC, FEE, ESMA, EFRAG, IASB...
- Our professional staff receive regular training in both actual and potential future developments. This enables audit teams to anticipate these changes and work with their clients on complying with them.

In each country, Mazars' entities are also active in accounting and auditing professional bodies and organisations.

# CLIENTS

## 3.1 Service offering and turnover

As previously mentioned, Mazars' services fall into four global business units, two of which are focused on Clients and two on Services. This structure is mirrored by each member entity.

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.

The consolidated accounts of Mazars Scrl for the year to 31 August 2011 are due to be approved at the General Meeting of partners on 10 December 2011. Once published, they will be available on the Group website ([www.mazars.com](http://www.mazars.com)).

## 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, 2011 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, 2010 to August 31, 2011) and is available on the concerned member entity's website.

## TURNOVER PER GLOBAL BUSINESS UNIT (€ Million)

	2010/2011	2009/2010
PIE	456.1	426.6
OMB	383.9	348.1
Tax	99.4	92.5
Law	17.3	17.2
<b>TOTAL</b>	<b>956.7</b>	<b>884.4</b>

# HUMAN Resources

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## 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;
- 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 organisation.

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.

Each employee has their own special role and their own chance to play a defining part in our success.

## 4.2 International staff

As of August 31<sup>st</sup> 2011, around 13,000 people are working in Mazars offices in the 61 integrated countries including more than 1,500 new recruits that have joined the Mazars teams in 2010-2011.

## 4.3 Partners

### 4.3.1 Our partners on an international level

As of August 31, 2011, Mazars Scrl has a total of 696 partners spread across 61 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 organisation overall.

At Group level, the measure is the "operational performance", after the deduction of any unforeseen expense such as litigation which remains the sole responsibility of the national entity concerned.

Profits are shared between partners in proportion to the number of shares (or "base points") they hold. Financing business activity depends exclusively on each national member entity and follows the same logic of proportionality as the division of profits.

Several countries have also opted for a bonus system based on individual performance, awards being made from a pot representing up to 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 benefits from the complete training programme and so that the training received is in line with their responsibilities and with their work.

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 Group-wide training and promotes and encourages the sharing of professional knowledge, of professional experiences and the best professional practices.

#### 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.

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

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

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.

# NOTES



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## Mazars

Group Communications Department

### Special thanks

Thanks to all the Mazars employees and partners illustrating these pages, with a special tribute to **Bérengère, Bob, Caroline, David, Denis, John, Mee Kee, Moea, Morgane, Pierre, Rémy, Xavier and Yassir** for their availability and kindness. We also want to thank the internal copywriting and proofreading team.

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