PAVING
NEW WAYS TOGETHER

ANNUAL REPORT

MAZARS

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LEADING THE WAY

THE GROUP EXECUTIVE BOARD IS MADE UP OF SIX MEMBERS ELECTED FOR A FOUR-YEAR TERM

- **Philippe Castagnac,** Group CEO, Chairman of the Executive Board
- **Antonio Bover,** Co-CEO, Sponsor of GBU Tax and GBU Law, Senior Partner of Mazars in Spain
- **Hervé Hélias,** Co-CEO, Senior Partner of Mazars in France
- **Hilton Saven,** Co-CEO, Sponsor of Emerging Markets, Senior Partner of Mazars in South Africa
- **Phil Verity,** Co-CEO, Senior Partner of Mazars in the United Kingdom
- **Victor Wahba,** Co-CEO, Member of the Executive Committee of WeiserMazars in the United States

THE GROUP GOVERNANCE COUNCIL IS MADE UP OF 14 MEMBERS ELECTED FOR A FOUR-YEAR TERM

- **Patrick de Cambourg,** Group Chairman, Chairman of the Governance Council (France)
- **Kenneth Morrison,** Vice-Chairman of the Governance Council (China, Hong Kong)
- **Douglas A. Phillips,** Vice-Chairman of the Governance Council (United States)
- **Thierry Blanchetier** (France)
- **Kathryn Byrne** (United States)
- **François de Carbonnel***
- **Anita de Casparis** (Netherlands)
- **Simone Del Bianco** (Italy)
- **Mohamed Ali Elaouani Cherif** (Tunisia)
- **Denise K. Fletcher***
- **Patrice de Folleville** (Germany)
- **Tim Hudson** (United Kingdom)
- **Kathleen Robison** (South Africa)
- **Jean-Louis Simon** (France)

** External members*

Mazars is an international, integrated and independent, organization specialized in audit, advisory, accounting, tax and legal services. As of September 1, 2013, the Group operates in 72 countries and draws on the expertise of 13,800 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development.

Efficient, trusted and innovative companies, communities or countries are those that 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 contribute more broadly to the collective dynamic that results.

At Mazars we believe the best strategies are driven by collective intelligence. We see it as our responsibility to independently advocate financial and operating models that promote stability, quality, transparency, confidence and sustainable growth.

We believe in customized solutions, addressing each of our client's challenges with a dedicated team of experts combining local market knowledge and global technical expertise. Serving public interest entities and owner managed businesses, Mazars professionals operate across six business lines as experts in the financial, industry, services and public sectors.

MAZARS, MORE COLLECTIVE, MORE TRANSPARENT, TO DRIVE PROGRESS TOGETHER

You can read online and download every annual report published by Mazars since 2004/2005 on the following website: **annualreport.mazars.com**

PAVING
NEW WAYS TOGETHER

KONRAD ADENAUER AND JEAN MONNET, THOMAS STAFFORD AND ALEXEI LEONOV, NELSON MANDELA AND FREDERIK DE KLERK, ANWAR EL-SADAT AND MENACHEM BEGIN, RICHARD NIXON AND ZHOU ENLAI...

All of these prominent figures share a common characteristic. All of them were able to see beyond their political opinions to realize that thinking differently and paving new ways were a necessity to secure peace and prosperity.

At Mazars, because we believe in the power of collective intelligence, we get our inspiration from the actions of these pioneers and change-makers. As they did, on our own scale, we want to act as ground breakers in our own market, with our own model.

This is why we wanted to pay homage to these leaders in our Annual Report. In an ever-changing environment, we believe that more than ever we need to keep an open mind and shape a new vision for the future.

The editorials and sections of this report all convey this central idea, at the core of how Mazars envisions its relationship with its clients: thinking and working collectively on innovative solutions is the best means by which to pave the way towards sustainable growth.

HERALDING A DIFFERENT MODEL

PHILIPPE CASTAGNAC, GROUP CEO, CHAIRMAN OF THE EXECUTIVE BOARD
KENNETH MORRISON, VICE-CHAIRMAN OF THE GOVERNANCE COUNCIL, PARTNER AT MAZARS IN CHINA (HONG KONG)

In the professional services sector, what makes Mazars stand out from its competitors?

Philippe Castagnac: At Mazars, we foster a pioneering spirit. Our partners are experts in audit, accounting, advisory and tax services with a keen understanding of our clients' issues and priorities. What sets us apart, above all, is that our partners have the freedom to take initiatives in their markets. This enables us to constantly hone our offering worldwide – because our clients are looking for more than ready-made solutions. It is about paving new ways together and building solutions collaboratively. In a nutshell, Mazars' development strategy benefits both our clients and our growing integrated partnership.

It is also important to note that we are the only major international player in our field that publishes global consolidated financial statements. We believe that transparency is crucial and that we should hold ourselves to the highest standards. All our stakeholders – partners, clients, employees and society – deserve a clear picture of where we stand today and what our vision is of the future.

Kenneth Morrison: When our clients move into new regions around the world, they need a professional services firm that is responsive and ready to co-construct. In Asia, for example, we work with foreign companies that are set up locally and focus on the international market. These clients are innovators themselves, and they want pioneering teams at their side to help drive their development.

> "Vision is picture of the future that creates passion today."
>
> KENNETH MORRISON

How will Mazars maintain its integrated model as you continue to expand globally?

Philippe Castagnac: In 1995, we started expanding our presence throughout the European Union. We have set our sights even higher since 2005 and have moved into a number of new countries across the globe – doubling our activity in less than seven years. But Mazars is much more than a composite of these numbers, because our partners don't just believe in our model,

> **Over the last 30 years, we have invested heavily in building our brand throughout Europe and the rest of the world. Mazars is one partnership, and we will remain independent, international and integrated.**
>
> **PHILIPPE CASTAGNAC**

they live the model. And we have been able to develop a strong, integrated model, because our professionals operate in an environment of trust.

Kenneth Morrison: It takes a long-term commitment to build a global presence. Today, our partnership spans 72 countries, and we plan to be present in some 100 countries within a few years. Over the last year, we have continued to grow both organically and externally. Despite the state of the economy and growing price pressure, we increased our turnover worldwide by 4.1%.

Philippe Castagnac: What makes our model truly sustainable is our focus on our greatest asset: our people. At Mazars, our professionals are more than resources or tools. Together, they embody our sense of passion.

Kenneth Morrison and Philippe Castagnac

GLOBAL AMBITIONS, REAL DEVELOPMENT

PATRICK DE CAMBOURG, GROUP CHAIRMAN, CHAIRMAN OF THE GOVERNANCE COUNCIL
DOUGLAS A. PHILLIPS, VICE CHAIRMAN OF THE GROUP GOVERNANCE COUNCIL AND MANAGING PARTNER OF WEISERMAZARS IN THE USA

How is the international market for professional services changing?

Patrick de Cambourg: The market for professional services naturally follows the evolution of the companies' challenges. Over the last few years, companies have had to live in a state of constant change, where they have to adapt themselves or adjust their strategy in real time to follow the evolution of their environment. To make sure they come to the right decisions, companies consequently need reliable data ; that is why quality of financial information and transparency, both internal and external, have become an asset and a necessity to guarantee optimal corporate communication and management.

This phenomenon of course affects our market, so that it is accountability rather than simply accounting that we offer. Because our services are essential to facilitate, and explain decision making, service firms can no longer provide standardized service. Players in our market have to listen, to understand our clients' issues, and become a real long term business partner, able to help them face and anticipate their challenges. It is time to shift from a provider of service approach to a contributor of substance approach. In this regard, Mazars' agility and capacity to innovate, to think out of the box and to offer our clients a different vision is a key asset.

Douglas A. Phillips: Today, better governance is high on the agenda for our clients and goes hand-in-hand with transparency. Companies in the US market and their subsidiaries abroad seek to put in place the right governance as they create efficient structures to generate solid results in their international markets. Our role is to provide ongoing assistance, driven by a sense of purpose and a spirit of independence.

Where is Mazars heading over the next few years?

Douglas A. Phillips: Mazars is a young, dynamic firm with a solid reputation. This makes us particularly attractive, both for clients and other professional services firms. We are experiencing an international domino effect – a type of virtuous circle – that allows us to bring in top-notch firms worldwide.

> “Mazars is a solid player that offers consistent service worldwide. Our model has enabled us to become a major player in professional services for publicly-traded companies. Today, we are also expanding our reach among small- and medium-sized enterprises.”
>
> **PATRICK DE CAMBOURG**

Douglas A. Phillips and Patrick de Cambourg

And as we expand our global reach, we are also winning more international assignments.

Yet, the scope of our work extends much further. Our clients call on us for expertise and assistance across the globe. We are their partner as they move into new territories and develop worldwide. Our integrated approach enables us to help our clients take their business to new heights, both at home and abroad.

Patrick de Cambourg: In 2020, we expect Mazars' partnership to include some 20,000 to 25,000 professionals. To achieve this goal and keep our cutting edge, especially as we move in culturally diverse areas, we must base our international development model on what makes us different, our capacity to integrate, not to assimilate. Sharing must remain at the heart of this expansion and is based on global integration through our partnership. As we expand internationally, the way we share our knowledge and resources allows us to provide a consistent approach for our clients wherever they operate.

In Asia, for example, we are bringing in key players in the market to create a real alternative in professional services. These combinations will give us a competitive edge in domestic and international markets, opening doors for example in Africa and South America. It is a new step in a process that took us from nothing to over 2,000 professionals in Asia-Pacific in a few years, and this step will serve as a beacon of our difference.
We are proving that it is possible to grow without absorbing everyone into a single, standardized culture, because, more than ever, we are convinced that our differences make our strength, as they give us our unique ability to understand the challenges our clients are facing. However, Asia is not the only region in which we plan to expand and organize our presence as we are taking advantage of every opportunity in the United States and reinforcing our teams in Europe, to prepare for the results of the European Union's audit reform.

> **"Mazars continues to win key accounts among subsidiaries of international companies in the United States. These companies are moving into new markets across the globe and look to Mazars to provide expertise on the accounting, tax and legal aspects of their operations."**
>
> **DOUGLAS A. PHILLIPS**

CREATING A GLOBAL CHAMPION

HERVÉ HÉLIAS, CO-CEO, SENIOR PARTNER OF MAZARS IN FRANCE
RUDI LANG, PARTNER, HEAD OF BANKING ACTIVITIES OF MAZARS IN THE UNITED KINGDOM

How has Mazars come to the fore in audit and advisory services?

Hervé Hélias: In Europe, for example, Mazars has emerged as a recognized player in providing asset quality reviews to the European Central Bank and regulatory authorities. We have a great deal of expertise in the field of banking, and we are proud to be working for five of the top 10 banks in Europe. Over the years, we have shown our capacity to deliver major financial accounting change management programs for leading European financial services companies. These players turn to us for a number of reasons. First off, we resemble them, because we are both European and global. They also understand that we have the structure and resources to coordinate complex cross-border assignments for their needs worldwide.

Rudi Lang: Our work with Alpha Bank in Greece, under the direction of the European Commission, illustrates how our teams come together. Our experts in Athens, Paris and London worked side by side to make this project possible. And now as Alpha Bank's monitoring trustee, Mazars is doing its part to help put the bank on a sounder footing. This is part of our role as we serve public-interest entities.

Germany is another good example of how we tap into our partnership to help our clients.

> “Our roots may be European, but our reach is global. That's a real plus for us in many markets.”
>
> **HERVÉ HÉLIAS**

> **Working with the world's biggest banks requires in-depth knowledge and long-standing experience. At Mazars, our banking teams are made up of former regulators, industry executives and senior professionals who offer both.**
>
> **RUDI LANG**

With 300 dedicated staff members in six offices, we don't only help businesses develop in their domestic markets. Our German clients are focused on expanding internationally and seek a global European champion to guide them as they grow. It's about leveraging our integrated partnership to ensure seamless support and uniform standards of quality worldwide.

What is your reading of Mazars' opportunities beyond Europe?

Hervé Hélias: Mazars' reputation is growing every year. In 2012/2013, we increased our PIE (public-interest entity) business by approximately 3.5% worldwide. Given the economic context today, we are pleased with our performance. We have made major strides, for instance, in Asia, where we are the only non-Big 4 audit firm delivering assurance services to companies on the Hang Seng. In South America, our Brazilian outsourcing platform has also generated new business with several household names in the United States. These represent big wins for Mazars, with each project garnering greater visibility for our brand.

Rudi Lang: The BRIC (Brazil, Russia, India, China) economies continue to record good growth, but we need to watch out for risks on the horizon in the medium term in countries such as Brazil and China. The environment for our clients and our teams is probably moving most quickly in newer emerging continents and regions. In Africa and South America for example, the businesses that are the most agile in building up their resources and people on the ground will be those that benefit most from local growth stories.

PROVIDING LOCAL EXPERTISE EVERYWHERE

PHIL VERITY, CO-CEO, SENIOR PARTNER OF MAZARS IN THE UNITED KINGDOM
EDUARDO CABRERA, MANAGING PARTNER OF MAZARS IN BRAZIL

"SMEs turn to Mazars because we deliver personalized service. We also have the knowledge and skills to meet their core needs and add value to their businesses worldwide."

PHIL VERITY

In today's ever-changing economic climate, what are your clients looking for in a professional services firm?

Phil Verity: Economic change is a constant reality for our SME (small- and medium-sized enterprise) clients, as they evolve and restructure their businesses. They are seeking out not only the best price for each service, but also the best-of-breed provider for each service, using what could be termed as a 'mix and match model.' These clients demand a special skill set and are looking for a professional services firm that focuses on understanding the strategic issues of their business in order to create relevant insights and solutions.

Eduardo Cabrera: This is particularly true of our OMB (owner-managed business) clients that operate both locally and internationally. They need local expertise – everywhere. Our firm has created an international team of partners whose primary collective ambition is to make a tangible difference to the clients we serve worldwide, through the application of deep knowledge and understanding of the specific challenges our clients face.

How does Mazars deliver in today's demanding market?

Eduardo Cabrera: We have adopted a client-centric model of service where the issues of the business owner and the business are always at the forefront of our minds as we deliver our services on a day-to-day basis. We work closely with our clients to help them take on the fundamental challenges of managing their business.

Regardless of the issues at hand, we are at their side – from assisting with technical tasks to advising on specialist aspects of how to get the best from the business. We also help them develop practical tactics to chart or navigate the best route to build a profitable and sustainable business.

Phil Verity: While providing audit, assurance, accounting and tax advisory services remains at the core of our business, we continuously seek innovative ways to deliver a consistent quality of service to our clients at a more competitive cost. In today's complex business world, organizations need support as they work through key issues related to growing market share, improving profitability and building a more sustainable and resilient business. Our business model allows us the flexibility to respond to a wide range of requirements from specialist technical advice and services to the provision of an outsourcing solution for areas considered non-core to the business. As one integrated firm, we share a common vision that focuses on investing together to create a compelling proposition for our clients.

"We created a special global division dedicated to providing ongoing support to owner-managed businesses, because we understand that this segment of the market has very specific needs."

EDUARDO CABRERA

OFFERING A RESPONSIBLE APPROACH

TON TUINIER, HEAD OF GLOBAL BUSINESS UNIT TAX,
MEMBER OF THE EXECUTIVE COMMITTEE OF MAZARS IN THE NETHERLANDS
DAVID SAYERS, INTERNATIONAL TAX PARTNER, UNITED KINGDOM

What makes Mazars' approach to tax services viable in today's marketplace and what is the real benefit for clients?

David Sayers: The economic crisis has had some positive effects in Europe and beyond, changing the way many businesses operate. Today, our clients have greater needs in terms of tax services, but they have learned that assurance takes precedence over an aggressive approach. At Mazars, we offer a prudent, risk-based approach that focuses on efficient management in full compliance with the law.

> "When a client plans to divest foreign interests, our job is to think outside the box to structure the transaction so that we can reach a more favorable tax result."
>
> **TON TUINIER**

Ton Tuinier: There is no silver bullet when it comes to tax issues. Mazars seeks to serve society and that means upholding the values of loyalty, respect and solidarity. These values speak to our clients because they understand the importance of developing a long-term strategy and not just finding a quick fix that can lead to greater risk down the line. Our tax experts combine a sound understanding of cross-border tax issues with detailed knowledge of tax structures and solutions in each country.

How have you developed a specialized tax offering for clients with operations around the world?

Ton Tuinier: With the globalization and growing complexity of business activities, there is a call for more specialized knowledge within professional services firms, especially in the field of tax services. The breadth of our expertise enables us to handle a wide array of issues: transfer pricing, mergers and acquisitions, cross-border corporate structuring, and more. Many AOS, or Accounting and Outsourcing Services, clients come to us for tax compliance issues involving VAT, corporate income tax and payroll tax. What they find at Mazars is a full-service model with specialized tax advisory services. Mazars provides integrated AOS to international clients through one relationship manager who is responsible for the client relationship across the globe.

Our clients are undergoing change and transformation, and they need ongoing tax advisory assistance worldwide as they grow, build, divest and sell.

DAVID SAYERS

David Sayers: In 2012, we strengthened our international tax practice by creating three more Tax Country Business Units (CBUs), bringing the total number of CBUs to 18 today. We have delivered solid results over the last year. Turnover for our tax practice grew by more than 10% worldwide from €110 million to €122 million. Tax services now account for 12% of our global turnover and represent a strategic part of Mazars' service offering. Our clients range from a Turkish automotive manufacturer selecting European headquarters to a Dutch company structuring an investment in a Brazilian energy company, yet they all turn to Mazars for highly qualified tax advisory services. We also cater to international entrepreneurs who seek guidance – from when they begin considering starting up abroad for the first time, right through to when it's time to divest. At every stage of the project life cycle, they call on Mazars' teams of dedicated tax specialists.

David Sayers and Ton Tuinier

Konrad Adenauer and Jean Monnet

Dubbed the founding fathers of Europe, German Konrad Adenauer and French Jean Monnet were driven by the idea that bringing together the people of Europe in a new form of union would secure lasting peace. In 1950, they built a system which placed the production of steel and coal of France and Germany under a single authority – a system that would ultimately become the European Union.

IDENTITY
LAYING THE FIRST STONES

Are we organized differently because our vision is different? The real strength of an international, integrated partnership like ours lies precisely in our capacity to compare different views, expertise and cultures, and use them to offer our clients, our professional communities and society as a whole, the unique insight of collective intelligence.

A COMPLETE RANGE OF SERVICES

LAW
- Corporate law/M&A transactions
- Real estate
- Banking & finance
- Restructuring
- Private equity/venture capital
- Labour law
- Litigation & arbitration

AUDIT AND ASSURANCE
- Statutory audit
- Contractual audit
- Technical reporting standards
- IPO

TAX
- Business tax compliance
- Tax advisory services
- Corporate tax/International tax
- VAT/Indirect tax
- Transfer pricing services
- Employment tax
- Expatriate tax services
- Corporate structures
- R&D credits

FINANCIAL ADVISORY SERVICES
- Corporate finance
- Forensic
- Project finance
- Restructuring
- Transaction services
- Valuation

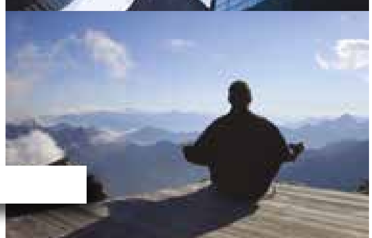
OUTSOURCING AND ACCOUNTING
- Accounting and Compliance
- Management Accounting Reporting
- Payroll services

CONSULTING
- Governance & Risk Management
- Strategy Alignment & Operations
- Corporate Social Responsibility

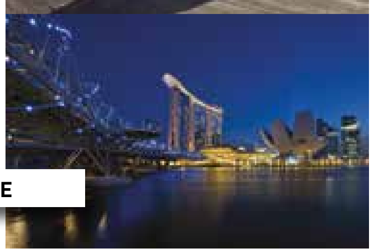
THREE SPECIALIZED SECTORS

FINANCIAL SERVICES

BANKING

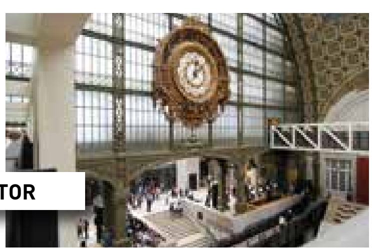


INSURANCE



REAL ESTATE

PUBLIC SECTOR



PUBLIC SECTOR

INDUSTRY & SERVICES

RESOURCES

MANUFACTURING

DISTRIBUTION

MEDIA

INTERNATIONAL PRESENCE

SERVING OUR CLIENTS WORLDWIDE

13,800

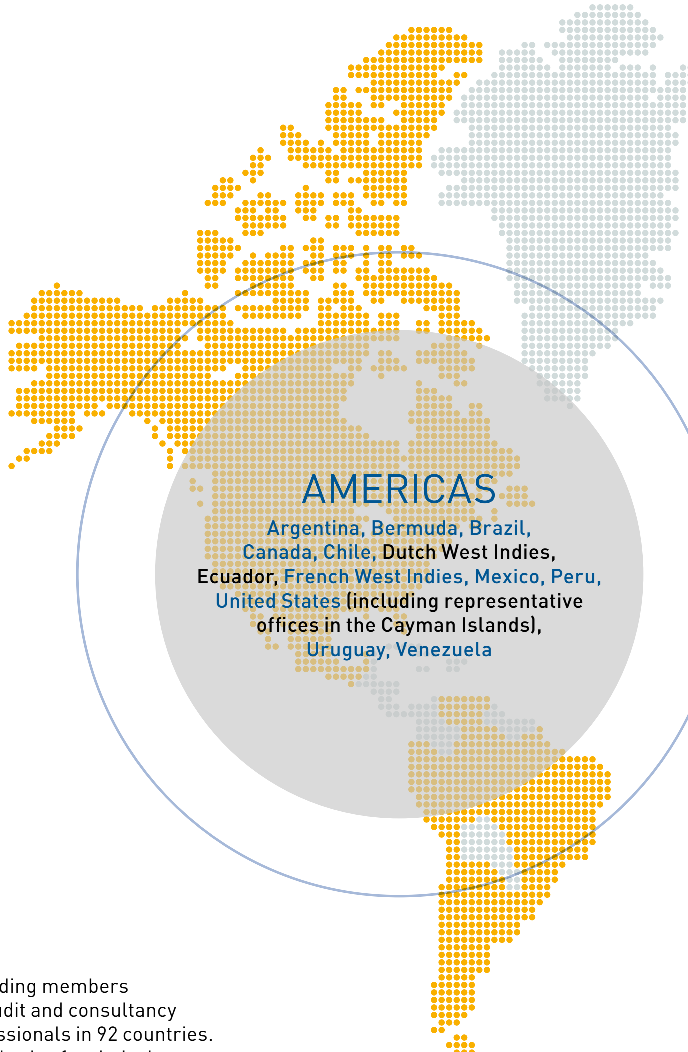
PROFESSIONALS

72

COUNTRIES
IN THE INTEGRATED
PARTNERSHIP AS
OF SEPTEMBER 1, 2013

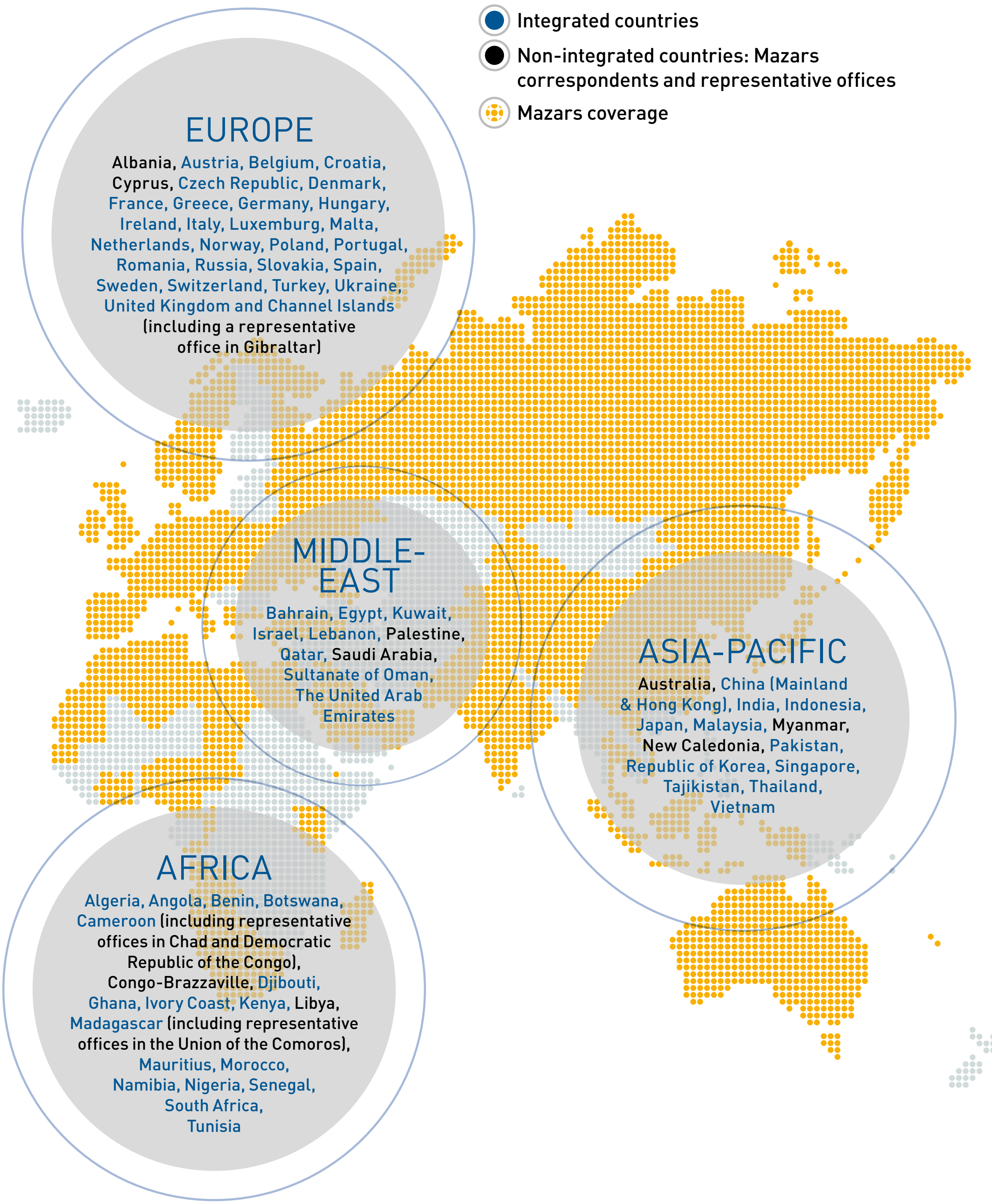
13

ADDITIONAL COUNTRIES
WHERE WE SERVE OUR CLIENTS
THROUGH OUR CORRESPONDENT
AGREEMENTS AND
REPRESENTATIVE OFFICES



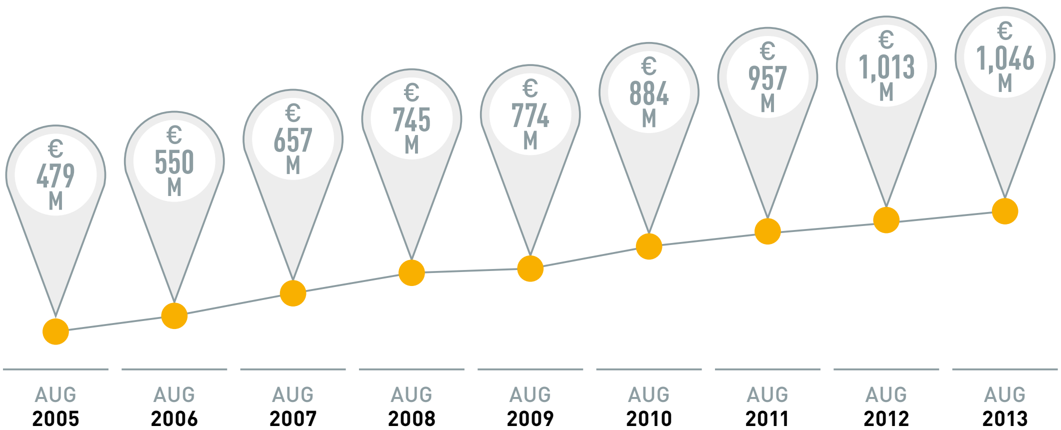
Praxity MEMBER
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

In 2007, Mazars became one of the founding members of Praxity, an alliance of independent audit and consultancy firms, which now includes 30,000 professionals in 92 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 18 additional countries.


Integrated countries
Non-integrated countries: Mazars correspondents and representative offices
Mazars coverage
EUROPE
Albania, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Greece, Germany, Hungary, Ireland, Italy, 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)
MIDDLE-EAST
Bahrain, Egypt, Kuwait, Israel, Lebanon, Palestine, Qatar, Saudi Arabia, Sultanate of Oman, The United Arab Emirates
ASIA-PACIFIC
Australia, China (Mainland & Hong Kong), India, Indonesia, Japan, Malaysia, Myanmar, New Caledonia, Pakistan, Republic of Korea, Singapore, Tajikistan, Thailand, Vietnam
AFRICA
Algeria, Angola, Benin, Botswana, Cameroon (including representative offices in Chad and Democratic Republic of the Congo), Congo-Brazzaville, Djibouti, Ghana, Ivory Coast, Kenya, Libya, Madagascar (including representative offices in the Union of the Comoros), Mauritius, Morocco, Namibia, Nigeria, Senegal, South Africa, Tunisia

2013 KEY FIGURES

GROWTH IN TURNOVER



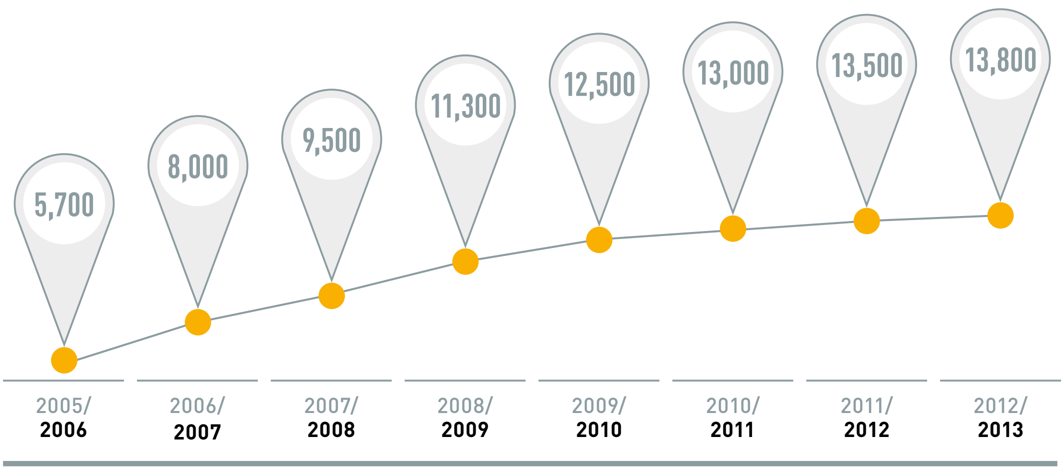
€1,046 M **2013** TURNOVER + 4.1 %*

At constant exchange rates

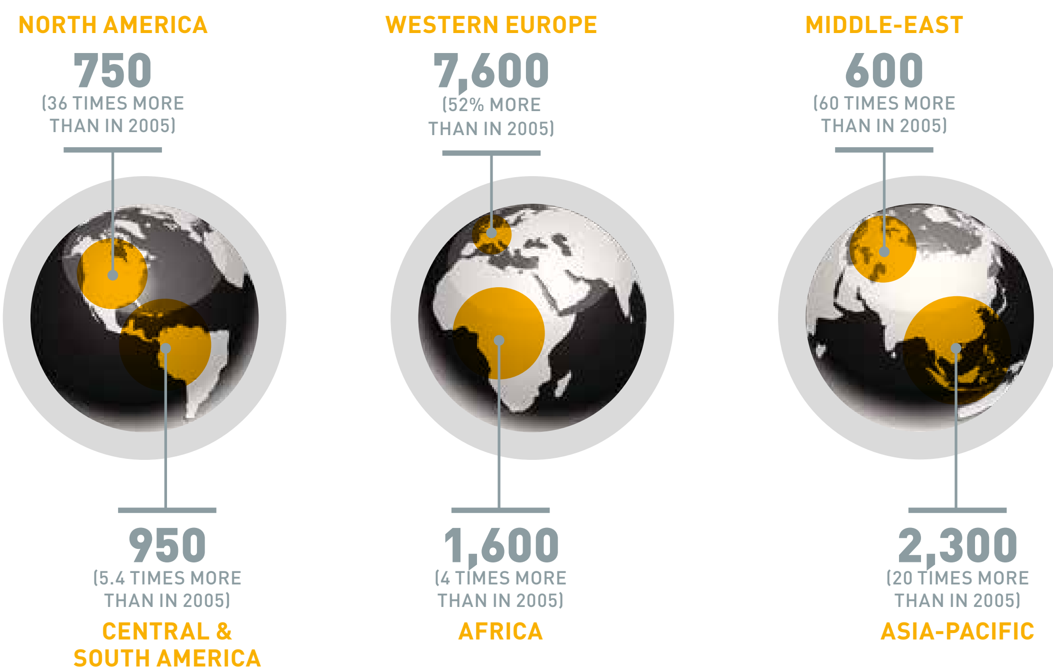
BREAKDOWN OF GROWTH COMPOSITION

ORGANIC GROWTH	**EXTERNAL** GROWTH	**CURRENCY** EFFECT
+ 1.5 %	+ 2.5 %	- 0.9 %
€16.6 M	€25.4 M	- €9.8 M

HEADCOUNT EVOLUTION



HEADCOUNT BY REGION



IDENTITY

MAZARS IN 10 KEY FACTS

In 2012, we took a close look at what sets Mazars apart. A multidisciplinary international team was put in place to reflect on our identity. This enabled us to reaffirm and adapt certain key elements of our brand, both in terms of our visual identity and main messages. We also reassessed what drives our brand and how we define ourselves as a firm. At Mazars, we embody the core focus of our brand: **progress driven by collective intelligence.** These **key highlights** from 2012-2013 illustrate how we live up to our Mazars values each day.

1

WHO ARE WE?

Independently-minded professionals eager to help foster economic and social development both locally and globally.

The Good Bank: Driving the debate to improve the global financial industry

Mazars sponsored an important initiative led by The Economist Group that brought together experts to discuss what it takes to be a good bank. The conversation revolved around the three pillars of a good bank: trustworthiness, innovation and effectiveness. *The Good Bank* report, published by The Economist Intelligence Unit, seeks to create a new model for banking. It draws on the results of a live webcast debate, online discussion and research featuring the contributions of senior banking executives and financial services experts worldwide.

To download *the Good Bank* report

2

WHOM DO WE SERVE?

The business community as a whole: major multinational, listed or not, small-and medium-sized enterprises, public-sector entities and private investors.

Fostering dialogue with the G20 to reform the financial system

The Business 20 (B20) brings together the key business associations of the G20 countries, including Business Europe, BDI in Germany, CBI in the UK, RSPP in Russia, CII in India, the MEDEF in France and the US Chamber of Commerce. The B20 has been meeting since 2010 to develop recommendations for G20 leaders. In 2013, our Chairman Patrick de Cambourg and Fabrice Demarigny, Global Head of Capital Market Activities at Mazars, contributed to the B20 recommendations for the financial system. The task force worked on the most crucial areas for financial stability and economic development: financial regulation, financial inclusion, trade finance and infrastructure development for financial markets.

To download the B20's recommendations

3

FOR WHICH BENEFITS?

As advisors and auditors, we foster state-of-the-art accountability, efficient and agile structures and organizations, enhanced performance and creation of long-term value.

Business in Society: Creating links between stakeholders

At Mazars, we believe that business should be seen as a part of and not apart from society. In association with the leading British think tank Tomorrow's Company, Mazars in the UK has launched a new initiative – Business in Society – to reshape the role of business in society. The initiative, which was launched formally at the European Parliament in Brussels on January 23, 2013, aims to ask the tough questions that boards, investors and policy-makers need to address if we are to create a global economy focused on and capable of achieving long-term sustainable growth.

4

HOW DO WE DIFFERENTIATE OURSELVES?

We provide innovative, tailored and global solutions to our clients, in a market that is too conservative and either too fragmented (for SMEs) or too concentrated (for large corporates).

Navigating M&A in the BRICS and beyond

In February 2013, Mazars published a study on *M&A in Fast Growing Countries: Traps and Structuring Opportunities,* covering the BRICs (Brazil, Russia, India, China) and ten other promising and growing economies that may present attractive opportunities to investors: Algeria, Egypt, Indonesia, Malaysia, Mexico, Nigeria, Philippines, South Korea, Turkey and Vietnam. The study focuses on the key issues related to external growth in these countries and, for each issue, provides several practical solutions and concrete illustrations to help investors understand transactional risks and seize opportunities.

5

HOW DO WE DELIVER?

Combining the reliability of methodologies inspired from the most advanced auditing and advisory techniques with our capacity to co-construct and think "out of the box" and our intrinsic sense of personal responsibility and responsiveness.

Winning a second IAB Award for Innovation

In 2013 we won the IAB (International Accounting Bulletin's) Audit Innovation of the Year Award for the second year in a row, this time for our Corporate Culture Audit practice. Mazars has designed a process – the Mazars Culture Compass – for corporate culture audit and alignment to make corporate culture visible, measurable, and even comparable. By analyzing vision and values, behavior, responsibility, as well as structures and functions, it is possible to assess the level of maturity in these areas relative to a benchmark. This method helps companies quickly identify cultural trouble spots and implement cultural remediation procedures.

To download the study on M&A

6

HOW ARE WE ORGANIZED?

As a global partnership: people-centric, participative, transparent and multidisciplinary, with expertise backed by experience.

Launching a new Mazars entity in Greece

We expanded the reach of our global partnership in 2012 with two new offices in Athens and Thessaloniki as our correspondent in Greece became a fully-integrated member of the Mazars Group on September 1.
In April 2013, we held a special launch event in collaboration with the French-Hellenic Chamber of Commerce & Industry to celebrate Mazars' new operations in Greece.

7

WHAT ARE OUR FUNDAMENTALS?

Entrepreneurship and team spirit.

Long-term vision and flexibility.

Enthusiasm and robustness.

Breaking ground in Executive Education

In 2012, Mazars created "The Next MBA" to offer business leaders a new way to acquire the skills they need to excel in management over the long term. After three groups of highly-motivated Mazars professionals took part in the pilot program, Mazars is now opening up the executive MBA to executives from a variety of other companies.

Starting in 2014, for the spring and fall intakes, several partner companies will form a consortium and send a handful of high-potential professionals to attend this innovative MBA program, together with a few Mazars attendees. The companies partnering with The Next MBA will continue work in close collaboration with world-renowned academics to develop the curriculum.

www.thenextmba.com

8
WHAT IS OUR DRIVING FORCE?

Our passion for building, and passing the baton to the future generations.

Making sure we know what the next generations expect

Mazars conducted two studies on Generation Y in 2013 in conjunction with the non-profit organization WoMen'Up. The first study entitled "What Do Men Think?" was presented at the 2013 Women's Forum for the Economy and Society in Deauville, France. It took a look at the male perspective on gender equality through the eyes of 750 men aged 20-30 from 60 countries.

In the second study, Mazars' Group Human Resources Department surveyed over 3,000 Mazars Gen Yers worldwide. Nearly 80% of Mazars' professionals are Millennials, born starting in the early 1980s, and Mazars places a great deal of importance on understanding this generation of future leaders. The results of this far-reaching study will be presented in an academic article to be published in 2014.

9
WHAT DO WE BELIEVE IN?

A multipolar world prospering from diversity (cultural, intellectual, professional...).

Mazars' worldwide offices take part in Nelson Mandela Day

Mazars was a sponsor of the South Africa - France Seasons in 2012 and 2013 organized under the auspices of the Institut Français. In this context, Mazars took part in the worldwide celebration of the Nelson Mandela Day, on July 18, a date when everyone around the world is encouraged to do something for their community.

Mazars employees were called worldwide to participate in Nelson Mandela Day by giving at least some of their time in honor of Mandela's 67 years of service dedicated to his fight for liberty, justice and democracy. Professionals across the globe took part. For example, in Mexico, Mazars donated food, clothing and other items to an organization that helps orphans and children who have suffered from abusive environments.

To download the study "What do men think?"

10
WHAT DO WE LIKE?

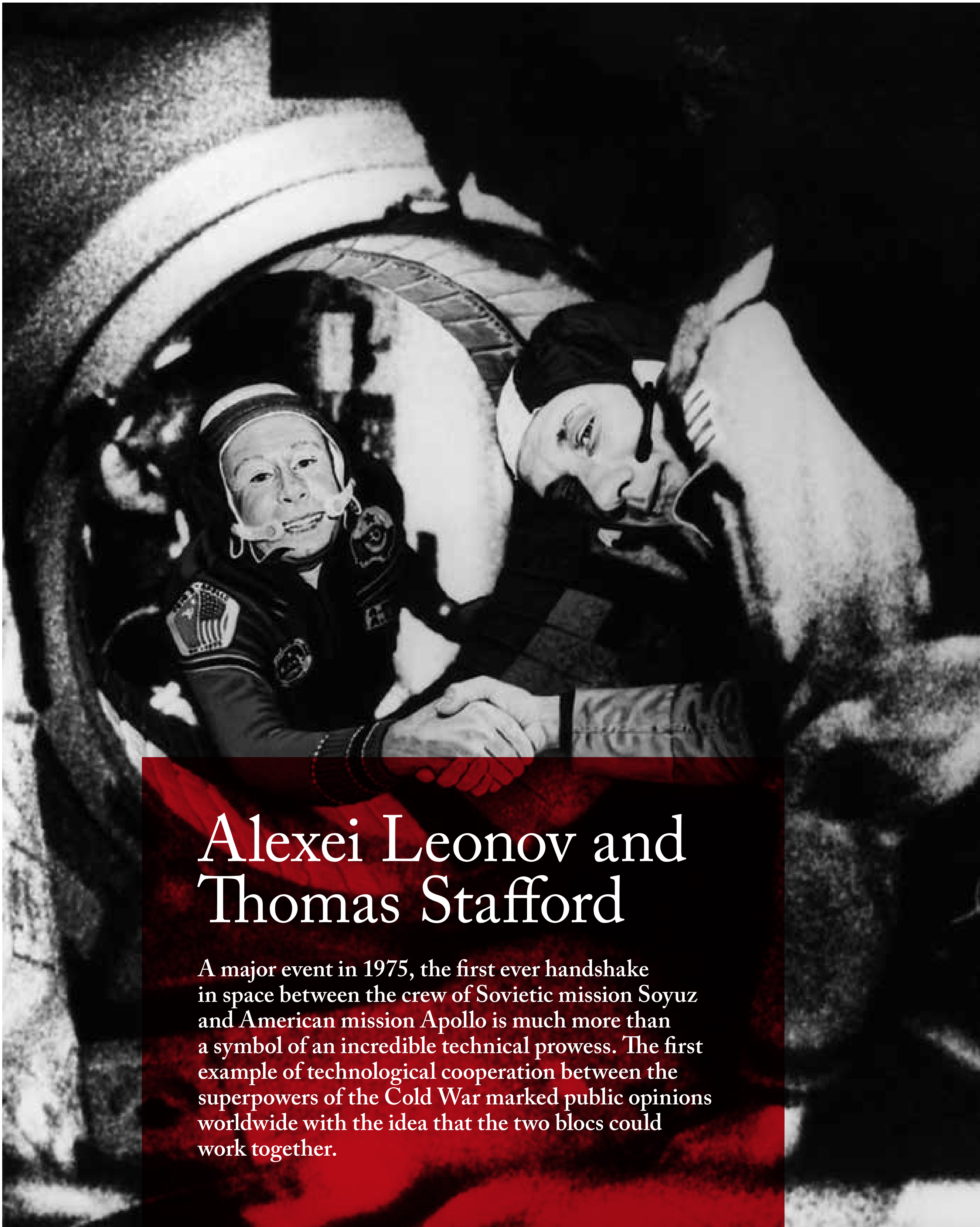
**Common sense rather
than pre-established models.**

**Open-mindedness rather
than the beaten path.**

Asking our stakeholders to help us build a collaborative Annual Report

Mazars has been publishing its annual report since 2004. And this year, for the first time, we have decided to tap into the power of collective intelligence to help further improve our annual report. We created a collaborative platform, Collective Intelligence 2.0, for current and former Mazars professionals. Our goal is to enable these important stakeholders to give us their input on the questions they would like our annual report to address. Our experiment showed that Mazars' professionals and alumni want more than a look back over 2012/2013. They are interested in understanding what is in store for the future. They used the platform to ask important questions about a wide variety of topics including big data, integrated reporting and the development of our services in the years to come.

www.collectiveintelligence20.com



Alexei Leonov and Thomas Stafford

A major event in 1975, the first ever handshake in space between the crew of Sovietic mission Soyuz and American mission Apollo is much more than a symbol of an incredible technical prowess. The first example of technological cooperation between the superpowers of the Cold War marked public opinions worldwide with the idea that the two blocs could work together.

STRATEGY
BREAKING GROUND

Mazars is following a long-term strategy devised at Group level and based on our dynamic of international integration and growth. In line with our ambition to become a leading global audit and advisory services provider, delivering an integrated range of professional services to the entire business community, Mazars continues to pursue its growth strategy through its unique model of global integrated partnership, which enables us to adopt a transnational and multidisciplinary client approach. We are constantly expanding our international coverage to ensure we can serve all our clients wherever they operate across the globe.

MAZARS' DEVELOPMENT STRATEGY AS A LEADING GLOBAL PLAYER

Backed by the strength of our organization as an integrated partnership, we have continued to expand our geographic coverage and develop our range of services. At Mazars, we offer our clients the same level of excellence wherever they operate. Our long-term strategy is centered on strengthening our position as a leading global player, providing a comprehensive suite of integrated professional services.

An integrated business model for seamless service

Mazars is a fully independent, international organization. Since 1995, our development has focused on our structure as an international integrated partnership. We are not a loose network of offices scattered across the globe. At Mazars, we are one firm. We pool all our resources, teams and skills, and our partners share all the risks and rewards of the partnership. With the guidance of Mazars' balanced corporate governance, they follow a shared strategy that drives our collegial approach. And they always have one main goal in mind – offering our clients seamless high-quality professional services worldwide.

In the past 15 years, we have tripled our geographic coverage. Over the same period, Mazars has gone from 5,000 employees to 13,800 professionals operating today in 72 countries. Like our clients, we are entrepreneurs. We know what it takes for a company to expand its global reach. Because we understand the challenges entrepreneurs face, we can better assist them as they look for new ways to secure their development, improve their processes and contemplate new deals to move forward.

Our highly efficient model promotes advanced levels of collaboration among our teams. Our clients have a single point of contact through the partner in charge of their services. Whether our clients are headquartered in Cape Town, London, Singapore or Mexico City, one dedicated partner oversees all their projects and coordinates all the technical expertise required worldwide.

Our worldwide strategy is supported by our common infrastructure and processes. While we always share best practices in the countries where we operate, we also fully understand the importance of taking cultural specificities into account. This matrix is a key component of Mazars' personalized client service and means that we can adapt our services to the local needs of our clients, wherever they operate.

"As our integrated partnership continues to grow, our number one priority is long-term stability both for our Group and for the clients we serve. With Mazars, companies operating nationally or globally know they can count on a full range of expertise no matter where they have operations. The cultural diversity of our teams and their in-depth understanding of local and regional issues give us an added advantage so we can create tailor-made solutions worldwide."

PHILIPPE CASTAGNAC,
GROUP CEO

A complete and scalable range of services

With instability in the world economy and an increasingly complex regulatory environment, clients are looking for effective solutions that add value. At Mazars, we offer a complete range of professional services from audit to business consulting through to tax advisory and beyond, and we strive to design global personalized responses for all our clients' needs.

Integrated teams

Our teams work together with the aim of creating synergies to develop perfectly integrated solutions. Our mission is to improve the overall performance of the businesses we serve – by offering reliable financial information, relevant strategies and effective systems, and by optimizing the legal, contractual and fiscal environments in which companies operate. This multidisciplinary approach – the opposite of one-size-fits-all – focuses on widely acknowledged technical expertise, cross-functional cooperation and specialization in our clients' market sectors and business activities.

> **Collaboration is the driving force behind the development and performance of our partnership. Our model is based on collegial participation and a shared vision for the future. All our partners around the globe are stakeholders, and we pool all our resources to pursue our development.**
>
> **PATRICK DE CAMBOURG,**
> GROUP CHAIRMAN

International growth, regional focus

With offices in 72 countries, Mazars is a genuinely international, multicultural group, building its service capabilities every year with the integration of new entities. Our 250 offices worldwide enable us to follow clients across the globe. They draw on support from regional hubs established to ensure our development in areas where we detect potential for significant growth – whether in emerging markets or other economically vibrant areas in Asia, Africa, the Middle East and Latin America.

We are continuing the pursuit of our strategy for expansion and the international rollout of our service offerings in order to better serve both public and private entities and to act as a catalyst for their transformation and growth.

Mazars is committed to providing global capacity, demonstrable quality and a genuinely personal touch – by developing our global and multidisciplinary consulting services, cultivating an innovative approach based on customized solutions and nurturing long-term relationships with our clients.

Collective Intelligence 2.0

a collaborative project by MAZARS

A total of 57 questions were submitted through our new collaborative platform from both Mazarians and Mazars alumni around the world. Four of the questions which received the most interactions are below. Thank you to all our participants for your interest and sound insight!

JACO FERREIRA, SOUTH AFRICA

As an organization gets larger, there can be a tendency for the institution to dampen the individual (feeling that you are just a number). How do you keep this from happening?

Mazars' model and history are based on entrepreneurship. Each professional can contribute to the Group's development, in line with our core idea of collective intelligence. This notion of shared expertise is illustrated in our training policies, which are based on individual programs combining technical and managerial trainings. For more information, please read the Responsibility section of this report and the Group Transparency Report.

PARAS SHARMA, INDIA

Where does Mazars envisage itself five years down the line?

Mazars' development strategy has always followed a long-term approach. This vision has shaped our organization and given the Group the capacity to evolve by seizing every strategic opportunity. As Patrick de Cambourg has said, the Group's strategy is currently based on a roadmap leading to 2020, based on two key issues: reinforcing Mazars in several key geographic areas, while constantly investing in our service quality, to become a real alternative player in our market.

HAROLD GERBER, FRANCE

In an external growth context, how does the Group transmit the "Mazars touch" to the newly integrated teams?

Mazars is different because our model and corporate culture are different from those of our competitors. When we decide to combine with another firm, we carefully select a firm which shares our commitment to independence and our approach of offering customized solutions. Mazars also relies on dedicated teams to help the new firms integrate into the Group, with advice on several key issues, such as operational processes, brand awareness and management.

GUILLAUME KESSE, BELGIUM

From a global point of view, what makes Mazars different from its competitors?

Mazars' model, which Philippe Castagnac details in his interview, makes us stand out from our competitors, as our Group is the only truly integrated player operating worldwide. In practical terms, this means every Mazars office can offer any service to its clients, as each assignment is coordinated by a partner who can call on the expertise of any other partner needed to offer a tailored solution.

INSIGHT

> "Trust is the basis of everything."

A perspective from

Xavier Fontanet,

Former CEO of Essilor

"LEARNING TO TRUST, NURTURING DIFFERENCE"

Between 1996 and 2010, Xavier Fontanet was the head of the Essilor Group operating on every continent. Still a member of Essilor's Board and now an author and blogger, Xavier Fontanet discusses his experience and his thoughts about managing international growth in a company founded in France.

Trust is a word Xavier Fontanet really enjoys saying – and often repeating. *"Trust is the basis of everything"*, he explains. There are different kinds of trust: trust in the form of self-confidence, as people learn to trust themselves and follow their personal talents, as well as collective trust, when they realize they also depend on others. Yet, as a company is, above all, a human endeavor, a company cannot be successful if it is not built on trust, in itself and in others. Essilor's own history is an excellent illustration of this principle: created in 1849 in Paris as SL, a small workers' cooperative, Essilor is the world leader in corrective lenses, operating in over 100 countries with 52,000 employees.

"After the merger between SL (which at that time had been rebranded as Essel) and its main competitor in France, Silor", explains Fontanet, *"Essilor went through several progressive steps of development. The first step was focusing on core business, and the second was international development."* In both cases, Essilor based its projects on trust, existing capacities and ambitions. *"Everyone in Essilor wanted the group to become a world leader and was ready to strive to achieve this. They were ready to move to every country where we were setting up new operations, because they all wanted to be part of what they saw as a fantastic collective endeavor."*

In every development project outside France, Essilor gained new expertise and know-how. *"One of the key things I learned as head of Essilor"*, comments Fontanet, *"is that in each new country, you need to solve a new problem. The real challenge is to transfer the new-found expertise to the rest of the company, to harness local experience to support global growth."*

Respect, the key lever of a successful integration

In Xavier Fontanet's opinion, helping a company grow to become global, and more specifically to make it a global leader is about following a few key principles.

The first principle is to know and very carefully select what companies will be integrated into one's organization. *"This is one of Essilor's main features. Before anything else, we knew the companies we acquired very well, so we knew there would not be any cultural misunderstandings between us.*

The second key element was profitability: we never acquired companies that were not already making a profit, so we could be sure we could keep their entire staff on. Then it was simply about convincing them to follow their development path with us. This is why we often buy 60% to 70% of their shares to begin with, and if everything turns out well, we buy the rest after five years."

"When you are in a leadership position, your external growth strategy must follow a very simple idea", adds Fontanet. *"If a company in your sector makes a profit, then this company performs at least as well as yours, especially if it shows comparable results without the same critical mass. This is why we always respected the competitors we acquired or created joint ventures with. We simply welcomed them into our family and were driven by the idea that each one of us would teach the other something. Following this principle is most certainly one of the drivers that allowed us to conduct very successful integrations."*

Difference, a key driver for growth

The second key principle guaranteeing sustainable and long-term growth is linked to what Xavier Fontanet refers to as *"the need to nurture difference."* The notion of excellence is universal, yet true wealth is derived from the details. *"Every human being is a potential genius"*, comments Fontanet. *"This individual character is the basis of dialogue: if we can talk, it means we both want to share and to teach one another. If we were identical, we would not need to talk and share. It is our job to make this individual talent shine, even when it is hidden, to help the collective unit. When an international company manages to turn these differences into added value, to fit them into its thinking, and its capacity to innovate and sell, then this company has just created an invaluable asset."*

To have long-term growth, a company needs a good strategy, but it also needs to know how to explain its strategy. *"Making sure people understand your strategy is paramount"*, warns Fontanet. *"While I was Essilor's CEO, I spent a lot of time explaining our strategy. When I was confident that it had been understood, I knew everything would turn out fine."*

The strength of collective commitment

Sustainable growth is not possible if everyone in a company is not fully involved. *"The only way to judge someone's character is to see them work over a long period and see how they handle responsibilities"*, specifies Fontanet. *"If they succeed or exceed your expectations, you need to reward them, as there is no greater injustice in the corporate world than to fail to reward performance."* Yet, failure or mistakes must simply be fixed. What matters is turning failure into a lesson, as taking responsibility for a mistake is a way to learn. *"If you manage to reward performance and have people learn from their mistakes, then you can make the most of each of your staff members: they will become more confident, creative and effective."*

At Essilor, being involved in a company's performance can take on a very different meaning. The staff own 15% of the voting rights.

“Having employee shareholders changes your company!” says an enthusiastic Xavier Fontanet. *“Each employee is at home in the company: his voice can be heard and he can appoint a Board member. The perception of effort changes, and everyone is willing to go the extra-mile for the company they own. Many people working with Essilor noted how responsive our managers are. They are quick to respond because it is, literally, their company.”*

Finally, having a balanced governance platform is a major asset. *“Checks and balances are a vital necessity. Making sure Board members are not afraid to speak their mind and express their doubts or concerns is necessary. Once again, this capacity is based on trust. Fundamentally the chief executive chairs the Board and is also appointed by the Board. To help him, one has to make sure he receives the right amount of advice, counsel and recommendations from people who are free, independent and different. And issues should absolutely be discussed in a warm and friendly manner.”*

Mazars, making a difference with a human scale

Without surprise, when Xavier Fontanet talks about the relationship between Essilor and Mazars, the words trust and difference come up in the conversation. To audit a group such as Essilor, it is necessary to deploy professional teams all over the world. As such, to serve Essilor, Mazars makes sure the world leader in lenses always has direct access to a local hub for decision-making. Ensuring that Mazars’ audit teams apply an approach that is leaner and more personal represents true added value for Essilor.

STRATEGIC INTERNATIONAL DEVELOPMENT

With offices in 72 countries, Mazars is broadening its service capabilities and integrating new entities every year. As we expand our coverage worldwide, our goal is to implement a clear strategy to consolidate our presence in regions where we see potential for significant growth.

This approach reflects a key characteristic of Mazars' partnership – our ability to nurture long-term relationships with our clients. At Mazars, we understand that, for companies, when it comes to strategy and operations, the issues are closely intertwined. That's why we offer global capacity, demonstrable quality and a true personal touch.

Strengthening our capacity in South Africa

Mazars has been deploying this strategy in South Africa – adding more cities to the Mazars map. After East London and a new team in Cape Town last year, Mazars successfully concluded an agreement with two offices in Pretoria and Bloemfontein.

Ongoing assistance wherever our clients need service

While we offer integrated coverage and a network of trusted correspondents, we also carry out assignments in countries where we do not have operations. Over the year, Mazars' teams have delivered services on a regular basis to clients in several countries in East Africa, for example in Somalia, Sudan, Ethiopia, Burundi and Tanzania. In other parts of Africa, Mazars chose a lean approach, as we operate as a registered company and have the capacity to deliver services on an ad hoc basis rather than a permanent office. Soon we will be opening offices in Uganda, South Sudan and Rwanda to meet the growing needs of international clients who have local operations in these countries.

Mazars is now poised for further expansion and has been integrating all its offices to enable a consistent service offering for clients in South Africa, with over 900 professionals in 13 offices across the country. The South African offices also are continuing to spearhead developments in the southern cone of Africa, principally in Namibia and Mozambique.

Serving our clients throughout Europe

The economic downturn affecting Europe does not mean that Europe no longer remains a key development area for Mazars, especially in light of the ongoing debate regarding European audit reform. Several countries, such as France, Italy and the United Kingdom, have made strides in completing their local coverage and integrating new expertise. The last twelve months have given Mazars the opportunity to strengthen its client base, with prestigious new clients and new assignments for existing clients.

As part of the dynamic to strengthen our capacity in Eastern Europe, we have also integrated a new firm in Romania. Our ambition is to provide our clients with greater support, especially on tax issues and also offer opportunities for development across Eastern Europe. At the same time, Mazars has integrated a correspondent firm in Croatia, thus moving into the Balkan region – in line with our strategy to provide complete coverage throughout Europe.

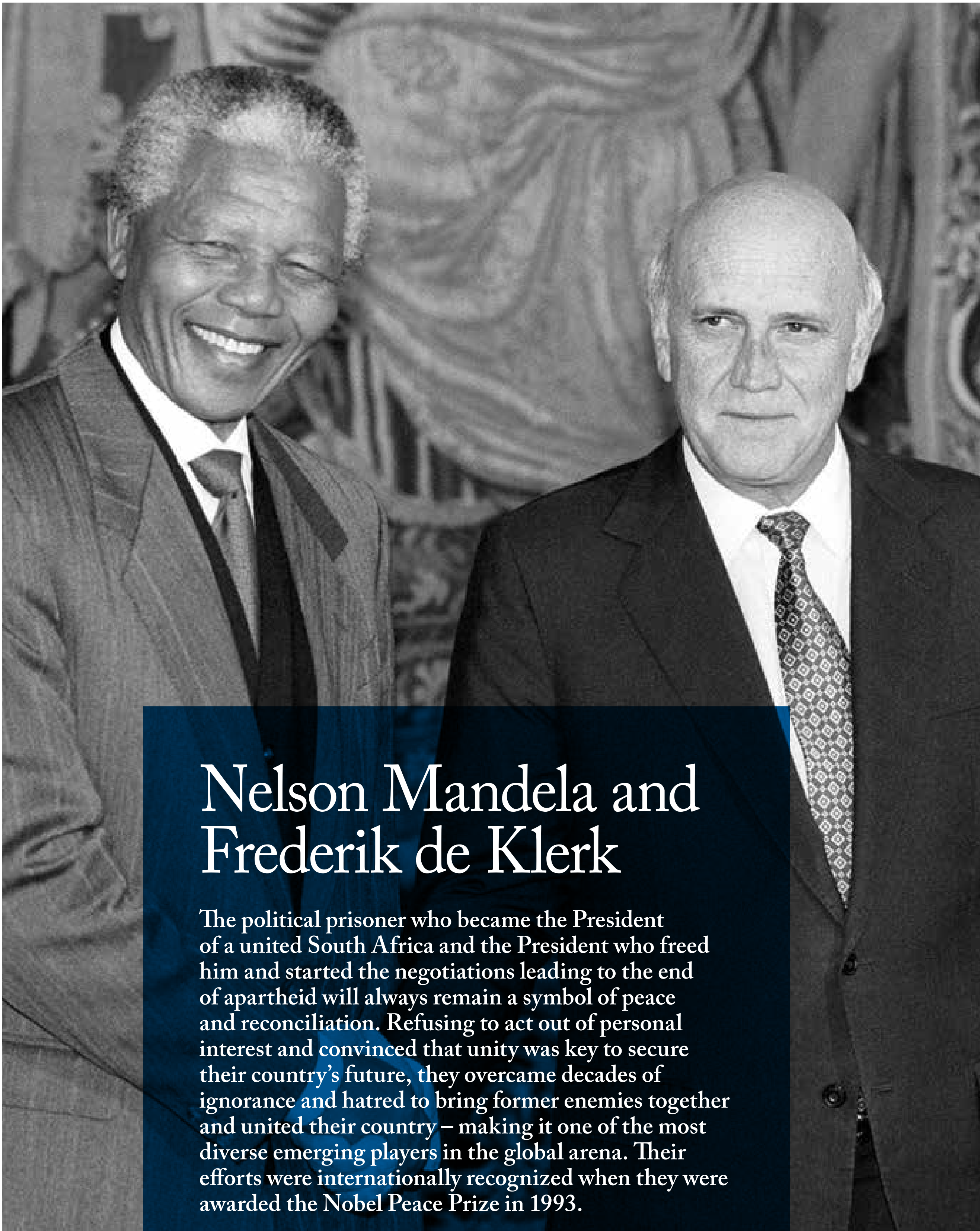
Reinforcing international business ties

Mazars' development strategy always takes into account the needs of its clients operating in several countries. Over the years, we have made certain acquisitions without focusing on expanding the business for local companies. Instead our strategy has concentrated more on opening doors for regional companies that are launching new operations.

In several countries, we decided to create International Desks, units dedicated to helping companies from one specific country as they develop in another. Each International Desk brings together experts to address all the issues clients may face as they expand abroad: choosing the right legal structure, analyzing tax regulations, understanding applicable law, etc.

The latest development in this area comes from China, where the Japanese Desk has recently integrated Mochizuki Consulting's teams in Shanghai. Mochizuki Consulting has a well-established reputation in the Japanese business community and provides financial due diligence and forensics. This new collaboration will promote and support cross-border transactions across Asia, with a strong focus on Sino-Japanese businesses.

While we are determined to expand our footprint in the Chinese domestic market, we are also concentrating on tapping into opportunities with international companies doing business in China. We have invested and will continue to invest in our services for the European and American business communities in China. In addition, we have strategically decided to expand our horizons and focus on Asian business communities. Because Japan is one of the most mature markets in the region, we have naturally directed our efforts there and launched our Japanese Desk.



Nelson Mandela and Frederik de Klerk

The political prisoner who became the President of a united South Africa and the President who freed him and started the negotiations leading to the end of apartheid will always remain a symbol of peace and reconciliation. Refusing to act out of personal interest and convinced that unity was key to secure their country's future, they overcame decades of ignorance and hatred to bring former enemies together and united their country – making it one of the most diverse emerging players in the global arena. Their efforts were internationally recognized when they were awarded the Nobel Peace Prize in 1993.

EXPERTISE
CLEARING THE PATH

Mazars offers a full range of integrated professional services covering the entire business value chain. We work closely with our clients to understand their needs and devise innovative solutions for the issues they face. With our extensive experience in the field of audit, our clients know they always receive service they can rely on. From our technical and methodological rigor at the core of the audit profession, to the added value of our ongoing support for organizational transformation and growth, we draw on the expertise of our teams to provide custom solutions that meet the ever-changing needs of companies worldwide.

VIEWPOINTS FROM THE MEMBERS OF OUR GROUP EXECUTIVE BOARD

ANTONIO BOVER, HERVÉ HÉLIAS, HILTON SAVEN, PHIL VERITY AND VICTOR WAHBA.

What is your analysis of the economic trends that are shaping the world today? How do you think your market will change in the medium term?

Victor Wahba: There is still very low or no growth in most mature economies and, in my opinion, little visibility on how this might change significantly in the short to medium term. What is clear is that Mazars, like its clients, has to adapt on a daily basis to changing trends and demands.

Phil Verity: The global economy is very diverse with some mature countries hardly growing at all and with little prospect of doing so in the short term and with others showing consistent signs of near normal growth. Some developing countries have experienced slowing growth rates and others enjoying continuing better growth. Most attention in the business world is still on the fundamentals, improving customer experience and client retention, innovation to compete for market share, adopting the right business models, managing the cost base, and restructuring the debt burden. However, some clients are requiring more assistance with mergers and acquistions as they see growth opportunities.

Antonio Bover: Our clients are facing unprecedented change in their markets. And that has translated into further pressure on fees. However, in Spain for example, we have achieved a 3.9% increase in turnover – in line with the Group's results. We are very optimistic because this figure represents solid organic growth in a difficult market. Over the last year, Mazars has actually become more efficient. While there is a real economic crisis in Europe, we have fared well because Mazars' service

> "Our structure and our size allow us to respond to our clients' needs quickly and to provide innovative solutions across the globe."
>
> **ANTONIO BOVER,**
> CO-CEO, SENIOR PARTNER OF MAZARS IN SPAIN

Mazars is a lesson in conviction and the application of immutable values. The coalescence of these two factors has given rise to the phenomenon of Mazars.

HILTON SAVEN,
CO-CEO, SENIOR PARTNER
OF MAZARS IN SOUTH AFRICA

offering is well thought-out, and our solutions match our clients' needs. Our portfolio of listed companies, or public interest entities, speaks for itself.

Hilton Saven: In South Africa, we audit a total of 20 listed companies. However, having said this, economic growth overall in South Africa was lower than expected last year. This means that there are fewer corporate transactions, and foreign direct investment has been impacted. Yet, despite these challenges, Mazars has grown significantly in South Africa. We integrated two practices in Cape Town and East London in 2012, followed by two more in 2013 in Bloemfontein and Pretoria. In the span of just seven years, we have grown to 900 professionals in South Africa.

In today's economy, what are the biggest challenges facing your clients?

Hervé Hélias: Change management is a constant reality for our clients, and those who build this into their corporate culture are arguably best placed to grow and improve performance. At the same time, competition is more innovative and dynamic than ever. Businesses need to choose the most efficient model, both in terms of cost optimization and performance, to deliver products and services to the right customers in the right place at the right time – wherever that might be worldwide. This kind of flexibility can require fundamental cultural change within the business.

Victor Wahba: Another key change since the start of the financial crisis is the ever-increasing regulatory and compliance burden. Businesses need to be able to understand how to respect the spirit of new regulations without losing focus on their commercial strategy and without expending resources simply to check a compliance box.

Hilton Saven: The context is quite specific in South Africa, where fluctuating exchanges rates make it more challenging to do business. In the run-up to the 2014 general elections, companies are taking a wait-and-see approach. The economy has also been hit by labor unrest recently. Nonetheless, South Africa still remains the biggest economy in Africa. And for our clients, it serves as a springboard into the rest of the continent, which represents one billion consumers.

> **"Despite difficult economic conditions, we have continued to grow our OMB client base, largely by focusing on assisting our clients with the broader issues of improving profitability, winning and maintaining market share, and building sustainable businesses for the longer term."**
>
> **VICTOR WAHBA,**
> CO-CEO, MEMBER OF THE EXECUTIVE COMMITTEE OF WEISERMAZARS IN THE UNITED STATES

How does Mazars maintain a close relationship with its clients and provide specific solutions for each client segment?

Hervé Hélias: Above all, our clients are looking for assurance. Mazars' role is to connect clients with expert partners and staff who are highly specialized in the client's sector and experienced in delivering complex financial advice. Whatever the service that might be delivered, we can offer rigorous methods and know-how – calling on our long-established audit expertise to go beyond compliance and reassure our clients that they are making the right choices.

Antonio Bover: Mazars delivers services and solutions to our clients as one global team, literally. None of our competitors has the structure that allows, say, a Brazilian partner to pick up the phone to a Chinese colleague and start working together immediately on a shared client of the same global partnership.

Victor Wahba: As one team, we naturally share experience, expertise and culture and can closely mirror the united global cultures of our largest clients while delivering informed local advice to our smaller clients. For our clients, this means that once they start working with Mazars in one location, they know that they have access to a genuine global team of advisors.

Phil Verity: Our clients also appreciate the personal partner attention that they receive. At Mazars, our partners are both accessible and involved throughout their assignments. We also focus on improving the quality and consistency of our services through investment in our people, processes and the technologies we employ to ensure our clients receive seamless service, regardless of the number of disciplines or countries involved in an engagement.

"Change is the new normal, and a shakeup in the advisory and particularly the audit market is overdue. Mazars is ready to play its part."

HERVÉ HÉLIAS,
CO-CEO, SENIOR PARTNER
OF MAZARS IN FRANCE

Tell us about the events or achievements that stand out for 2012/2013.

Victor Wahba: Despite the challenging market conditions, we have achieved sustainable growth and maintained reasonable margins in the last fiscal year. This is, indeed, largely attributed to our investment in our people, processes and new technology.

Phil Verity: Mazars is also one of the only firms with a global business unit dedicated to the specific needs of the Owner-Managed Business (OMB) segment of the market. Advancement of our OMB debt restructuring offering has allowed us to deepen our relationships with the OMB sector, regulators and banks in working through significant debt issues for the small- and medium-sized enterprise (SME) segment of the market, with a particular emphasis on Europe.

Hilton Saven: We are expanding into the market for mid-cap listed companies in South Africa, and we are making significant headway with government audit projects that are outsourced to the private sector. New initiatives have also been launched for family-owned businesses that require a whole range of services. Recently, we introduced our ICT (Information and Communications Technology) services, and we are working on a number of new projects in this area. The initial signs are quite encouraging.

"Our continued investment in targeted initiatives to improve the range and quality of our services will ensure we continue to innovate and advance the offering we provide to our OMB clients."

PHIL VERITY,
CO-CEO, SENIOR PARTNER OF MAZARS
IN THE UNITED KINGDOM

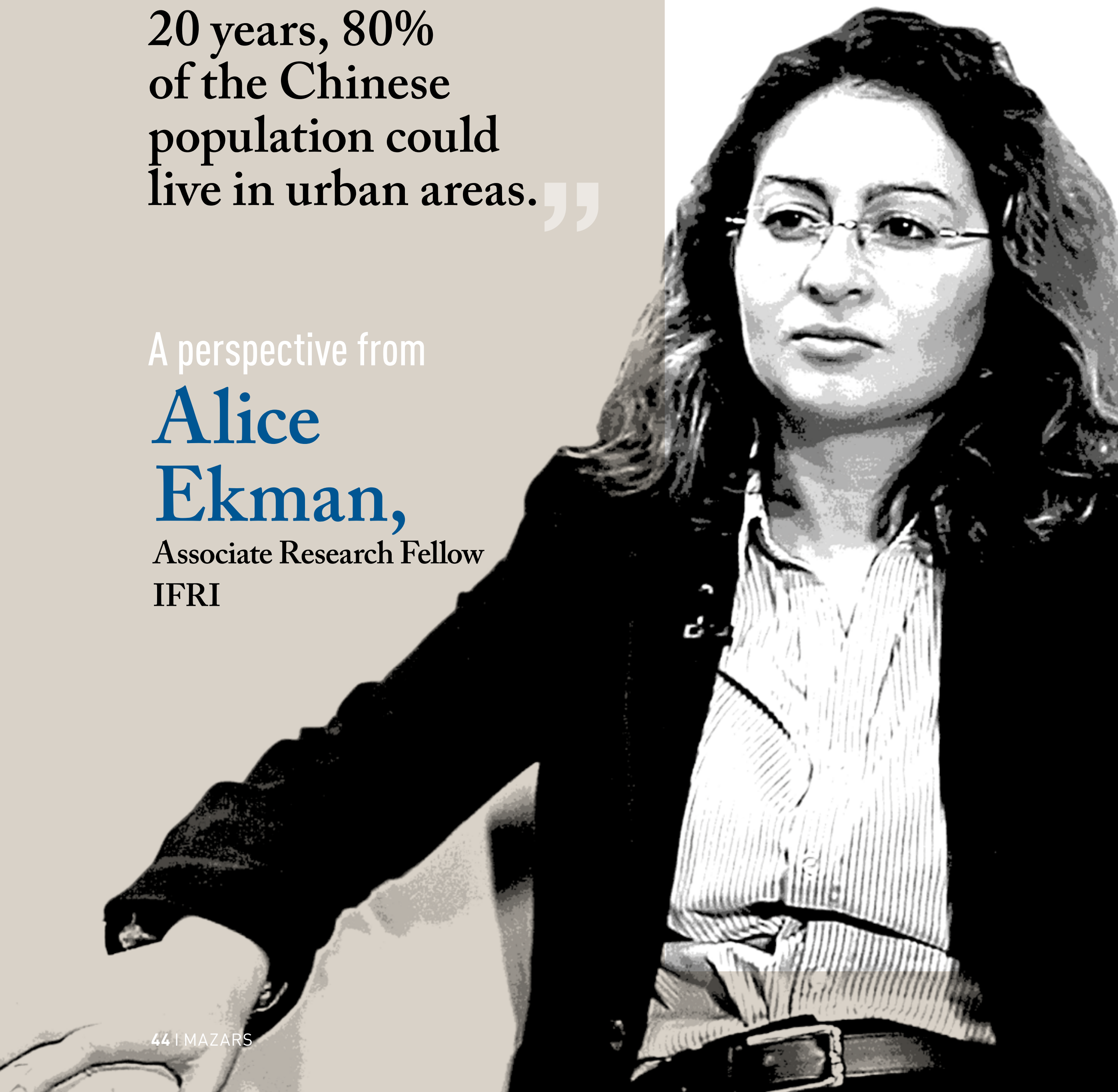
INSIGHT

"Within 20 years, 80% of the Chinese population could live in urban areas."

A perspective from

Alice Ekman,

Associate Research Fellow
IFRI



FOR MAZARS, IFRI DRAWS A PICTURE OF TOMORROW'S CHINA

Because a leading global player must keep tuned to the trends of its international scene and watch closely the social, economic and political changes shaping tomorrow's world, Mazars has been working with the French International Relations Institute (IFRI). In 2013, IFRI led a major study on "Chinese middle classes", led by Alice Ekman. She gives us the first insights of the study about a country which is important in Mazars' international development strategy.

With over 1.3 billion people creating an economy that is still growing by more than 7% a year, China is the home of an emerging middle class which according to most economists, will fuel global trade in the coming years. *"The study we led in partnership with Mazars"*, explains Alice Ekman, *"was about identifying precisely what defines this middle class and understanding how different it is from middle classes in emerging countries or in some developed countries."* Such an ambition meant a very wide method: *"We met all the players involved locally"*, details Alice Ekman. *"We interviewed companies, for example, present in China and selling products destined for the Chinese lower middle class, who thus have insight about the needs and expectations of this population, and how these needs evolve. We also met Chinese academics studying this population, mostly in terms of sociology, and, of course, Chinese households from the middle class to interview them about their daily life, difficulties and vision of the future, for them and for the next generation."*

Following this data collection, the results were compared to the ones gathered in other countries. *"Keeping the historical context of China in mind"*, explains Alice Ekman, *"we compared the data with the one we had gathered about middle classes in emerging or developed countries, as well as information available in academic publications or in press outlets."*

Several factors creating a very diverse middle class

Even though China has been benefiting from an economic boom over the past 30 years, the country remains profoundly divided as far as standards of living go. The Eastern coastline is a very urban setting which took the full advantage of the reform program launched by Deng Xiaoping in 1978, while the huge Central and Western part of China remain largely rural and offers only middle sized cities, according to

Chinese standards, and does not thrive as much on the growth dynamic. *"The population from some of the Eastern regions hosting the largest cities (which include Shangai, Beijing and Guangzhou) lives with an income double that of the people from the Western and Central territories"*, adds Alice Ekman. *"Today, 48% of the Chinese population is still rural."*

This disparity between Chinese standards of living is even reflected inside the major cities. *"Between a third and a quarter of the cities' population migrated recently from the countryside"*, explains Alice Ekman. *"Because of their status as immigrants, they have limited access to public services and their rural lifestyle is not compatible with the rest of the urban population. They have to live next to a "new" middle class, whose lifestyle and consumption habits are getting closer to those of the integrated middle classes of developed countries. This fragmented model gives way to two different urbanisation phenomenons, leading to the rise of a very diverse urban population."*

Finally, the very history of China is an obstacle to the creation of a homogenous middle class. *"In every family, two generations live together, and have seen their life standards rapidly improving"*, explains Alice Ekman. *"The oldest members of the family remember the hard times of starvation between 1969 and 1971, and have had little individual choice in their life under the Mao era, or even had to undergo professional or location changes in the case of those who were sent to re-education camps during the Cultural Revolution (1966-1976). Their children, born in the 80's, have only been living in a China adapted to consumer society."* These different experiences account for the significant difference in habits between parents and children. While the former have a humble, and in many cases traditional, approach to many issues, the latter definitely are part of a globalized consumer society. While the country was closed for a long time, the middle class is vocal about its desire to travel, work and study abroad.

Yet, if Chinese society remains quite attached to inter-generation solidarity, the newly gained freedom does not protect the middle class from a feeling of instability, as social protection in China is still uncommon. *"Most of the Chinese population still has limited access to healthcare, retirement pension, unemployment insurance or social benefits in general"*, comments Alice Ekman. *"Besides, education costs are rising and the job market is still unstable. With these realities in mind, Chinese middle classes tend to set aside a significant part of their income to protect themselves against such issues, which explains why the saving rates reaches an impressive 40% compared to 15 to 17% in the West. Chinese people save for themselves, for their parents and their children."*

A rising class in mid and long term

The analyses and projections tend to show that the middle class should grow in numbers in the next decades. *"The growth of the middle class is an official central government objective"*, notes Alice Ekman, adding the agenda is clearly layed out in terms of timing. *"By 2020, the 100th anniversary of the Chinese Communist Party, the government wants the middle class to reach 400 to 600 million people. In 2050, the 100th anniversary of the People's Republic, the government wants to complete "the creation of middle class society", as officially stated, where most of the population in the country drives its own car, has access to leisure and is protected by some social benefits. This inequality reduction program is one of the government's major ambitions."*

But does China have what it takes to reach such goals? *"It certainly is a complex endeavour, but some reforms already in place could help China succeed"*, argues Alice Ekman. *"The authorities really want to speed up the urbanisation process, which is one of the keys to manage the transition. Within 20 years, 80% of the Chinese population could live in urban areas. To make it happen, the government focuses the efforts on middle-sized cities in Western or Central China, namely by creating new industrial centres to boost their economy."*

"Most of the population still has limited access to healthcare, retirement pension, unemployment, insurance or social benefits."

"The real objective of the Chinese government is to reduce the high level of inequality between regions. Reducing inequalities, and the instability they create within the Chinese society, implies extending social protection to a much larger part of the population. In a country of more than a billion people, marked by such inequalities, this is a huge challenge, but the new government has no choice but to tackle these issues if it wants to maintain a form of political and social stability, which remains the main objective of the Chinese Communist Party."

"There is one final aspect we should keep in mind", concludes Alice Ekman : *"China remains an emerging country, with almost 10% of its rural population still living under the poverty line established by the Chinese government at 2,300 yuan (270 euros)."*

In 2014, the study led by the IFRI on middle classes will expand its scope to several other emerging countries in Asia (namely to compare Indian and Chinese middle classes).

ACCOUNTABILITY AND EXPERTISE

RECOGNIZED TECHNICAL KNOW-HOW

Technical expertise, reliability and a pursuit of excellence have been the foundation of Mazars' success for more than 70 years, adding value to all our services every step of the way. Our history is firmly rooted in accounting and auditing, our core businesses.

As a firm specialized in financial advisory services, we select our team members based on their technical background and their ability to apply their knowledge to the specific context and challenges of our clients.

Rigorous mindset and methodological approach

Our culture as an audit firm means that we tackle issues with a rigorous mindset and methodological approach. By fully grasping the relevance of internal control mechanisms and systematically assessing risk for better risk management, we offer our clients the tools they need to make strategic decisions for the future.

Ultimately, our goal is to give our clients access to reliable information for their business and create value in the process.

All our expertise – whether it is linked to analyzing financial information or understanding specific tax and legal environments – is based on the same standards of excellence and impeccable ethics that guide us every day at Mazars.

BUSINESS CASE

Alpha Bank

Founded in 1879, Alpha Bank is one of the leading groups in the financial sector in Greece, with a strong presence in the Greek and international banking market. The Group offers a wide range of high-quality financial products and services in the areas of retail banking, SME and corporate banking, asset management and private banking, the distribution of insurance products, investment banking, brokerage and real estate management.

1879
John F. Costopoulos set up his business operations in the town of Kalamata and soon expanded his services to banking and foreign exchange services.

1994
The institution changed its name from Credit Bank to Alpha Credit Bank.

2013
Alpha Bank is one of the leading bank in the private and commercial sector in Greece.

An international project to reshape the Greek economy

In Greece, Mazars was named as the monitoring trustee for Alpha Bank. This assignment, led under the direction of the European Commission, puts Mazars' teams in charge of supervision of Alpha Bank's restructuring plan, credit function and corporate governance, in the wake of the Greek debt crisis. Every quarter, the trustees report on the plan's progress to the European Commission, the European Central Bank and the International Monetary Fund. The mandate was secured through active collaboration involving teams in Athens, Paris and London. "It is an opportunity to show that thanks to our integrated structure, we can work together and provide the right experts to address specific issues. This assignment demonstrates that, when it comes to new clients, what matters is the expertise of the office rather than its headcount", noted Rudi Lang, Partner and UK Head of Banking for Mazars.

"Our work in the area of bank restructuring in the UK and in France has helped our reputation grow. Yet, for this project, the strong ties between our European offices were a determining factor."

Ilias Zafeiropoulos,
Partner of Mazars in Greece

BUSINESS CASE

Dassault Falcon Jet

Dassault Falcon Jet, a US-based subsidiary of Dassault Aviation, has been selling and servicing business aircraft for over 40 years. True to the Dassault tradition, the company is family-owned and upholds the Group's core values of integrity and excellence. Falcon business jets are renowned worldwide for their quality, performance and efficiency.

Some 2,500 people work for Dassault Falcon Jet in six locations across the United States. Headquartered in Teterboro, New Jersey, the firm also provides service throughout Latin America and the Pacific Rim. Dassault Falcon Jet boasts strong fundamentals, with approximately $2 billion in annual sales and typical distributor's profit margins.

1918
Foundation of the Société d'Études Aéronautiques to design and manufacture the SEA IV, a two-seater fighter jet.

1995
Falcon Jet Corporation became Dassault Falcon Jet, the US subsidiary of Dassault Aviation.

2013
The Dassault Falcon 5X business jet was unveiled at the National Business Aviation Association Convention in Las Vegas, Nevada.

A long-term relationship to support international growth

Finding the right audit firm was a key priority for Dassault Falcon Jet as it expands into new markets. Whether the company is creating foreign subsidiaries or dealing with import and export issues, it needs the expertise of an audit and advisory services firm that is strong in the areas of the world where it operates and offers the ability to develop elsewhere.

"It's crucial to develop a business relationship with a partner that can think in US GAAP and IFRS terms," says Claude Draillard, Chief Financial Officer of Dassault Falcon Jet, "one that can look at the trends that have emerged and look ahead to guide us as we take our operations into new territories."

"In our business, we have to be able to support our clients wherever they travel with their Falcon business jets. They want personal service and a personal relationship. Mazars also understands the importance of building a strong working relationship with its clients. And they are always there for us when we need to address issues from a tax, accounting and financial perspective."

Claude Draillard,
CFO

PERFORMANCE AND EFFICIENCY

DELIVERING EFFECTIVE SOLUTIONS

Companies are evolving in an increasingly complex environment that requires greater agility. They realize that it is critical to focus on their core business to succeed in today's competitive markets. Dealing with non-core issues, for instance related to tax or legal compliance, takes precious time away from growing their business. With Mazars' support services worldwide, multinationals are able to concentrate on what really matters most to them: keeping pace with customer demand.

With our experience in audit and finance, we understand the importance of putting in place tried and tested processes. At Mazars, we offer our clients a framework to handle their accounting and other related services. This enables them to outsource some of their day-to-day duties or more complex tasks, whether in financial consolidation and reporting, or human resources. Wherever our clients need us, we mobilize the relevant resources and match the required skills in our fields of expertise that will contribute most effectively and sustainably to developing their activities.

We align a global strategy with a local country approach – sharing teams, competencies and the best international practices. We deploy effective solutions that meet clients' strategic needs and deliver operational efficiency. By combining our in-depth knowledge of industry-specific issues and local markets with a global view of the way organizations operate and the strategic challenges they face, we give our clients a crucial outside perspective and provide solutions that make a difference.

BUSINESS CASE

192
countries where Booking.com can help its users reserve hotel rooms.

550,000
romm nights booked through the service every week.

42
languages in which service is available.

Booking.com

"The nature of our activity depends on various factors, such as the local tourism industry. Finding a business partner capable of offering the right mix of services to accommodate our local needs was crucial. At Booking.com, we need a business partner with global reach at our side, wherever we expand worldwide."

Daniele Cavagnoli,
Financial Controller

Booking.com is a worldwide online hotel reservation service created in the Netherlands in 1996. The website and mobile phone applications have grown in popularity in recent years among business and leisure travelers. Booking.com also partners with players in the tourism industry – developing innovative offers across the globe.

Fostering development in every market

Working now in 18 countries for Booking.com, Mazars' Accounting and Outsourcing teams have created a long-term relationship based on trust that started with services provided in the Czech Republic. The element that was key in securing the assignments was Mazars' capacity to have one team globally to coordinate quality service and tailored solutions to meet the specific needs of Booking.com – depending on the maturity of the company's operations in each country. Being able to provide a regular comprehensive overview of the services provided makes it easier for the client to follow key performance indicators and then adapt services, so that the right solutions are delivered locally and globally.

INNOVATION AND METHODOLOGY

INNOVATIVE SOLUTIONS MADE-TO-MEASURE

In contrast to standard "menu" services, our approach combines personalization with innovation. We foster ongoing dialogue and build strong relationships.

Our made-to-measure support draws strength both from the way we encourage and enhance transnational collaboration – giving our teams a global view of business issues – and from our capacity for local service based on maintaining close ties with our clients and providing up-to-date insight into the fabric of regional economies.

We continually adapt and evolve our services, processes and methodologies to suit the needs of our clients and the economic and labor environments in which they operate. Never seeing ourselves as part of the status quo, we prefer to push boundaries, look further and think differently. This kind of mindset gives us real agility and a valuable capacity to anticipate events, allowing us to continually offer a fresh perspective and respond to the changes affecting our clients' industries.

The World Bank follows two main goals – reducing poverty and promoting shared prosperity

BUSINESS CASE

The World Bank

The World Bank provides crucial financial and technical assistance to developing countries across the globe. Two main goals – reducing poverty and promoting shared prosperity – guide the work of the organization, which is made up of 188 member countries. The World Bank Group comprises five institutions and is headquartered in Washington, DC. With more than 10,000 employees across 120 offices worldwide, the World Bank helps developing countries deliver measurable results. The programs sponsored by the World Bank enable people to build a better future for themselves, their families and their countries.

Devising a customized tool

The Government of Indonesia is working hand-in-hand with the World Bank to alleviate poverty through the National Program for Community Empowerment in Rural Areas, called the PNPM in Indonesian. "When we needed to establish a management information system (MIS) for revolving loan funds (RLFs)", explains T. Safriza Sofyan, PNPM RLF Task Team Leader at the World Bank, "we decided to draw on the expertise of Mazars. It was vital to improve data integrity, security and transparency." Mazars' team in Pakistan started by conducting an in-depth analysis of the PNPM's business requirements, and then customized a proprietary software tool to offer the most efficient modules for loan administration, loan initiation and management, and financial reporting.

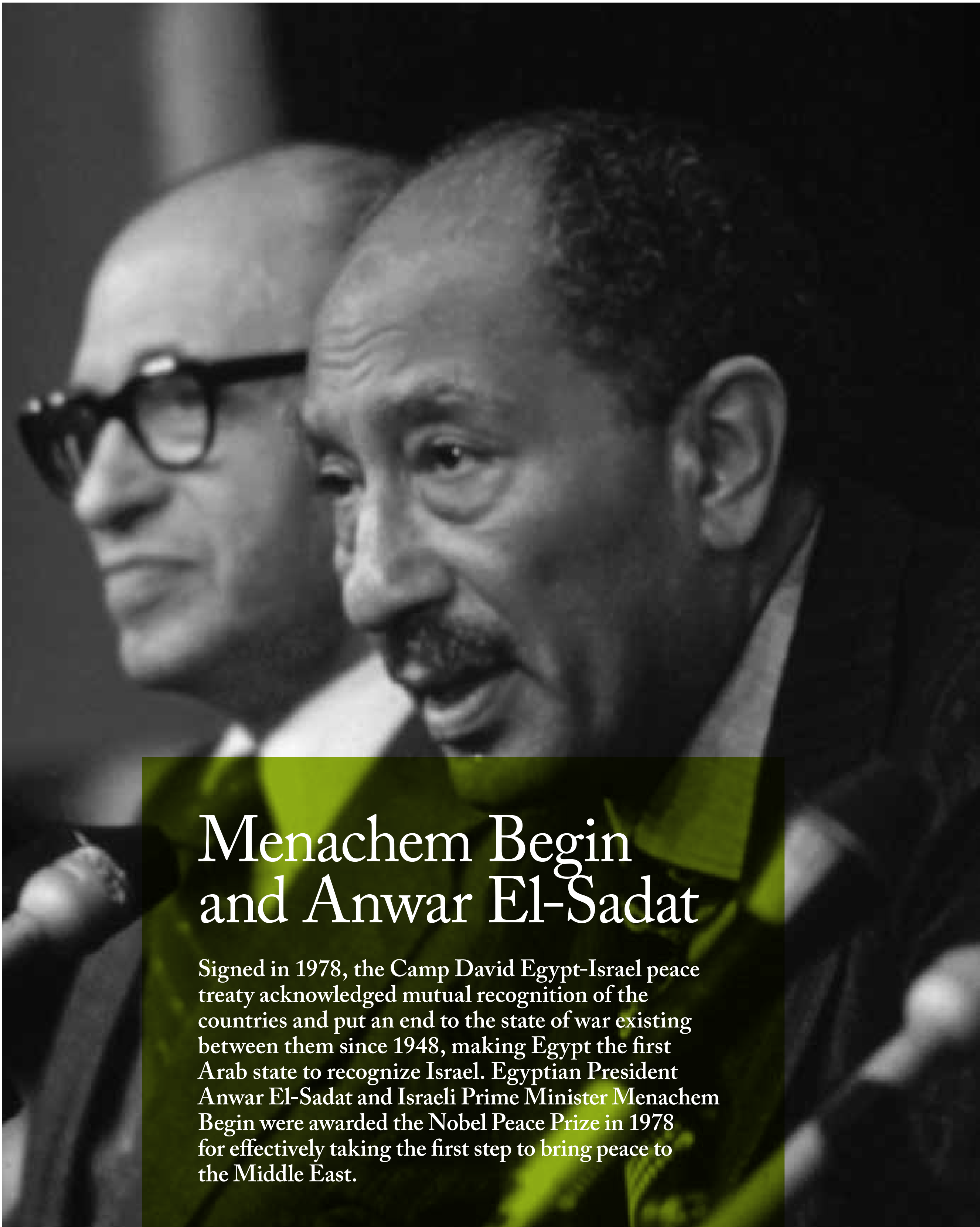
1944
The World Bank was created at the 1944 Bretton Woods Conference.

1989
The terms of cooperation between the World Bank and the IMF were set out in a special agreement.

2012
The World Bank provided a total of \$35.3 billion in loans, compared with \$24.7 billion in 2008.

"Mazars' teams in Pakistan have worked with the World Bank's team and the project's stakeholders at the grass-roots levels to understand the stakeholders, the structure of the program, as well as fund flows and operational processes. Mazars has provided crucial support to the World Bank to help the Government of Indonesia offer community-based RLFs (Revolving Loans Funds) that reach more than 5 million borrowers throughout the country."

T. Safriza Sofyan,
PNPM RLF Task Team Leader



Menachem Begin and Anwar El-Sadat

Signed in 1978, the Camp David Egypt-Israel peace treaty acknowledged mutual recognition of the countries and put an end to the state of war existing between them since 1948, making Egypt the first Arab state to recognize Israel. Egyptian President Anwar El-Sadat and Israeli Prime Minister Menachem Begin were awarded the Nobel Peace Prize in 1978 for effectively taking the first step to bring peace to the Middle East.

RESPONSIBILITY
CHARTING NEW TERRITORIES

Being an auditor or advisor involves helping companies operate more transparently and play a role of common interest. The idea that the heart of our business is to improve transparency, and thus serve society, has always motivated us in our role as a responsible partnership. At Mazars, we believe that collective responsibility is central to our mission.

VIEWPOINTS

BEING COLLECTIVELY RESPONSIBLE FOR OUR FUTURE

JEAN-LUC BARLET, GROUP CHIEF COMPLIANCE OFFICER OF THE GROUP
HILTON SAVEN, CO-CEO AND MANAGING PARTNER OF MAZARS IN SOUTH AFRICA
LAURENT CHOAIN, GROUP CHIEF HUMAN RESOURCES OFFICER

Jean-Luc Barlet, Hilton Saven and Laurent Choain all explained how responsibility is at the core of their day-to-day work and is a key driver for Mazars.

How are responsibility and corporate citizenship shaping Mazars' role in society?

Jean-Luc Barlet: Our role as an audit, accounting and tax advisory firm goes beyond crunching numbers and producing reports. We are there, above all, to defend the public interest and ensure that companies are operating responsibly. Risk management has become a prerequisite for creating responsible companies. Businesses are required to analyze and manage risk effectively, and in many areas of activity, implementing a strong anti-corruption strategy is their best line of defense.

> "Auditors have a significant role to play to ensure that companies are acting in a manner that is safe for society."
>
> **JEAN-LUC BARLET**

Hilton Saven: It is true that, as auditors, our role is to reveal risk and to serve the various stakeholders at large. This is particularly true in South Africa where a number of initiatives have been introduced to make companies more responsible. For example, the Black Economic Empowerment program was put in place to help disadvantaged people, enabling them to develop their skills, gain employment, obtain share ownership and become part of management. The goal is to ensure that these people are integrated into the formal economy. Companies are then assessed, rated, and held accountable for their results.

Laurent Choain: Mazars is a young and talented company. The average Mazars professional is 28 years old. That means that nearly 80% of our professionals are "Gen Yers". These Gen Yers are different from other generations in the way they see their relationship with the companies they work for. They are much more careful in their selection process, because they need to feel a sense of purpose in their professional life. This means they will favor employers who demonstrate a real commitment in conducting their business with an open, modern management style, and a clear awareness of their role in society in general.

How does Mazars help its clients take a more responsible approach as regards their role in society?

Jean-Luc Barlet: The fight against corruption has become a key challenge for exporters and multinationals. Over the last two years, Mazars has been actively involved in an important anti-corruption working group organized under the auspices of the G20 and in collaboration with the OECD. We have established some 200 key points to be checked to ensure that corporate corruption prevention systems are both transparent and effective. Mazars has also joined forces with ADIT – a European leader in strategic intelligence that provides companies with operational support in the areas of corruption prevention and ethical corporate governance – to develop certification for companies' anti-corruption compliance programs.

Today's stakeholders are increasingly calling for public disclosure by companies of their anti-corruption programs and for guarantees that these programs are being implemented effectively. Company directors are adopting strict anti-corruption policies to avoid the criminal and financial repercussions of bribery and corruption, and the damage that may be caused to a company's image. This is the latest in a series of service offers dedicated to responsible business, which include Human Rights Audit and Corporate Social Responsibility Consulting among others.

> Broad-Based Black Economic Empowerment can be a strategic business opportunity, rather than just a compliance issue.
>
> **HILTON SAVEN**

Hilton Saven: The South African government takes accountability very seriously. South Africa is one of the most advanced countries in integrated reporting and corporate social responsibility. South Africa was one of the earliest adopters of Integrated Reporting (IR), and all listed companies have been required to publish an integrated report for almost three years now. Broad-Based Black Economic Empowerment, or B-BBEE, has also become a strategic issue for businesses of all sizes. Since the Codes of Good Practice came into effect in 2007, companies must undergo B-BBEE verification and ensure compliance. This can have a significant impact with regard to government tenders, as companies responding to a call for tenders need to supply a B-BBEE certificate. Their level of compliance can have a serious effect on the outcome of the tender. Our role is to help our clients at every level. We handle verification and provide consulting services to offer insight on ownership deals, scenario planning, strategy development and implementation. We also organize B-BBEE training and workshops to present B-BBEE in an understandable and interactive manner.

Laurent Choain: Education plays a crucial role in creating exceptional communities of professionals and leaders. At Mazars, learning never stops. Mazars University offers a wide range of modules to develop our professional as well as management skills, to eventually serve our clients better and add value for society as a whole.

> "The goal of "The Next MBA", pioneered by Mazars, is to train and prepare the next generation of leaders – not only for Mazars, but for other companies and society as a whole."
>
> **LAURENT CHOAIN**

But at Mazars University, we consider that innovation is the best lever of social responsibility. When we conceived our executive MBA, we wanted to pioneer a new approach, not simply duplicate an existing program. This is why, after an internal pilot, we are opening up our leadership education programme, "The Next MBA", to outside participants from Spring 2014. Executives who are ready to take their careers to the next level seek high-end learning options. Mazars is a pioneer in this field, offering a new kind of Executive MBA. Participants will have access to the two-year program through their companies. Several partner companies will be part of a consortium, and at least three people will come from each company – all with the goal of bringing young executives together to foster collective learning, building up communities of responsible and modern leaders – not lonely players – and eventually gather new ecosystems of leadership.

Understanding the next generation of leaders

At Mazars, we are committed to gaining a greater understanding of this new generation that will become tomorrow's leaders. In 2013, we surveyed some 3,000 Mazars Millennials born between 1980 and 1995. While the findings of our in-depth study will be published in 2014, one interesting point is that our Gen Yers gave very similar responses across the board regardless of their nationality or where they live. Overwhelmingly, our young people have their sights set on becoming a manager one day. Also, Generation Y is known for seeking feedback, and our Millennials are no exception. We have to be responsive and give these young people the input they need to feel fully engaged in their careers. They want to be challenged and continue to learn, especially on the job.

INSIGHT

A perspective from Muhammad Yunus

SOCIAL RESPONSIBILITY IN ACTION

In 2006, Professor Muhammad Yunus was awarded the Nobel Peace Prize for his contribution to the fight against poverty *via* the Grameen Bank, the first microcredit institution granting very small loans to entrepreneurs too poor to qualify for traditional bank loans. A banker, economist and entrepreneur, Yunus has pushed his ideas even further, creating a new concept called 'social business', a business that aims to solve pressing social problems rather than maximise profit. Over the past 20 years, he has set up more than 50 social businesses in Bangladesh, some in partnership with multinational companies such as Danone, Veolia, BASF and Intel, leveraging the expertise and resources of such partners to invent market-based solutions to development challenges such as malnutrition, access to clean water, combating malaria and improving prenatal health of women. The man who, as the Nobel Committee puts it, *"translates visions into practical action for the benefit of millions of people,"* explains how social business might be the next step in creating sustainable growth.

Helping people through business

"The purpose of social business is to solve problems, not to make money," comments Yunus. But this doesn't mean that social business isn't profitable, in fact, quite the opposite. According to Yunus, one of the seven key rules of social business is financial sustainability. The only difference is that the profit is committed to be recycled into a social initiative, whether it be the business itself or a community initiative that it has chosen to support. In the Nobel Peace Prize Laureate's mind, social business is quite simply the next step in his microcredit initiative: a way to help entrepreneurs fight poverty by creating business and employment, rather than simply depending on external aid.

In 2011, Prof. Yunus, along with two German entrepreneurs Saskia Bruysten and Sophie Eisenmann, set up Yunus Social Business, a social business investment fund with the mission to support the development of social businesses outside of Bangladesh. In just over 2 years, YSB has expanded to seven countries around the world.

The Yunus Social Business fund structure maintains that investors will regain their investment but not make a profit. Investors by definition therefore do not have an incentive to encourage a social business to trade their social mission for short-term financial gain. Furthermore, these investments are more than just simple gifts, they are responsible loans that generate sustainable businesses that solve problems in the long run. In each country where Yunus Social Business operates, the company creates two structures, a fund to channel the financing, and an incubation company that helps the new companies grow by providing business advice and essential support services from a team of experts from venture capital and management consulting backgrounds.

Having local impact

"There are many other ways to do social business, such as joint-ventures," comments Yunus. Yunus Social Business Haiti has entered into negotiations with a food processing giant from Brazil to setup a sustainable poultry value chain in Haiti. This joint venture plans to reduce the country's dependence on imports of eggs and chickens and at the same time creates new employment opportunities for the rural population.

"Creating local structures is key, as each business is meant to solve a local problem," adds Yunus. *"For example, in Albania, many women from small villages produce honey or jam, but do not market it well, quite simply because they do not have adequate packaging and tend to use e.g. old bottles. Food Made in Albania, one of the companies we are supporting, is a marketing company that provides standardized containers to these women to help them increase their prices and even sell internationally."*

"New generations really like the idea of social business," comments Yunus, *"because they want to have an impact on other people's life, rather than simply becoming wealthy. It also calls for creativity, for the exchange of ideas, which is the way these new generations think".* Through his social business initiative, Muhammad Yunus has found a way to give meaning to the idea of social responsibility.

Mazars and Yunus Social Business

Mazars in Tunisia signed a partnership agreement with the local Yunus Social Business structure, helping them find and secure the right fiscal vehicle to conduct business in the country, and potentially other countries in the future. As Yunus points out, *"having experts by our side is important in giving our projects credibility and transparency for our investors."* This commitment to transparency, one of Mazars' core values, is another example of the leverage and impact a company can have when its CSR policies are linked to its core business.

A NEW FRAMEWORK FOR REPORTING

In the coming years, Mazars will streamline its CSR reporting process worldwide. At the Group level, we are focusing on closely analyzing the Global Reporting Initiative (GRI) indicators that are most relevant to our business as a professional services firm. CSR information will be submitted at the country level along with financial reporting, and then consolidated, in order to provide a holistic view of our Group-wide CSR efforts. Our goal is to integrate our initiatives into a long-term approach for CSR and financial reporting.

> "Mazars is at the forefront of the Integrated Reporting movement. We are laying the groundwork for a new way of communicating for companies that will lead to the creation of value over the short, medium and long term."

JEAN-LUC BARLET,
GROUP CHIEF COMPLIANCE OFFICER

Developing a new model for reporting

The global financial crisis that started in 2007/ 2008 shook stakeholders – investors, analysts, businesses, inter-governmental agencies, rating agencies and society at large – showing how difficult it is to grasp how a company is really doing. In response to this critical issue, the Prince of Wales Accounting Sustainability Project, the Global Reporting Initiative and the International Federation of Accountants came together in 2010 to create the International Integrated Reporting Council (IIRC) and develop a new model to corporate reporting.

Offering a clear picture

The aim of Integrated Reporting (IR) is to combine, in a single compact report, the most relevant information, which is currently communicated in a host of different ways: financial statements, management reports, governance and compensation reports, sustainability reports and information for analysts. IR focuses on assessing the value that a company creates. This goes beyond just looking at the financial value and involves explaining the benefit of the business model for society as a whole. Companies have a wide range of types of capital: financial capital, manufactured capital, social capital, human capital, intellectual capital and natural capital. Integrated thinking involves looking at how these types of capital, or inputs, translate into outcomes for the organization and society.

The IIRC set up a pilot program with businesses and investors, enabling these stakeholders to actively contribute to the development of the IIRC Framework, which was finalized and released in December 2013. Over 100 companies, including two leaders in IR in France – Danone and Natixis Asset Management – took part in workshops and webinars in order to start implementing IR within their organizations. Mazars took part in these workshops, helping the IIRC determine the basis for the concrete principles that will turn into the first guidelines to assist companies as they implement Integrated Reporting. In 2014, more companies will move to IR on a voluntary basis. The aim over the medium term will be to work with financial regulators to make IR a reality worldwide.

> **"Today, big multinationals are taking initiatives and raising the bar in corporate social responsibility. This puts pressure on suppliers, forcing them to be both more responsible and more accountable as regards energy consumption, training, human rights and other key CSR issues. It is a way of motivating from the top down and serving as a catalyst for change."**
>
> **PAUL STEMAN,**
> MANAGING PARTNER OF MAZARS
> IN THE NETHERLANDS

Women's Empowerment Principles

In 2013, Mazars expressed its support for advancing equality between women and men by signing the Women's Empowerment Principles. This set of seven principles was drafted in collaboration with UN Women and the UN Global Compact and has been signed by over 600 CEOs worldwide.

The WEP Principles

1 - Establish high-level corporate leadership for gender equality

2 - Treat all women and men fairly at work – respect and support human rights and non discrimination

3 - Ensure the health, safety and well-being of all women and men workers

4 - Promote education, training and professional development for women

5 - Implement enterprise development, supply chain and marketing practices that empower women

6 - Promote equality through community initiatives and advocacy

7 - Measure and publicly report on progress to achieve gender equality

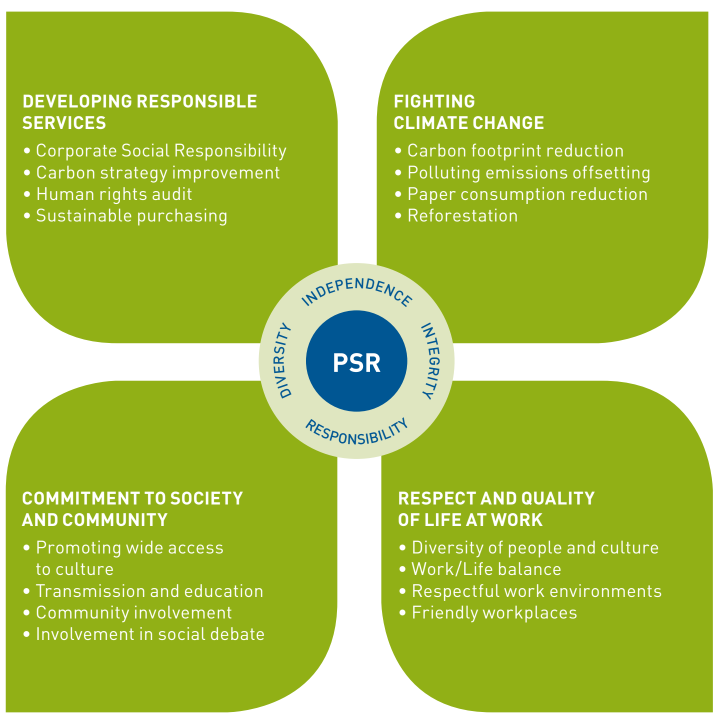
UN WOMEN
United Nations Entity for Gender Equality and the Empowerment of Women

PARTNERSHIP SOCIAL RESPONSIBILITY

A LONG-TERM COMMITMENT

Since its formal inception in 2008, our PSR policy has continued to evolve every year, adding new initiatives and tools. In order to best structure our approach, and to demonstrate the strength of our commitment, we became a signatory of the United Nations Global Compact (UNGC) in December 2011. For the fourth year in a row, we have chosen to present our key PSR areas of focus in this Annual Report and illustrate them by highlighting the most outstanding local initiatives.

We strongly believe that our partnership's social responsibility initiatives must be linked whenever possible to our core business, our model and our values, to make them more effective and more relevant. We put this principle into action in four key areas.



DEVELOPING A RANGE OF RESPONSIBLE SERVICES FOR OUR CLIENTS

The business world is becoming increasingly aware that the valuation of a product or service involves taking into account much more than its face value. Companies must also be accountable to a wide range of stakeholders. This means that they need to be more transparent about their processes, local impact and involvement in their communities. This evolution towards a more inclusive concept of performance, which goes beyond mere financial performance, represents a challenge for companies.

Auditing CSR policies and extra-financial reporting

Legal obligations to provide information on extra-financial performance are becoming both increasingly widespread and more specific. To prepare for the changes that lie ahead, many companies worldwide have opted for a voluntary reporting approach, primarily based on international standards such as the UNGC or the GRI (Global Reporting Initiative). To help them devise their reporting strategies and policies, we have created several methodologies for extra-financial reporting, such as Mazars' IAB (International Accounting Bulletin) award-winning Human Rights Audit service.

As part of our determination to help companies design a CSR policy that is effective, our team in Germany has also created the Culture Compass, a tool to audit corporate culture, to improve it and make it the basis for deploying policies, which also received the IAB's Innovation of the Year award in 2013. All these methodologies share a common goal of using our tools and capabilities help clients create policies and processes that fit their strategy, models and goals.

Developing innovative offers to cater to new needs

Mazars' teams always approach extra-financial reporting through the angle of risk management, which is at the heart of what we do as auditors and advisors. Companies have understood that poor extra-financial performance can have a negative impact on their activities over the long term. The latest addition to our array of offers is the newly launched Anti-Corruption Certification, which has already been approved by the French regulatory authorities. At Mazars, we believe that helping our clients secure their processes and be more transparent is a key way to serve society and develop a sustainable economy for the future.

RESPECT AND QUALITY OF LIFE AT WORK

Collective intelligence is a mindset nurtured by every individual's skills, culture, knowledge and differences. Our management approach focuses on individual difference and aims to enhance respect for the individual and their rights. It also enables our professionals to unite their personal values with Mazars' values, thus improving their performance. It is about managing difference.

Equality and work/life balance go hand-in-hand

In 2012, we conducted a large-scale audit involving some 10,000 staff members in 55 countries about employee expectations with regard to diversity. We were able to identify two key areas that are particularly important for our teams: gender equality and work/life balance. Both thematics were integrated in the Group's global diversity policy, which is based on two levers, gender equality and management of differences. This policy relies on an influence strategy, so that every country can assimilate the approach and integrate it in its own culture, mainly by taking part in many debates.

Different countries need different drivers

Mazars in Thailand for example deployed a layered program covering several topics, from training, in technical and in soft skills, to flexible working hours, which included the possibility to work from home one day a week. In France, Mazars put in place a detailed action plan combining mentoring and coaching session for women, and now allows fathers to take fully paid paternity leaves when their children are born. In the United Kingdom, Mazars' professionals receive specific training about managing difference through diversity-themed seminars, while the Russian and Chinese teams participate in nationwide debates about gender equality.

FIGHTING CLIMATE CHANGE

Our initiatives to fight climate change are the natural extension of our desire to support our clients as they build sustainable development models. The link between global policy and local implementation is especially relevant and helps us protect the environmental part of Mazars' program for respecting all communities, both human and natural.

Mazars teams on the Million Tree Program planting site (China)

Carbon footprint audits and offset programs

Conducting carbon footprint assessments has a two-fold objective. When organizations measure the effect of greenhouse gases (GHGs) generated by their activities, they not only benefit from the opportunity to take corrective action and reduce their environmental impact, they are also able to set clear targets to cut GHGs. For example, Mazars measured its carbon footprint in China and offset emissions by continuing to support an important reforestation initiative, The Million Tree Program, for the third year in a row.

Concrete action plans, country by country

Environmental protection must be based on a real assessment of our entities' actual impact. We have encouraged all our units to undergo environmental impact assessments like those performed annually in several key countries such as China, the Netherlands and France. These assessments serve as a basis to implement concrete action plans targeting the areas where the action is the most efficient – whether this involves the vehicle fleet, energy consumption or the use of fair-trade and recyclable materials.

Mazars' teams in the Netherlands continued to make great strides by transparently publishing their key indicators and objectives in their second national PSR Report, which also complies with the GRI. The Group is capitalizing on this experience in the global rollout of its PSR policy.

COMMITMENT TO SOCIETY AND COMMUNITY

The way we see collective intelligence is unique to Mazars. Making what we do part of the bigger picture and actively contributing to the progress of communities in which we work are two pillars of our social responsibility policy. We achieve this by participating in debates on the most current social issues and by focusing on ensuring the success of initiatives that favor unity and the transmission of culture and values.

Getting involved in society

For many years, Mazars has been involved with various think tanks and debates on aspects of society that extend beyond the fields of our core businesses. In Sweden, for example, Mazars takes a different approach to sustainability by rewarding the strong links that small companies can weave over a long time with their local environment. This reflexion takes shape in the organization of the Annual Sustainable Entrepreneur Award, to reward companies whose long-standing local presence has created jobs and spurred economic development in their communities.

Other Mazars teams in China and the Czech Republic have taken a different approach, choosing to support local charities by sharing their skills through pro bono work and helping them prepare their financial statements.

Promoting solidarity and the transmission of values

At Mazars, solidarity and the transmission of values are crucial because sharing underpins our entire model. As with all the aspects of our PSR policy, it is important that the projects we carry out with different partners help create value for all stakeholders.

In Ireland, for example, Mazars continues to combine its contribution to charitable causes with the creation of team-building events that focus on sports, leisure and culture. Our teams in Portugal did just this by giving some of their time to the Food Bank in 2013.

Mazars' professionals in South Africa renew their involvement to their communities each year. This year, an entire day was reserved so that the staff from our nine South African offices could take part in charitable activities of their choice as a team in the neighborhood where

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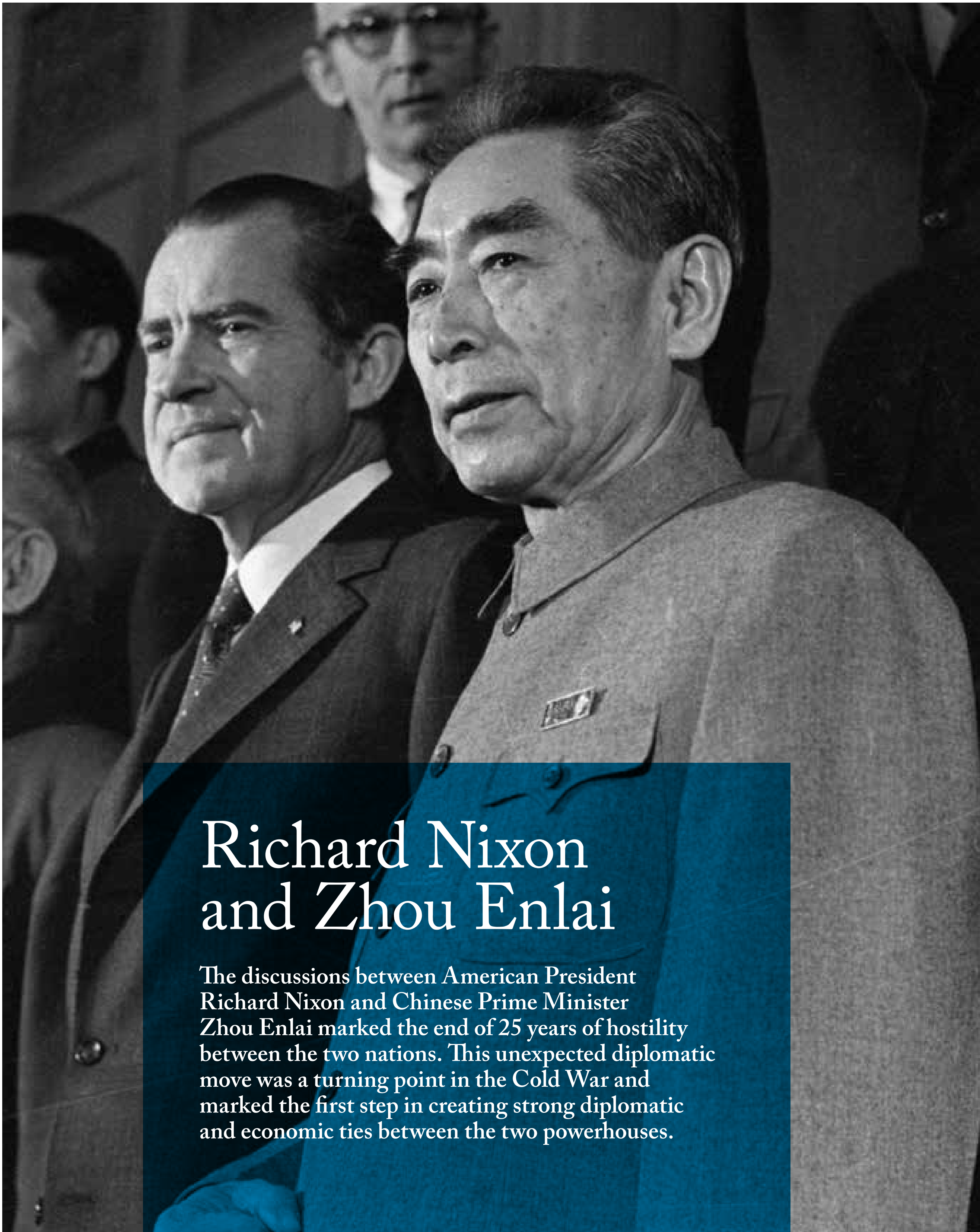
PROJECTS RECEIVED SUPPORT FROM THE MAZARS FOUNDATION.

Mazars event at the Louvre museum in January 2013, as part of our patronage programs

their offices are located. Mazars is also active in cultural sponsorship, which is another way of taking part in the exchange of ideas and in sharing our cultural heritage with the widest possible audience.

In France, the Mazars Company Foundation for Childhood, Health, Solidarity and Sustainable Development, which was set up in 2009, serves the greater community. Every year it enables various organizations to further their aims in combatting vulnerability, helping struggling families, improving access to education and culture, and assisting individuals with disabilities thanks to targeted financial donations. Before projects are approved for funding, the Mazars Foundation uses an innovative approach that involves a thorough analysis of the stability of the initiative, thus ensuring that a very high percentage of the projects are successfully implemented.



Richard Nixon and Zhou Enlai

The discussions between American President Richard Nixon and Chinese Prime Minister Zhou Enlai marked the end of 25 years of hostility between the two nations. This unexpected diplomatic move was a turning point in the Cold War and marked the first step in creating strong diplomatic and economic ties between the two powerhouses.

REPORTING LEADING THE WAY

Being honest about our performance and about our financial statements is a core principle of our commitment as a socially responsible organisation. In order to be a key actor of financial transparency, one needs to apply the latest and most stringent standards to oneself. Publishing our financial information, consolidated at Group level and independently certified, is also a token of our desire to work "in collective intelligence" with our clients: our solutions are based on our own experience of their issues.

GROUP EXECUTIVE BOARD

OPERATING AND FINANCIAL REVIEW 2012/2013

Mazars is pleased to present its audited consolidated results for the worldwide group for the year ending 31 August 2013. This is the ninth year it has done so and it remains the only major accountancy and audit organisation to publish audited figures on a global basis. This reflects our commitment to transparency with regard to operational and financial performance.

1/ Overview of 2012/2013

Mazars achieved a growth rate of 3.2% in turnover in 2012/2013 to €1,045.6m up from €1,013.4m in 2011/2012, against the challenging economic conditions that continued to exist in many parts of the world. The increase in turnover was 4.1% at constant exchange rates.

Professional services firms remain under strong financial pressures as clients are very conscious of fee levels and there is significant competition for engagements along with increasing regulatory pressures. The current environment does, however, also provide opportunities for Mazars given the strength of our reputation and our commitment to excellent quality of service.

The overall firm growth rate of 3.2% represents the aggregate of an organic growth rate of 1.6%, an external growth rate of 2.5% and the negative impact of foreign exchange movements amounting to 0.9%. The relatively slower rate of organic growth than in previous years is mainly due to firms in mature economies in Western Europe where there has not been organic growth in the year and where business is taking longer than expected to recover from the financial crisis.

2/ Profitability and financing

Our global gross margin increased by 2.3% to reach €523m representing 50.0% of our fee income. This is 0.4 percentage points lower than last year and resulted from investment in further enhancing the quality of our offering as well as the ongoing fee pressure.

Mazars remains committed to its hiring policies and accordingly increased its headcount by 6.1%, leading to an increase in the payroll for professional staff of 4.1%, which also includes some restructuring costs. On the other hand, overheads have decreased by 2.6% and represent now 31.7% of our turnover down from 33.6% the previous year.

The net impact of the increase in gross margin and reduction in overheads was a positive impact on our profitability (surplus) which before Group adjustments represents 18.3% of fee income compared to 16.9% in the previous year. Surplus is defined as the profit before any direct or indirect form of partners' remuneration, including their share of corporate income tax, in the case of dividends.

The financing of our activities is essentially provided by the partners. It may translate in different forms (equity shares, loans, current accounts, deferred compensation…). In total this year financing by the partners represents 16 months of their total earnings the same as last year.

Our work in progress and receivables ratio remains under good control at 3.3 months of annual fee income against 3.5 months last year.

3/ Review of Global Business Units

Mazars is structured within four business units on a global basis: Public Interest Entities (PIE), Owner Managed Businesses (OMB), Tax and Law. The respective turnovers of each unit for 2012/2013 and 2011/2012 are shown in the table below:

Fee Income in € million	FY 2012/2013	FY 2011/2012	%
PIE	521.2	503.7	+3.5%
OMB	393.9	385.7	+2.1%
TAX	122.1	110.5	+10.5%
LAW	8.4	13.5	-60.7%
TOTAL	**1,045.6**	**1,013.4**	**+3.2%**

PIE

Focusing on opportunities in challenging market conditions

In the PIE marketplace remains marked with two global trends: intense competition and increasing regulation in mature markets. The PIE results nonetheless show growth of 3.5%. The market presents new opportunities where we can really add value for our clients as they face ever increasing regulatory challenges, which compensates for the overall significant downward price pressure. At the same time we are seeing growing maturity in the public interest entity environment in the BRIC and other rapidly emerging economies, where Mazars is pursuing a strategy of investment and rapid growth.

In Europe, although our profession continues to experience intense price renegotiation pressure across audit and advisory services, yet, we are already seeing signs of recovery, as the market as a whole is perhaps more positive than it has been since the start of the financial crisis.

In this context, a resolute commitment by our partners and teams has delivered steady topline growth. Our major audit clients continue to recognize the quality of our partner led assurance services: in France we were re-appointed as auditor for all key mandates which came up for renewal during the year, notably in the industrial and financial services sectors.

High profile financial services wins in a number of countries

Our relentless focus on increasing our footprint in the PIE environment is being recognized by the market, with, for example, new high profile clients choosing Mazars in the financial services sector in France, Italy, Spain and the UK. Mazars is increasingly being seen as a natural alternative to some of the established players, both by client management and boards and by national governments and regulators.

Mazars is at the forefront of providing value added assurance to our clients, over and above the traditional audit compliance role and we believe this is a vital trend for the stable long term growth of the firm and most importantly that of our clients.

Growth and investment in major developing economies

In order to provide a seamless service to our global clients, Mazars has been rapidly expanding in the BRIC economies for several years. We continue to strengthen and attract teams in these countries and results are strong despite some uncertainty in, for example, the Brazilian and Chinese markets.

Beyond the BRICs, we are seeing double digit growth in other maturing economies. Continued strong performance in Africa and Latin America is very much the result of our ability to draw on our global talent pool and combine local expertise with providing world class-service to our largest global public interest clients.

To make further inroads into the local PIE market in all locations, we are investing heavily in the people and niche expertise that will allow us to widen choice in the marketplace and further increase international and local brand recognition. Our integrated partnership model, where we genuinely act as one team globally, continues to provide us with a great platform to meet and anticipate our PIE clients' needs wherever they arise in the world.

OMB

A growing footprint in a changing market segment

Across the world OMB entities account for over 90% of enterprises and contribute over half of private sector added value. Mazars services the needs of these clients in all our 71 countries and has established a formal OMB country business unit (CBU) in 28 of them.

The total revenue achieved across the OMB segment of our client base in those 28 countries with formal CBU's amounts to €393.9m. Despite the challenging market conditions due to low economic growth in many countries, we have achieved significant growth in our OMB business 2012/2013 on a like-for-like basis. During the year a large portion of what was previously regarded as OMB business in German markets was re-classified as PIE. The underlying growth rate in turnover (excluding the impact of the re-classification adjustment) was approximately 5.6% (2012/2013 €394m, 2011/2012 €373m).

The growth in turnover was primarily driven by Mazars in France whose OMB turnover increased by 14% from €107m in 2012/2013 to €122m in 2012/2013. The French OMB practice accounts for almost a third (31%) of the global OMB business.

The geographic spread of our turnover in the 28 OMB country business units is as follows:

	€'000	% OF GBU
Middle East	6,616	1.7
Africa	31,590	8.0
Europe	317,567	80.6
Latin and Central America	4,125	1.0
North America	33,968	8.7
TOTAL	**393,866**	**100**

The OMB business has experienced a modest decline in profit margin in 2012/2013. Africa, which previously had a relatively high profit margin, experienced a significant reduction whilst Europe's margin was slightly below the previous year though that in the US increased significantly during the year.

The GBU rolled out the 'Play your Part' business development program around the world and has started to implement the first phase of the global OMB strategy and transformation plan in all of the 28 CBUs. A considerable amount of energy and attention has been devoted to getting much closer to the business affairs of our clients and to broadening and deepening the range of services we offer. In some countries we are investing both in improving specialist and general advisory services and in developing and adapting new business models, processes and technology to provide our services on a more efficient basis without either compromising the quality of the service or our profitability.

TAX

Tax is an issue of major importance for our clients and is currently a high profile subject in the media around the world. We believe that tax provides an excellent platform to begin conversations with the business and from which to build a broader-based service offering. Earlier this year the OECD launched its major *'Base Erosion and Profit Shifting'* project which has attracted a lot of attention in the international tax world. The leader of this project spoke at the Mazars International Tax Conference for our clients and prospects in October 2013 in Paris and Mazars is well positioned to help lead this debate and engage in discussion with our clients and prospects.

In the light of the current media focus on taxation issues, organizations need to be aware that greater tax transparency is required and need to consider the impact on stakeholder management arising from the levels of taxation which they pay. Moreover recently the European Commission has announced plans to adapt the parent-subsidiary Directive in order to prevent tax abuse as they see it.

All the above has substantial impact on our marketplace and Mazars Tax is more than ever aware of the relevance of these developments to our service offering and is responsive to emerging client needs.

In 2012/2013 we were able to tender for some important projects and won several new assignments. Our objective is to increase our participation in such tenders.

We are committed to growing our tax practice further. We have started by making in-depth investments in the countries in which we already have a significant presence and in major financial centers but we will also continue to make investments in specialist expertise in other important countries. As part of our strategy we are committed to investing in sector specialisms to meet our clients' needs even better and to be able to provide added value and bespoke solutions.

Despite the remaining difficult market conditions we were able to grow the tax practice from €110.5M in 2011/2012 to €122.1M in 2012/2013, a significant increase of 10.5%. This growth results from an increase in both advisory and assurance-related work. In recent years, the BRIC countries have been the main drivers of growth in the tax practice but this growth is now slowing down. With mature economies, such as those in Europe and the United States, showing signs of economic recovery, we are currently focusing on growth possibilities there. In doing so, Mazars' focus will be on helping clients to respond effectively to the changing tax environment.

LAW

This year has seen the development of the new GBU LAW strategy which has included consideration of its role within a multidisciplinary practice and how best to avoid potential conflicts of interest and respond to the different regulatory approaches in different professions.

A concrete result of the focus on strategy in 2012/2013 has been the launch of the concept of an alliance of firms of lawyers. This strategy will allow the law practice in the countries in which it is an integral part of Mazars (France, Romania, Spain and Thailand) to collaborate with independent firms of lawyers which will be members of this alliance. This will enable Mazars to increase its geographical coverage with regards to legal services and increase the flow of work between the GBU for Law and other GBUs. The legal structure for this new initiative was established in July 2013 and further stages will be completed in the coming months.

4/ Geographic segments

Fee Income in € million	FY 2012/2013	FY 2011/2012	%
Africa	60.5	57.4	+5.4%
Asia/Pacific	65.2	65.5	-0.4%
Europe – Eurozone	534.6	521.8	+2.5%
Europe – non Eurozone	227.3	221.3	+2.7%
Latin & Central America	32.3	29.9	+8.0%
Middle East	5.9	5.5	+6.0%
North America	119.8	112.1	+6.9%
TOTAL	**1,045.6**	**1,013.4**	**+3.2%**

Africa - 18 countries

There was strong organic growth in the region led by Tunisia which grew by 34%, Senegal 31.8%, Cameroon 15.1% and Morocco 8.9%. In overall terms, the region grew organically by 8.4% and external growth contributed a further 6.1% to income but this was partially offset by a negative foreign exchange rate impact of 9.1% leading to a total growth in turnover of 5.4%.

South Africa had a strong external growth rate of 13.1% with the mergers in Cape Town and East London but experienced an adverse exchange rate impact of 15.1%. Due to high political instability, Egypt went through an organic downturn of 7.8% in addition to an unfavourable foreign exchange impact of 8.3%.

Asia/Pacific - 12 countries

Overall, Asia Pacific had a challenging year and declined by 0.4% which was partly attributable to a slowing in the rate of organic growth to 1.3% but especially due to the negative foreign exchange impact of 1.7% with large adverse rate impacts in Japan of 15%, India and Indonesia 7% and Pakistan 5%. Some countries however still experienced very strong levels of organic growth including Vietnam 21%, Thailand 13% and mainland China 9%.

Europe – Eurozone - 13 countries

The growth of 2.5% in Eurozone Europe was attributable to external growth at a time when nearly all the economies in the region were under significant pressure in the aftermath of the financial crisis reducing the opportunities for organic growth. This included the Mazars firm in Greece increasing our country coverage and some additional operations in France.

Europe – non Eurozone - 12 countries

Within non Eurozone Europe, there was a growth rate of 2.7%. Russia performed very well with growth of 23% followed by Turkey 19%, Ukraine at 13% and Romania at 7%.

Latin & Central America - 7 countries

The region was the fastest growing in the group with an increase in turnover of 8% driven by a very strong organic growth rate of 18% with particularly high achievements in Venezuela and Chile which grew by 65%, Uruguay 41% and Mexico 18.5%. Unfortunately, the fast organic growth rate was offset by negative exchange rate impacts of 8% across the region with three currencies dropping particularly heavily against the Euro: Venezuela by 33%, Argentina 16% and Brazil 12%.

Middle East - 5 countries

The area grew by a creditable 6.0% with a 6.2% growth in turnover in local currency being marginally offset by a small negative foreign exchange impact amounting to 0.2%. The fastest growing country in the region was Qatar where turnover rose by 11%.

North America - 3 countries

The overall area growth rate in the region was 6.9% of which 2% was attributable to organic growth. WeiserMazars grew by 9% of which external growth accounted for 6% whilst Bermuda grew by 14% but there was a significant downturn in Canada and our Los Angeles office.

5/ Goals for 2013/2014

The current economic environment in the various geographic areas where Mazars operates is quite contrasted. In the Eurozone there is very little if any growth. The United States and the United Kingdom are clearly out of recession and growing steadily. Asia Pacific continues to grow quickly; Latin America is growing unevenly with some signs of stalling in Brazil and Venezuela and Africa continues to grow but with some signs of a slower rate of growth in some countries.

In this uneven environment, we will continue to invest for the future of our integrated Partnership. We have some exciting opportunities in both the mature markets of Europe, especially in the context European Union Audit Reform, and in the United States as well as the developing markets. In 2013/2014 our GBUs and GSUs will drive our growth and the quality of our services and we will give greater emphasis to the role of service lines, sectors and our range of tools and offers.

The GEB has set three financial management goals for 2013/2014: growing fee income in line with the commitments made in setting the 2013/2014 budgets, increasing the gross margin to 51.1% through better management of our direct costs and decreasing the overheads as a percentage of fee income to 30%.

The GEB plan to enhance our strong business model by launching a holding structure in the European Union which we believe will help us make the most of our opportunities.

The Group Executive Board

GROUP GOVERNANCE COUNCIL REPORT

The Group Governance Council plays a key role in Mazars' governance platform, through its general oversight function but also through the specific roles that are assigned to it. Its current members were elected in December 2012 in Paris and have been working throughout the year under a new organization giving priorities to five committees (Financial Performance, Partnership Development, Governance and Remuneration, Risk and finally Public Interest), all reporting to the full GGC on their progress on a regular basis. Each committee has defined its terms of reference and priorities in January and a list of priorities and topics to be addressed during the year. Both the terms of reference and the priority topics have been communicated to the GEB.

General oversight function

Group strategy follow-up

The Group has evolved steadily over the last few years and is to continue to grow at a significant pace. In the interest of the whole partnership, it is the GGC duty, as the oversight body, to ensure that the adequate processes are in place with appropriate resources, and if not that remediation actions are defined and put in place by the GEB. To ensure the sustainable development of the partnership going forward, the GGC has made somerecommendations to the GEB and is committed to follow-up on the implementation of such recommendations.

Monitoring of risk management and quality control

The GGC considers of paramount importance the quality and ethics in the Group's professions. In this context, the GGC followed-up on specific action plans regarding risk management and quality control, to make sure quality and ethics are at the heart of the strategies developed by each Executive Committee and, more broadly, each partner. As assigned last year, the members also reviewed the global insurance cover of the Group and is satisfied with the general level of coverage.

Specific roles of the Group Governance Council

Operational performance

The monitoring of financial performance continues to be one of the key roles of the GGC. The economic backdrop has been challenging in our mature markets particularly Western Europe, and now even in emerging markets, where growth is starting to slow down. The final results are quite positive however, as both turnover and profitability grew.

The GGC has more specifically followed-up on its recommendations about the reinforcement of the reporting systems and the financial discipline Significant efforts made by the central finance team led to effective improvements and the GGC will remain focused on maintaining this improvement trend in the coming years.

Partnership environment

The GGC supervises the work done by the GEB and is to agree on the triennial allocation of Base Points (BP) to the partners. Globally, the GGC considered that the BP allocation proposed by the GEB for the period 2012/2015 was consistent, fair and balanced.

Strategy and structural evolutions

The GGC has followed its on-going dialogue with the GSC and GEB and has been constantly informed and updated on the strategic orientations and projects the GSC is involved in, such as significant potential opportunities rising in Asia, America and Europe.

Partners path

In 2013, the GGC reviewed, together with the GEB, all new partner's applications. The number of candidates has slightly increased, as we reviewed 53 files, compared with 62 in 2012. The proposed co-optations come from 22 countries in every geographic zone, reflecting the on-going international development dynamic.The Council noted the lowest proposition of women among the applicants (falling from (24 to 15%), and a significant growth of the number of partners in Europe, with over 65% of the new partners. The GGC approved all candidacies and made some recommendations to the GEB in the view of improving further certain parts of the process.

International Development projects

The Partnership Development Committee (PDC), reviewed in depth several projects during the year and reported to the GGC for decision making. In this context, the PDC reviewed all operations voted at the CARL Conference in Berlin in December 2013: the integration of practices in Pretoria and Bloemfontein in South Africa, the integration of Cinotti Group in Croatia and the merger with Resnick Druckman in the United States. The GGC also reviewed several projects which did not require a partner's vote, such as the merger with Adevaris in Romania and the integration of partners coming from RSM Tenon in the United Kingdom.

GEB members remuneration

It is one of the duties of the GGC to decide on the GEB members remuneration. The GGC has this year worked extensively, through its Governance and Remuneration Committee, at clarifying and determining the remuneration packages of each GEB member.

Perspectives

The GGC is eager to support and help the GEB in making the Group more successful and encourages the GEB to continue on the efforts made. The GGC will dedicate time this coming year on the following points that we consider of major importance:

- risk management and T&I;
- partnership development, most specifically about the process in place in terms of external growth;
- GEB roadmap the long term objectives;
- Financial performance and budget processes.

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH IFRS

2012/2013 FINANCIAL YEAR ENDED ON 31 AUGUST 2013

FIGURES EXPRESSED IN THOUSANDS OF EURO

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS

Consolidated income statement

	NOTES	2012/2013	2011/2012
Turnover	5	1,045,610	1,013,424
Cost of technical staff	6	-522,898	-502,421
GROSS MARGIN		**522,712**	**511,003**
Cost of administrative staff		-82,395	-84,417
Other costs	7	-225,495	-230,719
Depreciation and provisions	10, 11 & 15	-16,565	-16,016
OPERATING SURPLUS		**198,257**	**179,851**
Amortisation of client relationships and impairment of goodwill	z	-4,560	-4,386
Financing costs		-5,092	-4,484
SURPLUS BEFORE PARTNERS' REMUNERATION		**188,604**	**170,981**
Partners' remuneration		-188,562	-170,901
PRE-TAX RESULT		**42**	**80**
Corporate income tax	22	-13	-57
POST-TAX RESULT		**29**	**23**
Earnings per share (in €)			
- basic	9	0.23	0.20
- fully diluted	9	0.23	0.20

Consolidated statement of comprehensive income

	NOTES	2012 /2013	2011/2012
Post-tax result	3.6	29	23
Other comprehensive income			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**29**	**23**

The other comprehensive income disclosed above relates to the consolidating entity Mazars Scrl.

Other comprehensive income for the Group's operating entities is disclosed, in accordance with the overall presentation of the Group's equity set out in note 3.11, under "Other comprehensive income" as part of non-current liabilities due to partners (cf. note 18, "Non-current and current liabilities due to partners").

Consolidated statement of financial position

ASSETS	NOTES	31/08/2013	31/08/2012
NON-CURRENT ASSETS			
Intangible assets	10	131,376	131,336
Property, plant and equipment	11	39,477	44,104
Other non-current assets	12	15,115	18,087
TOTAL NON-CURRENT ASSETS		**185,968**	**193,527**
CURRENT ASSETS			
Trade and other receivables	13	283,604	292,706
Other current assets	14	75,539	63,738
Cash and cash equivalents	17	62,881	52,375
TOTAL CURRENT ASSETS		**422,024**	**408,819**
TOTAL ASSETS		**607,992**	**602,346**

EQUITY AND LIABILITIES	NOTES	31/08/2013	31/08/2012
SHAREHOLDERS' EQUITY		**598**	**551**
NON-CURRENT AND CURRENT LIABILITIES DUE TO PARTNERS			
Non-current portion	18	162,896	162,452
Current portion	18	83,614	60,948
TOTAL NON-CURRENT AND CURRENT LIABILITIES DUE TO PARTNERS		**246,510**	**223,400**
OTHER NON-CURRENT LIABILITIES			
Non-current portion (more than one year) of long-term borrowings	17	67,053	43,464
Long-term provisions	15	25,248	23,570
TOTAL OTHER NON-CURRENT LIABILITIES		**92,301**	**67,034**
OTHER CURRENT LIABILITIES			
Current portion (less than one year) of long-term borrowings	17	22,043	30,941
Current bank financing	17	36,236	54,530
Trade and other payables	21	202,085	216,021
Current provisions	15	8,219	9,869
TOTAL OTHER CURRENT LIABILITIES		**268,583**	**311,361**
TOTAL EQUITY AND LIABILITIES		**607,992**	**602,346**

Consolidated statement changes in equity

	31/08/2013	31/08/2012
SHAREHOLDERS' EQUITY AT THE BEGINNING OF THE PERIOD	551	504
of which share capital	*294*	*271*
of which reserves	*257*	*233*
CAPITAL INCREASE	19	23
TOTAL COMPREHENSIVE INCOME	29	23
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	**598**	**551**
of which share capital	*312*	*294*
of which reserves	*286*	*257*
Number of shares, valued at 2.5 euro each, at the end of the period	124,788	117,465

Consolidated statement of cash flows

	NOTES	2012/2013	2011/2012
I- Operating activities			
Net result		**29**	**23**
Depreciation and amortisation		24,885	19,140
Gains and losses on disposal		-71	187
SELF-FINANCING CAPACITY		**24,844**	**19,350**
Changes in current assets		-2,699	-14,409
Changes in current liabilities		-12,393	22,569
Changes in current liabilities due to partners	24.1	22,665	-21,682
CHANGES IN WORKING CAPITAL REQUIREMENTS		**7,573**	**-13,522**
NET CASH GENERATED BY OPERATING ACTIVITIES		**32,417**	**5,828**
II- Investing activities			
Purchases of property, plant and equipment and intangible assets	24.2	-15,764	-21,478
Disposals of property, plant and equipment and intangible assets		1,869	829
Purchases of other non-current assets		-1,459	-3,128
Disposals of other non-current assets		1,166	491
Net cash flows from acquisition and disposal of subsidiaries	24.3	-4,482	-6,230
NET CASH USED IN INVESTING ACTIVITIES		**-18,670**	**-29,516**
III- Financing activities			
Changes in non-current liabilities due to partners		444	6,357
Capital increase		19	23
Issuance or subscription of long-term debt	24.4	38,048	11,841
Repayment of long-term debt	24.4	-23,357	-10,568
NET CASH FROM FINANCING ACTIVITIES		**15,154**	**7,653**
CHANGES IN CASH FLOWS		**28,900**	**-16,035**
Impact of exchange rate changes		-100	99
Cash and cash equivalents at the beginning of the year		**-2,155**	**13,781**
Cash and cash equivalents at the end of the year		**26,645**	**-2,155**
Cash and cash equivalents		62,881	52,375
Current bank financing		-36,236	-54,530
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**26,645**	**-2,155**

2. NOTES TO THE FINANCIAL STATEMENTS

Note 1: Basis of preparation

The financial statements together with the attached notes for the financial year ended 31 August 2013 have been prepared in accordance with IFRS as adopted by the European Union.

The financial statements are also in accordance with IFRS as published by the IASB. It should be noted that application of the amendment to IFRS 1 in respect of severe hyperinflation, required by the IASB with effect from accounting periods beginning on or after 1st July 2011 but which amendment has not yet been adopted by the European Union, would be without effect for Mazars' consolidated financial statements inasmuch as the amendment is only applicable in the context of first-time adoption of IFRS.

The financial statements were approved by the Group Executive Board on 19 November 2013 and submitted for review to the Group Governance Council on 22 November 2013. They will be submitted for approval of the General Assembly of Mazars Scrl on 14 December 2013.

Note 2: Significant events

No significant events occurred during the financial year. Changes in the scope of consolidation are presented in note 4.

Note 3: Accounting policies

3.1 New standards and interpretations applicable to the 2012-2013 financial year

The only new standard or interpretation adopted by the European Union, and mandatory for the financial year beginning on 1st September 2012, is the amendment to IAS 1 on "Presenting Comprehensive Income" the impact of which is disclosed in the consolidated statement of comprehensive income.

Mazars has not applied the following standards and interpretations for which application is mandatory only for periods commencing after 31 August 2013 or which are still subject to final approval by the European Union. They include:

- the following standards whose application is mandatory with effect from accounting periods commencing on or after 1st January 2013:
  - amendments to IAS 19, *Employee Benefits;*
  - IFRS 13, *Fair Value Measurement;*
  - amendments to IAS 12, *Deferred Tax: Recovery of Underlying Assets;*
  - amendments to IFRS 7, *Offsetting Financial Assets and Financial Liabilities;*
  - the annual improvements for 2009-2011;
- the following standards whose application is mandatory with effect from accounting periods commencing on or after 1st January 2014:
  - the new standards dealing with consolidation, including the applicable amendments already published (IFRS 10, *Consolidated Financial Statements,* including the amendments applicable to investment companies, IFRS 11, Joint Arrangements, IFRS 12, *Disclosure of Interests in Other Entities,* as well as IAS 27 (revised), *Separate Financial Statements* and IAS 28 (revised), *Investments in Associates and Joint Ventures,* amended as part of the "consolidation package";
    All these standards become mandatory in Europe with effect from accounting periods commencing on or after 1st January 2014.
  - amendments to IAS 32, *Offsetting Financial Assets and Financial Liabilities,* already mandatory with effect from accounting periods commencing on or after 1st January 2014;
  - IFRIC 21, *Levies*, not yet adopted by the European Union but for which the IASB requires application with effect from accounting periods commencing on or after 1st January 2014;

– amendments to IAS 39, *Novation of Derivatives and Continuation of Hedge Accounting,* not yet adopted by the European Union but for which the IASB requires application with effect from accounting periods commencing on or after 1st January 2014;
– amendments to IAS 36, *Recoverable Amount Disclosures for Non-Financial Assets*, not yet adopted by the European Union but for which the IASB requires application with effect from accounting periods commencing on or after 1st January 2014;
– IFRS 9, *Financial Instruments,* which will progressively replace IAS 39 but which has not yet been adopted by the European Union.

The process to assess the potential impacts of these new standards and interpretations on the consolidated financial statements is in progress. At this stage of the assessment however, Mazars does not expect there to be a significant impact on its consolidated financial statements, with the exception of IAS 19 (revised).

3.2 Presentation currency for the consolidated financial statements

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

3.3 Scope 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 requirements of the national jurisdictions under which they are regulated. They are also subject to professional, technical and ethical standards under both Mazars' internal regulations and national legislation and regulations. The articles of association and other institutional documents of Mazars Scrl (the "Mazars agreements") include conditions regarding the control of entities and provisions whereby the rules resulting from the Mazars agreements are subordinated to national legislation and regulations.

In that context, and on the basis of the Mazars agreements, the shareholders in Mazars Scrl (the "partners"), all of whom are practising partners in Mazars entities (the "entities"), have deemed that, for financial reporting purposes, Mazars Scrl be the consolidating entity for all entities under the control of Mazars' partners, and that IFRS, as applicable in the European Union, constitute the applicable accounting framework.

The consolidated financial statements comprise the financial statements of Mazars Scrl (the "parent entity") as well as those of the entities in which Mazars' partners carry out their professional activities and of companies which are majority owned (either directly or indirectly) by those entities. The list of the main applicable countries, whose entities fall within the scope of consolidation, is provided in note 4.

3.4 Principal uncertainties arising from the use of estimates and judgements by the Group Executive Board

In accordance with IFRS, the preparation of consolidated financial statements requires that the Group Executive Board makes a certain number of estimates and assumptions which have an impact on the amount of the Group's assets, liabilities, shareholders' equity and items of profit and loss during the financial year. These estimates are made on the assumption that entity will continue as going concerns and are based on information available at the time of their preparation. Estimates may be revised where the circumstances on which they were based change or where new information becomes available.

The main estimates and assumptions liable to have a significant impact on the financial performance of the organisation relate to the amount of accrued fee notes, the valuation of receivables and associated impairment losses, and of goodwill and other intangible assets and associated impairment losses, and the amount of post-employment benefit obligations.

The main assets and liabilities as at 31 August 2013 subject to material potential adjustment, by reason of their bases of measurement, are as follows:

- provisions: professional risks mainly relate to Ivory Coast, Italy, the Netherlands, the United Kingdom, France for a total amount of €2,501 thousand. In addition, specific country risk of €1,130 thousand has been recognised in respect of Ivory Coast, Luxembourg and Mexico;
- post-employment benefit obligations: the applicable actuarial assumptions and calculations for each country concerned are set out in note 16. The total year-end provision amounts to €5,561 thousand.

The bases of measurement of each item are set out in the notes below.

3.5 Turnover

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

Work in progress covers services provided which have not yet been invoiced. Calculation of work in progress, and thus of the income from services rendered, is based on a specific review of services performed, billed and to be billed, according to the stage of completion of engagements. Work in progress is valued at its probable sales value (net of taxes) and included in the consolidated statement of financial position with client debtors.

3.6 Presentation of the result before and after tax

The result before and after tax in the financial statements of Mazars Scrl, together with the tax itself, relates solely to the operations of Mazars Scrl. It should be noted that all sums payable, whatever their form, to Mazars' partners at the level of entities or their subsidiaries are classified as partners' remuneration. Due to differences in Mazars partners' legal, tax and corporate status (employees and shareholders in limited liability companies, profit-sharing partners in partnerships) under the various national legislations applicable, the sums which are payable to them for each financial year may take different forms: salaries, bonuses and social contributions (including to pension schemes), dividends, dividend-related tax, partnership profits, fees, benefits in kind, etc.

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 element of their remuneration and included under "Cost of technical staff" or "Cost of administrative staff" depending on the circumstances.

Mazars Scrl does not engage in any professional activities directly and has no employees. The entity invoices other entities in the Group for management and development services as well as brand royalties; it derives the necessary resources to carry out its tasks from entities' contributions or from external sources and, in accordance with the Mazars agreements, it is not intended to generate significant profits.

3.7 Intermediate sub-totals in the consolidated income statement

In addition to the result before and after tax, as defined above, the consolidated income statement includes the following intermediate sub-totals:

- surplus before partners' remuneration: in accordance with the Mazars agreements, the concept of surplus is the measure used to assess the performance of entities and partners and as a point of reference, after eliminating any exceptional items as defined by the Mazars agreements, for determining partners' remuneration. A sub-total is thus calculated which allows the organisation's performance to be measured before any form of remuneration is paid to the partners;
- operating surplus: the operating surplus is calculated by subtracting the amortisation of client relationships, financing costs and the results for entities excluded from the scope of consolidation from the surplus before partners' remuneration;
- gross margin: gross margin is derived from turnover less the cost of technical personnel alone (both employees of the organisation and technical sub-contractors).

3.8 Corporate income tax

The surpluses before partners' remuneration are taxed according to the regulations of the countries in which they are generated: i.e. either in the name of the entities (principally in the case of limited liability companies subject to corporate income tax and 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, for reasons of harmonisation corporate income tax is considered as an element of partners' remuneration.

With the exception of tax on the profits of Mazars Scrl, the tax due on the profits of entities that are subject to corporate income tax is thus included under "Partners' remuneration" and, for the portion payable by the organisation, "Other costs".

Consequently the tax disclosed is only tax on the profits of Mazars Scrl, the amount of which is not material, and so no tax proof is presented.

3.9 Deferred tax

Deferred tax is recognised on temporary differences between the tax and book value of assets and liabilities in the consolidated statement of financial position and is measured using the balance sheet liability method.

As provided for by IAS12.58, the effects of changes in tax rates are recognised under "Non-current liabilities due to partners" in the case of tax amounts themselves debited or credited directly to this line item, but are otherwise included in profit or loss for the period in which the changes are decided.

The carrying amount 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 them.

3.10 Other comprehensive income

The components of comprehensive income are reclassified and presented either in the consolidated statement of comprehensive income, if applicable to the consolidating entity's equity, or as part of "Non-current and current liabilities due to partners" if applicable to operating entities (cf. note 18.1).

3.11 Shareholders' funds and non-current and current liabilities due to partners

The shareholders' funds disclosed in the consolidated statement of financial position uniquely comprise the share capital and reserves of the consolidating entity, Mazars Scrl.

Partners' contributions to the permanent financing of entities are included in the consolidated statement of financial position under "Non-current and current liabilities due to partners", in the non-current portion. The portion of their remuneration deferred until after the financial year-end is included in the consolidated statement of financial position under "Non-current and current liabilities due to partners", in the non-current portion.

3.12 Foreign currency transactions

Transactions carried out by entities in currencies other than their functional currencies are accounted for at the exchange rates prevailing at the transaction dates. Subsequent gains and losses are recognised as part of profit or loss for the period.

Assets and liabilities in currencies other than entities' functional currencies are converted at the exchange rates prevailing at the financial year-end. The resulting translation differences are recognised as part of profit or loss for the period.

3.13 Conversion of financial statements drawn up in currencies other than the euro

The financial statements of entities located outside the euro zone are drawn up in local currency, which is generally their functional currency, and converted into euro as follows:

- assets and liabilities are converted at the exchange rate prevailing at the financial year-end;
- the consolidated income statement is converted at the average exchange rate for the period;
- the resulting conversion differences are included under "Other comprehensive income" in "Non-current liabilities due to partners".

3.14 Business combinations and goodwill

The requirements of IFRS for business combinations were applied retrospectively to 1st September 1995, when Mazars Scrl was created and Mazars merged with Guérard Viala in France. These were the founding events of the organisation as it exists today and of its institutional, operational and financial characteristics.

A retrospective review was carried out by country for mergers prior to 31 August 2003 which primarily related to France, the United Kingdom and the Netherlands.

The goodwill included in the consolidated statement of financial position under "Intangible assets" is thus derived from external growth transactions entered into by the organisation.

Goodwill recognised represents the difference between the cost of shares acquired (including any anticipated additional consideration accounted for as other liabilities) and the acquired portion of the fair value of the assets and liabilities identified at the date of acquisitions.

The fair value of assets identified at the date of acquisitions includes the fair value of contracts and appointments in progress, included in "Intangible assets", together with the fair value of client relationships measured according to the principles set out below.

Goodwill, like other non-current assets, is subject to annual impairment testing.

3.15 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 any goodwill if the two following conditions are met:

- they are identifiable (i.e. they result from legal or contractual rights); and
- they can be separated from the acquired entity and can be measured.

Intangible assets which fall into this category are included under "Client relationships". They include audit appointments, contracts (for accounting services in particular) and portfolios of client relationships. The fair value of "Client relationships" is calculated by reference to the expected cash flows from contracts, appointments and portfolios over their respective durations, discounted at a rate determined by the expected rate of return on equity weighted according to the organisation's financing structure. Client relationships are amortised on a straight-line basis over their estimated average lives.

Other intangible assets acquired separately are accounted for at the value of the consideration paid. They are subject to straight-line amortisation over their period of use which varies, depending on the country, between eight and twenty years.

3.16 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any recognised impairment losses.

Where necessary, the total cost of an asset is divided into its component parts which are subject to different estimated useful lives. Each component is separately accounted for and depreciated over its applicable useful life.

Assets are subject to straight-line depreciation over their estimated useful lives. The most common depreciation periods are as follows:

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

3.17 Impairment of non-current assets

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment tests whenever there is an indication that the value of the asset has been impaired and at least once a year for intangible assets, in particular goodwill, with indefinite useful lives.

Assets subject to impairment tests are included in cash-generating units (CGUs) corresponding to linked groups of assets which generate identifiable cash flows. The smallest independent cash-generating unit is considered to be the country in which the external growth transaction took place.

Impairment testing is performed by comparing the recoverable amounts and carrying amounts of the cash-generating units with which the goodwill is associated.

The recoverable amount of a cash-generating unit is the higher of fair value (usually the arm's length price that might be expected to apply to a sale, e.g. based on the multiples of earnings observed in recent transactions for similar assets) net of selling costs and value in use. Value in use is determined by discounting future cash flows to their present value. The future cash flows discounted are those reflected in the annual budgets, and long-range plans, prepared for each CGU by each country's Executive and approved by the Group Executive Board.

The calculation is based on the present value of an estimate of three years' future cash flows plus a terminal value reflecting 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 each cash-generating unit. It is an after-tax rate applied to after-tax cash flows and corresponds to the weighted average cost of capital. Specific calculations are performed for each CGU.

When the carrying amount of a cash-generating unit exceeds its 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 consolidated income statement.

3.18 Leases

Leases which transfer nearly all the risks and rewards related to ownership of the rented asset to the lessee are recognised in the consolidated statement of financial position at the start of the lease at the lower of the fair value of the rented asset and the discounted value of the minimum lease payments. Such assets are included under "Property, plant and equipment" with the corresponding liability to the lessor included in the consolidated statement of financial position as a finance lease obligation. They are subject to depreciation over the periods listed above for each class of asset. 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 ownership of the assets are treated as operating leases.

Lease payments under these contracts are recognised under "Other costs" in the consolidated income statement, on a straight-line basis over the duration of each contract.

Commitments under non-cancellable operating leases are shown in note 28.

3.19 Financial instruments

Financial instruments are financial assets and financial liabilities held or issued for the purposes of financing the organisation's activities. They mainly comprise the following items:

- Financial assets :
  - available-for-sale financial assets;
  - loans and receivables;
  - client debtors;
  - cash and cash equivalents;
  - derivative instruments with asset balances.

  Financial assets are initially recognised at fair value, plus any applicable incidental expenses, and at the reporting date they are measured either at fair value (available-for-sale financial assets, cash and cash equivalents and derivative instruments with asset balances) or at amortised cost (loans and receivables and client debtors) less any applicable impairment losses.

  Impairment losses are recognised, in the case of trade and other receivables, where there is a risk of non-recovery.

  Client debtors are individually reviewed by partners for the purpose of recognising any impairment.

  100% impairment allowances are recognised against receivables past due by more than a year.

- Financial liabilities :
  - current liabilities due to partners;
  - bank loans;
  - current bank financing;
  - trade and other payables;
  - derivative instruments with liability balances.

  Bank loans are accounted for at amortised cost using the effective interest rate taking into account all expenses and commissions provided for between the parties and all other costs directly attributable to issuance of loans.

The Group measures derivative financial instruments at their market values as at the reporting date, and performs prospective and retrospective testing of instruments' effectiveness in line with market practices, based on market data provided by an independent supplier (Bloomberg).

The effective portion of the change in fair value of derivative financial instruments is recognised under "Non-current liabilities due to partners". The effective portion is determined on the basis of the intrinsic value of the hedging instrument excluding changes in the time value of the instrument which are therefore charged or credited to profit or loss.

In accordance with IAS 7, *Statement of Cash Flows,* cash and cash equivalents presented in assets and liabilities in the consolidated statement of financial position and shown in the consolidated statement of cash flows include cash on hand and at bank as well as short-term investments (with original maturities not exceeding three months) that are immediately available as cash or are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in their value.

3.20 Provisions

A provision is recognised when:

- there is a current obligation (legal or implicit) resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount of the obligation can be reliably estimated.

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

3.21 Post-employment benefits (partners and non-partners)

In certain countries, the Group's employees and partners are entitled to complementary pensions, paid annually after retirement, or to lump-sum benefits paid at the time retirement is taken. The benefits may be covered by defined contribution or defined benefit plans. In the case of defined contribution plans, the organisation's obligation is limited to payment of the stipulated contributions which are charged to profit or loss in the period in which they are incurred.

The provisions recognised for defined benefit plans are computed on the basis of the projected unit credit method, taking into account:

- status, age and past service periods for each beneficiary and category of beneficiary;
- average staff turnover for each category of beneficiary;
- average remuneration including bonuses and benefits in kind, augmented if appropriate by the current loading rate for employer's social security contributions;
- a discount rate equating with the horizon of the benefit obligation;
- life expectancy based on mortality tables recognised in each applicable country.

The following countries are subject to significant defined benefit arrangements:

	Lump-sum retirement benefits	Pension plans	Other long-term benefits
France	X	X	
Germany	X	X	
Greece	X		
India		X	X
Ivory Coast	X		
Mexico	X		
South Korea		X	
Switzerland		X	
Turkey	X		
United Kingdom		X	

The portion of provisions relating to partners' benefits is included in "Non-current liabilities towards partners".

Changes in benefit obligations arising as a result of changes in actuarial hypotheses, or in the structure of the applicable populations, are recognised in accordance with the optional "corridor" method taking 31 August 2003 as the date of reference.

On 16 June 2011 the IASB published a revised version of IAS 19, *Employee Benefits*, which was adopted by the European Commission on 5 June 2012. The standard takes obligatory effect on 1st January 2013 but earlier adoption is authorised. Mazars has not decided to anticipate application of the standard, but it may be noted that its adoption with effect on 31 August 2013 would result in a decrease of about €5.8 million in the Group's equity with a corresponding adjustment to "Non-current liabilities towards partners".

3.22 Segment reporting

The current organisational structure emphasises the transnational development of our service offerings.

Operational teams are grouped under the designation Global Business Units (GBU) and deliver the following services:

- for the PIE (Public Interest Entities) GBU, audit, certification of financial statements and consulting mainly for listed companies;
- for the OMB (Owner-Managed Businesses) GBU, consulting and audit for non-listed companies;
- for the TAX GBU, a whole range of tax consulting services;
- for the LAW GBU, legal services compatible with our professional standards and the avoidance of any conflicts of interest.

In accordance with IFRS 8, the presentation by GBU is based on the organisation's functioning in line with our internal reporting systems.

3.23 Segment reporting by geographical regions

Geographical reporting is based on our activities and workforce.

The presentation by geographical zone allows for evaluation of the results of the organisation's efforts with regard to territorial coverage.

Note 4: Scope of consolidation

In addition to the parent entity, the consolidation scope includes operational entities in 71 countries.

The main contributing entities are shown in the following table:

Country	Scope of consolidation for 2012-2013
CONSOLIDATING ENTITY	
Belgium	Mazars Scrl Avenue Marcel Thiry 77 - box 4 - B-1200 - Brussels
OPERATING ENTITIES	
France	Mazars SA 61 rue Henri Regnault - 92075 Paris La Défense
Germany	Mazars GmbH Theodor-Stern-Kai 1 - 60596 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 PO box 23123 - 3001 KC Rotterdam
South Africa	Mazars Rialto Road - Grand Moorings Precinct - 7441 Century City - Cape Town
Spain	Mazars Auditores SLP Calle Diputación 260 - 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	13 countries
Rest of the world	Europe (4), North America (2), Central and Latin America (7), Asia-Pacific (11), Africa and the Middle East (24)

Newly consolidated countries are as follows: Greece and Kuwait.

External growth transactions also took place in the United States, South Africa, Italy, France and the United Kingdom.

The impact of these changes is outlined in note 30.

Note 5: Turnover

	2012/2013	2011/2012
Fee notes rendered	1,081,881	1,061,489
Rebillable costs	-43,277	-44,727
Change in work in progress	7,006	-3,337
TOTAL	**1,045,610**	**1,013,424**

2012/2013 was marked by an increase in turnover approaching 3.2%, or 1.6% on a like-for-like basis.

Note 6: Cost of technical staff

	2012/2013	2011/2012
Personnel costs	505,712	487,897
Subcontracting costs	17,186	14,524
TOTAL	**522,898**	**502,421**

Note 7: Other costs

	2012/2013	2011/2012
GENERAL EXPENSES		
Property costs	69,897	70,364
Tax, insurance and professional contributions	32,869	29,058
General services	33,596	35,644
Other expenses	88,313	88,754
SUB-TOTAL	**224,675**	**223,819**
EXCEPTIONAL COSTS (NET)	**820**	**6,900**
TOTAL	**225,495**	**230,719**

The exceptional items included in the "Other costs" section of Overheads can be broken down as follows:

	2012/2013	2011/2012
IT Cost	420	1,900
Group litigation		600
Cost of restructuring in Germany		2,500
Cost of restructuring in the Netherlands		1,900
Cost of restructuring	400	
TOTAL EXCEPTIONAL COSTS (NET)	**820**	**6,900**

The year-on-year "Other costs" comparison shows a €6 million drop in exceptional items and strong overheads management by all the countries.

Note 8: Segment reporting

The organisation presents segment reporting information in accordance with IFRS 8, i.e. based on the organisation's functioning in line with our internal reporting systems.

Mazars' assets mainly comprise work in progress and amounts billed to clients, as well as intangible assets such as goodwill and client relationships.

The geographical distribution of intangible assets is presented in note 10.

Breakdown by operating segment

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 other two are focused on specific service offerings (TAX, LAW).

Consolidated statement of financial position

	31 AUGUST 2013			31 AUGUST 2012		
	Client debtors	Work in progress	Total	Client debtors	Work in progress	Total
PIE	102,790	27,125	129,915	122,459	21,091	143,551
OMB	95,619	27,907	123,527	85,035	31,662	116,696
TAX	17,873	10,749	28,622	20,612	9,141	29,753
LAW	1,139	401	1,540	2,330	377	2,706
TOTAL	**217,422**	**66,182**	**283,604**	**230,436**	**62,271**	**292,706**

Consolidated income statement

	2012/2013			2011/2012		
	Turnover	Cost of technical staff	Gross margin	Turnover	Cost of technical staff	Gross margin
PIE	521,181	-261,309	259,872	503,708	-250,730	252,978
OMB	393,866	-195,615	198,251	385,653	-186,075	199,578
TAX	122,145	-61,086	61,058	110,542	-59,358	51,183
LAW	8,418	-4,887	3,531	13,522	-6,258	7,264
TOTAL	**1,045,610**	**-522,898**	**522,712**	**1,013,424**	**-502,421**	**511,003**

Breakdown by geographical zone

	2012/2013	2011/2012	CHANGE
TOTAL ACTIVITY*	**1,045,610**	**1,013,424**	**3.2%**
Europe - Eurozone	534,648	521,784	2.5%
Europe - except Eurozone	227,253	221,276	2.7%
North & South America	152,084	141,922	7.2%
Asia	65,224	65,485	-0.4%
Africa & Middle East	66,401	62,957	5.5%

** Of which France 313,589 (+2.3%), the United Kingdom 133,270 (+4.1%), Netherlands 74,089 (+1.3%), the United States 110,181 (+8.4%)*

	2012/2013	2011/2012	CHANGE
TOTAL AVERAGE PERSONNEL - STAFF NUMBERS	**13,746**	**13,161**	**4.4%**
Europe - Eurozone	5,039	4,722	6.7%
Europe - except Eurozone	2,584	2,524	2.4%
North & South America	1,655	1,569	5.5%
Asia	2,272	2,200	3.3%
Africa & Middle East	2,196	2,146	2.3%

Note 9: Earnings per share

Earnings per share and net earnings per share from continuing operations:

	31 AUGUST 2013	31 AUGUST 2012
NUMERATOR:		
Group net profit	29	23
Group net profit from continuing operations	29	23
DENOMINATOR:		
Average number of outstanding shares, valued at 2.5 euro each	124,788	117,465
Dilutive effect of free share allocations		
Average number of outstanding shares – diluted	124,788	117,465
EARNINGS PER SHARE (IN EURO):		
Earnings per share – basic	0.23	0.20
Earnings per share – diluted	0.23	0.20
Net earnings per share from continuing operations (excluding discontinued operations) – basic	0.23	0.20
Net earnings per share from continuing operations (excluding discontinued operations) – diluted	0.23	0.20

No dilutive instruments have been issued.

Note 10: Intangible assets

	31 AUGUST 2012	MOVEMENTS IN THE YEAR						31 AUGUST 2013
		Acquisitions	Amortisation	Disposals	Changes in consolidation scope	Foreign currency gains and losses	Other	
Client relationships	50,164	1,047	-	-93	1,575	-1,749	100	51,045
Goodwill	97,358	4,562	-	-199	3,571	-3,184	280	102,388
Other intangible assets	28,761	2,157	-	-784		-353	-1,227	28,554
GROSS VALUE	**176,283**	**7,767**		**-1,076**	**5,146**	**-5,286**	**-847**	**181,988**
Client relationships	-22,894		-3,827	92		659	-246	-26,215
Goodwill	-3,125		-733			54	153	-3,651
Other intangible assets	-18,929		-3,576	839		151	769	-20,746
AMORTISATION/ IMPAIRMENT	**-44,947**		**-8,136**	**931**		**864**	**676**	**-50,612**
INTANGIBLE ASSETS, NET	**131,336**	**7,767**	**-8,136**	**-145**	**5,146**	**-4,421**	**-171**	**131,376**

The exchange movements are primarily related to assets recognised in the United States and the United Kingdom.

"Other intangible assets" largely comprise software amortised on a straight-line basis over one to five years.

The following table provides a breakdown of client relationships and goodwill:

GROSS VALUE	31 AUGUST 2013 Client relationships	31 AUGUST 2013 Goodwill	31 AUGUST 2012 Client relationships	31 AUGUST 2012 Goodwill
EUROPE - EURO ZONE	**10,100**	**45,471**	**9,352**	**42,558**
Germany	-	4,450	-	4,450
France	9,966	36,811	8,910	34,070
Ireland	-	626	-	677
Netherlands	134	3,294	442	3,362
Italia	-	290		
EUROPE - EXCEPT EUROZONE	**3,360**	**9,992**	**4,583**	**9,245**
Denmark	939	-	1,143	-
Hungary	-	284	-	285
United Kingdom	2,268	9,708	3,123	8,960
Sweden	153	-	317	-
NORTH & SOUTH AMERICA	**9,491**	**36,692**	**10,669**	**35,577**
Bermuda	906	1,135	1,070	1,189
Canada	76	627	124	700
Chile	-	947	-	880
United States of America	8,509	33,983	9,475	32,808
ASIA	**1,871**	**4,986**	**2,556**	**5,081**
Hong Kong	-	1,094	-	1,147
Singapore	1,871	3,155	2,556	3,140
Thailand	-	737	-	793
AFRICA & MIDDLE EAST	**-**	**1,476**	**-**	**1,759**
Botswana	-	937	-	1,105
Egypt	-	539	-	654
OTHER COUNTRIES	**9**	**120**	**112**	**13**
TOTAL	**24,831**	**98,737**	**27,271**	**94,233**

The principal amounts disclosed in the consolidated statement of financial position relate to France and the United States. In France, they mainly originated in the 1st September 1995 business combination between Robert Mazars and Guérard Viala. In the United States, they arose in 2010 when Weiser was consolidated within the Mazars Group.

The changes in 2013 mainly reflected acquisitions in South Africa, the United States, Italy, France and the United Kingdom.

Note 11: Property, plant and equipment

	31 AUGUST 2012	MOVEMENTS IN THE YEAR Acquisitions	Depreciation	Disposals	Changes in consolidation scope	Foreign currency gains and losses	Other	31 AUGUST 2013
Fixtures and fittings	49,641	3,749		-4,016	31	-1,452	593	48,547
Vehicles and other items	8,566	1,276		-1,944		-594	26	7,330
Furniture and office equipment	69,282	7,534		-4,480	131	-2,932	1,420	70,954
GROSS VALUE	**127,489**	**12,559**		**-10,439**	**162**	**-4,979**	**2,039**	**126,831**
Fixtures and fittings	-29,193		-4,526	3,117	-7	782	-882	-30,709
Vehicles and other items	-6,628		-1,289	1,172		358	477	-5,910
Furniture and office equipment	-47,565		-7,784	4,401	-187	1,718	-1,318	-50,735
AMORTISATION/ IMPAIRMENT	**-83,385**		**-13,599**	**8,690**	**-194**	**2,858**	**-1,724**	**-87,354**
PROPERTY, PLANT AND EQUIPMENT, NET	**44,104**	**12,559**	**-13,599**	**-1,749**	**-33**	**-2,121**	**315**	**39,477**

Note 12: Other non-current assets

The following table provides a breakdown of the Group's financial assets:

	31 AUGUST 2012	MOVEMENTS IN THE YEAR						31 AUGUST 2013
		Acquisitions	Amortisation	Disposals	Changes in consolidation scope	Foreign currency gains and losses	Other	
Available-for-sale financial assets	644	1,823			-100			2,366
Loans	5,510	1,527		-3,466	0	26	-71	3,526
Deposits (inc. guarantee deposits)	1,426	122		-374	79	-67	246	1,433
Other financial assets	12,297	2,470		-1,451	-167	-255	-3,356	9,538
GROSS VALUE	**19,877**	**5,941**	**0**	**-5,291**	**-187**	**-296**	**-3,181**	**16,863**
Available-for-sale finnacial assets	-46		5			0	-135	-176
Loans	71		0	0	0	0	0	71
Deposits (inc. guarantee deposits)	0		-29	0	0	0	0	-29
Other financial assets	-1,815		-179	0	0	0	379	-1,615
PROVISIONS	**-1,790**	**0**	**-203**	**0**		**0**	**244**	**-1,748**
NON-CURRENT FINANCIAL ASSETS, NET	**18,087**	**5,941**	**203**	**-5,291**	**-187**	**-296**	**-2,936**	**15,115**

Note 13: Trade and other receivables

At 31 August 2013, client debtors and work in progress may be broken down as follows:

	31 AUGUST 2013			31 AUGUST 2012
	Gross amount	Impairment	Carrying amount	Carrying amount
Client debtors	262,416	35,790	226,626	237,215
Work in progress	128,405	41,017	87,388	82,631
Payments on account	-21,205		-21,205	-20,361
Deferred income	-9,204		-9,204	-6,779
TRADE AND OTHER RECEIVABLES	**360,411**	**76,806**	**283,604**	**292,706**

The ageing of amounts based on their invoicing dates may be analysed as follows:

	TOTAL	< 90 DAYS	91 DAYS BUT < 1 YEAR	> 1 YEAR
Gross amounts at 31 August 2013	**262,416**	192,439	42,906	27,071
Impairment at 31 August 2013	**35,790**	6,302	4,436	25,052
NET AMOUNTS AT 31 AUGUST 2013	**226,626**	**186,136**	**38,470**	**2,019**

As at 31 August 2013, there was no reason to doubt the creditworthiness of receivables due but not impaired, in particular as regards the amounts overdue by more than one year.

Note 14: Other current assets

The following table provides a breakdown of the Group's other current assets:

	31 AUGUST 2013	31 AUGUST 2012
Social security receivables	1,403	1,703
Tax receivables	17,102	15,976
Current accounts and other receivables	37,685	29,992
Prepaid expenses	17,974	16,040
Unrealised foreign exchange losses	1,375	27
OTHER CURRENT ASSETS	**75,539**	**63,738**

Note 15: Provisions

	31 AUGUST 2012	Newly consolidated entries	Reclassification	Additional provisions recognised	Utilisation of provisions	Unused amounts reversed	31 AUGUST 2013
Professional risks	**3,954**		-159	1,355	-2,307	-342	**2,501**
Post-employment benefit liabilities (except partners)	**19,709**	334	306	2,879	-1,405	-26	**21,797**
Vacant properties	**1,833**		-69	223	-1,079	-87	**821**
Other risks	**7,944**	-251	423	3,118	-2,460	-426	**8,348**
TOTAL	**33,439**	**83**	**501**	**7,575**	**-7,251**	**-881**	**33,467**

	CURRENT PORTION	NON-CURRENT PORTION	TOTAL
Professional risks	1,507	994	**2,501**
Post-employment benefit liabilities (except partners)	2,092	19,705	**21,797**
Vacant properties	272	549	**821**
Other risks	4,348	4,000	**8,348**
TOTAL	**8,219**	**25,248**	**33,467**

Other risks include provision for specific economic risks (Ivory Coast, Mexico) and litigation relating to staff.

“Post-employment benefit liabilities (except partners)” include as at 31 August 2012 the reclassification of a provision, amounting to €17 million, initially presented as part of “non-current liabilities due to partners” and relating to partners not shareholders of Mazars Scrl. The reclassification relates to the USA. The provision has not yet been subject to actuarial valuation as provided for under IAS 19, so the explanatory information provided in note 16 does not apply to it.

Note 16: Post-employment benefit and similar obligations

Post-employment benefit and similar obligations are determined and accounted for in accordance with the accounting policies described in note 3.21. They apply both to employees and partners of the Group.

The Group's main obligations under defined benefit plans for retirement and similar benefits are as follows:

- lump-sum retirement benefits (France, Ivory Coast, Mexico, South Korea, Greece, Turkey);
- supplementary pensions complementing national arrangements (Germany, United Kingdom, India);
- other long-term benefits (India).

Assumptions

The financial assumptions retained as at 31 August 2013 for each of the benefit plans mentioned in note 3 on accounting policies are as follows:

	DISCOUNT RATES	EXPECTED RETURNS ON PLAN ASSETS	INFLATION RATES
France	3.25%	3.00%	2.00%
Germany	3.00%	3.00%	2.00%
India (K&M)	8.50%	8.50%	5.00%
Ivory Coast	6.50%	NA	3.00%
Mexico	7.15%	NA	4.00%
South Korea	3.00%	NA	2.50%
Switzerland	2.00%	3.50%	1.50%
Turkey	10.00%	NA	4.40%
United Kingdom	4.40%	5.10%	3.50%

The expected long-term returns on plan assets have been calculated taking into account the structure of each country's investment portfolio.

The assumptions as to salary increases combine, for each country, the anticipated rates of inflation and individual salary increases.

The following table discloses the sensitivity of the main obligations to a 0.25% increase or decrease in the discount rates applied:

	Eurozone	United Kingdom	Switzerland	Other countries	TOTAL
Obligation as at 31 August 2013	9,560	29,712	9,128	1,154	**49,554**
Impact of an increase of 0.25%	-269	-789	-342	-26	**-1,426**
Impact of a decrease of 0.25%	295	799	349	27	**1,470**

Information pertaining to plan assets

The benefit obligations are partially financed by dedicated funds with the following allocations for the main plans so financed:

	AS AT 31 AUGUST 2013				AS AT 31 AUGUST 2012			
	Equity securities	Debt securities	Cash	Real estate	Equity securities	Debt securities	Cash	Real estate
France	33%	67%	0%	0%	31%	69%	0%	0%
Switzerland	31%	47%	7%	16%	32%	48%	8%	12%
United Kingdom	54%	44%	2%	0%	49%	49%	2%	0%

Amount of provisions

	31 AUGUST 2013					31 AUGUST 2012			
	Euro zone	United Kingdom	Switzerland	Other countries	TOTAL	Euro zone	United Kingdom	Other countries	TOTAL
Present value of benefit obligations	-9,560	-29,712	-9,128	-1,154	**-49,554**	-8,242	-32,283	-1,214	**-41,739**
Fair value of plan assets	3,336	26,945	7,775	115	**38,170**	3,052	26,839	129	**30,020**
Surplus or (deficit)	-6,224	-2,767	-1,353	-1,039	**-11,384**	-5,191	-5,444	-1,085	**-11,719**
Unrecognised actuarial differences	498	4,807	825	-307	**5,823**	91	7,341	-428	**7,004**
Unrecognised past service cost	-	-	-	-	**-**	-	-	-	**-**
NET (PROVISIONS) / ASSETS recognised in the consolidated statement of financial position	**-5,726**	**2,040**	**-528**	**-1,347**	**-5,561**	**-5,100**	**1,897**	**-1,512**	**-4,715**

Movements in provisions during the year were as follows:

	31 AUGUST 2013					31 AUGUST 2012			
	Euro zone	United Kingdom	Switzerland	Other countries	TOTAL	Euro zone	United Kingdom	Other countries	TOTAL
Opening provision	-5,100	1,897	-331	-1,512	**-5,046**	-5,688	1,236	-1,509	**-5,960**
Charge for the year	-914	-638	-794	41	**-2,304**	351	-130	-218	**2**
Benefits paid	307	781	597	125	**1,809**	237	791	267	**1,295**
Change in consolidation scope	-20	-	-	-	**-20**	-	-	-52	**-52**
Other	-	-	-	-	**-**	-	-	-	**-**
NET (PROVISIONS) / ASSETS recognised in the consolidated statement of financial position	**-5,726**	**2,040**	**-528**	**-1,347**	**-5,561**	**-5,100**	**1,897**	**-1,512**	**-4 ,715**

The amount of provision excluding partners' benefits may be calculated as follows (see note 15):

	31 AUGUST 2013	31 AUGUST 2012
Net closing post-employment benefit obligations	5,561	4,715
Less: amount disclosed as part of non-current liabilities due to partners	-1,891	-1,919
CLOSING RESTATED POST-EMPLOYMENT BENEFIT OBLIGATIONS	**3,670**	**2,795**

Changes in benefit obligations and plan assets

Movements in benefit obligations:

	31 AUGUST 2013					31 AUGUST 2012			
	Euro zone	United Kingdom	Switzerland	Other countries	TOTAL	Euro zone	United Kingdom	Other countries	TOTAL
Present value of opening benefit obligations	8,242	32,283	12,520	1,214	**54,259**	7,093	23,389	1,357	**31,839**
Past service cost for the period	437	-	624	98	**1,159**	341	-	152	**493**
Unwinding of discount	278	1,215	207	90	**1,789**	353	1,332	98	**1,783**
Employee contributions	-	-	473	-	**473**	-	-	-	**-**
Premiums paid	-	-	-134	-	**-134**	-	-	-	**-**
Acquisitions/disposals	284	-	-	-	**284**	13	-	57	**70**
Impact of curtailments and settlements	-	-	-4,072	-	**-4,072**	-739	-	-	**-739**
Actuarial (gains) and losses	524	-634	-616	52	**-674**	1,349	5,781	-210	**6,920**
Benefits paid	-200	-954	448	-118	**-824**	-167	-1,078	-237	**-1,483**
Foreign exchange impact	-5	-2,198	-321	-182	**-2,705**	-	2,859	-4	**2,855**
PRESENT VALUE OF CLOSING BENEFIT OBLIGATIONS	**9,560**	**29,712**	**9,128**	**1,154**	**49,554**	**8,242**	**32,283**	**1,214**	**41,739**

Movements in plan assets:

	31 AUGUST 2013					31 AUGUST 2012			
	Euro zone	United Kingdom	Switzerland	Other countries	TOTAL	Euro zone	United Kingdom	Other countries	TOTAL
Opening fair value of plan assets	3,052	26,839	10,633	129	**40,653**	2,883	21,758	97	**24,738**
Expected return on assets	121	1,099	364	11	**1,595**	142	1,095	7	**1,244**
Net premiums invested	120	-	463	47	**630**	76	-	43	**119**
Employee contributions	-	781	473	0	**1,254**	-	791	-	**791**
Actuarial gains and losses	56	1,063	-261	-2	**856**	-43	1,717	1	**1,674**
Curtailment/Settelment	-	-	-4,072	-	**-4,072**	-	-	-	**-**
Benefits paid	-13	-954	448	-40	**-559**	-6	-1,078	-14	**-1,098**
Foreign exchange impact	-	-1,884	-273	-30	**-2,187**	-	2,556	-5	**2,551**
CLOSING FAIR VALUE OF PLAN ASSETS	**3,336**	**26,945**	**7,775**	**115**	**38,170**	**3,052**	**26,839**	**129**	**30,020**

Expenses recognised

The net expense for the 2012/2013 financial year may be broken down as follows:

	2012/2013					2011/2012			
	Euro zone	United Kingdom	Switzerland	Other countries	TOTAL	Euro zone	United Kingdom	Other countries	TOTAL
Cost of services rendered	437	-	624	98	**1,159**	341	-	152	**493**
Interest expense	278	1,215	207	90	**1,789**	353	1,332	98	**1,783**
Expected return on plan assets	-121	-1,099	-364	-11	**-1,595**	-142	-1,095	-7	**-1,244**
Change in consolidation scope	264	-	-	-	**264**	13	-	-	**13**
Amortisation of actuarial differences	61	386	36	-33	**449**	-107	50	-24	**-80**
Impact of curtailments and settlements	-	-	-	-	**-**	-809	-	-	**-809**
Foreign exchange impact	-5	137	292	-185	**239**	-	-157	-1	**-158**
NET EXPENSE FOR THE PERIOD	**914**	**638**	**794**	**-41**	**2,305**	**-351**	**130**	**218**	**-2**

Note 17: Borrowings and current bank financing

	31 AUGUST 2013	31 AUGUST 2012
BORROWINGS AND OTHER FINANCIAL LIABILITIES		
Maturing in less than one year	22,043	30,941
Maturing in more than one and less than five years	63,794	40,987
Maturing in more than five years	3,259	2,477
Sub-total in excess of one year	**67,053**	**43,464**
BORROWINGS AND OTHER FINANCIAL LIABILITIES	**89,096**	**74,405**
CURRENT BANK FINANCING		
Maturing in less than one year	36,236	54,530
TOTAL DEBT	**125,332**	**128,935**
CASH AND CASH EQUIVALENTS	-62,881	-52,375
TOTAL NET DEBT	**62,451**	**76,560**

The Group undertook debt restructuring replacing short-term financing, used until then for investments, by medium-term financing.

	BORROWINGS AND OTHER FINANCIAL LIABILITIES		CURRENT BANK FINANCING		CASH AND CASH EQUIVALENTS		TOTAL NET DEBT	
	31/08/2013	31/08/2012	31/08/2013	31/08/2012	31/08/2013	31/08/2012	31/08/2013	31/08/2012
EUR	65,402	33,991	18,000	38,039	-38,902	-38,035	**44,500**	**33,995**
USD	14,130	14,635			-1,877	-234	**12,253**	**14,400**
GBP	4	6,992	14,188	12,141	-6	-2	**14,186**	**19,130**
ZAR	3,888	3,269	1,094	293	-26	-1,150	**4,955**	**2,412**
Other currency	5,672	15,519	2,954	4,057	-22,070	-12,953	**-13,442**	**6,623**
TOTAL	**89,096**	**74,405**	**36,236**	**54,530**	**-62,881**	**-52,375**	**62,451**	**76,560**

Note 18: Non-current and current liabilities due to partners

	31 AUGUST 2013	31 AUGUST 2012
NON-CURRENT LIABILITIES:		
Permanent financing	127,066	124,357
including other comprehensive income	*-11*	*-64*
Provisions for post-employment benefits	28,670	29,150
Bond issues	13,363	12,844
Deferred tax (net)	-6,203	-3,899
	162,896	**162,452**
CURRENT LIABILITIES:		
Deferred remuneration	83,614	60,948
TOTAL	**246,510**	**223,400**

The financing of each entity and any subsidiaries is the ultimate responsibility, in accordance with the Mazars agreements, of the partners who control them.

"Other comprehensive income" corresponds to the derivative market value of a collar agreement set up by the Group (see note 20).

The main part of the increase in deferred remuneration corresponds to the increase of the distributed surplus.

To enable 31 August 2012 and 31 August 2013 comparison, the financial statements as at 31 August 2012 have been restated:

- by €17 million corresponding to the share of pension provisions relating to partners not shareholders of Mazars Scrl as at 31 August 2012. These provisions have been reclassified to "Pension provisions (except partners)". This reclassification relates to the United States;
- by a €2 million corresponding to the share of "bonds" subscribed by experienced managers as at 31 August 2012. This amount has been reclassified as part of current and non-current "long-term loans". This reclassification relates to France.

Note 19: Financial instruments

19.1 Fair value of financial instruments

The fair value of financial instruments is the value disclosed in the consolidated statement of financial position.

19.2 Management of financial risks

The organisation is financed by partners' permanent financing, by undistributed partners' remuneration and by entities' borrowings.

In order to manage its activities and financial risks, the organisation has implemented the following structure of governance:

- the Global Executive Board has responsibility for Mazars' operational performance and organic growth;
- the Group Governance Council provides overall supervision of the Global Executive Board;
- the Global Strategic Committee is charged by the Global Executive Board and the Group Governance Council with assessing strategic issues relating to the Group's development;
- the Country Executive Committees are elected for the purpose of directing member entities and their operations at national level, in accordance with the framework defined by the Mazars organisation and including strategic and operational coordination with the Group.

The management of financial risks is thus first and foremost the responsibility of the Country Executive Committees, who may discuss exposures with the other bodies mentioned above depending on their materiality.

Group entities may be exposed to liquidity risk, foreign currency risk and counterparty risk. They make no use of speculative financial instruments and do not have any significant exposure to interest rate risk.

Management of liquidity risk

The Country Executive Committees are responsible for the operational management of member entities in their countries and therefore organise their financing on bases enabling them to continue to operate as going concerns.

That financing may take a number of forms: equity or current account contributions by partners, bank loans, current bank financing etc.

Management of currency risk

Each entity in the Mazars organisation undertakes the majority of transactions in the local currency of the environment in which it operates and accordingly, exposure to exchange rate risk is considered to be negligible.

Management of counterparty risk

Counterparty risk is assessed by the responsible partners and by the Country Executive Committees in the case of significant transactions and decisions committing member entities. The Group's exposure is spread over a very large number of clients the failure of any one of whom would not have material consequences for the Group.

Cash and cash equivalents are deposited or invested with first-class banking institutions subject to negligible counterparty risk.

Note 20: Interest rate derivatives

Interest rate derivative hedging the HSBC loan

The Group has subscribed a collar agreement designed to hedge the interest rate risk associated with a loan from HSBC taken out by Mazars SA. The instrument applies to fluctuations in the loan's index of reference (3 month Euribor) below 3.9% and in excess of 5%. The loan details are as follows:

- amount: €6 million;
- repayment in 26 quarterly instalments between 2 January 2008 and 2 April 2014.

As at 31 August 2013, the instrument's market value was estimated at -€11 thousand whence a change of +€53 thousand since 31 August 2012. As the prospective and retrospective testing of the instrument's effectiveness proved positive, the full amount of the change was recognised directly in "Non-current liabilities due to partners" (see note 18).

Interest rate derivative hedging the Bred senior credit facility

In March 2013, Mazars SA subscribed a €20 million senior credit facility €15 million of which had been drawn down at 31 August 2013. An interest cap for the loan was taken out in July 2013, no adjustment for which has been made as the impact of the value adjustment to the derivative as at 31 August 2013 was not significant.

Note 21: Trade and other payables

	31 AUGUST 2013	31 AUGUST 2012
Trade and other payables	104,535	107,841
Social contributions	45,324	64,608
Tax payable	52,226	43,573
TOTAL	**202,085**	**216,021**

Trade and other payables include liabilities contracted by the organisation from acquiring shares in certain consolidated entities. As at 31 August 2013, that liability amounts to €1.8 million.

Most operating payables are due within one year.

Note 22: Corporate income tax

Tax payable breaks down as follows:

	2012/2013	2011/2012
Tax payable by partners (included in "Partners' remuneration")	8,697	7,633
Tax payable by the organisation	3,122	1,562
Tax payable by Mazars Scrl	13	57
TOTAL	**11,832**	**9,252**

The amount of deferred tax is as follows:

	31 AUGUST 2013	31 AUGUST 2012
Deferred tax assets	8,584	5,948
Deferred tax liabilities	-2,381	-2,049
TOTAL	**6,203**	**3,899**

The deferred tax assets are primarily generated by elements of partners' remuneration (post-employment benefit obligations).

The deferred tax liabilities relate to amortisable client relationships for which the requisite financing is provided by the partners.

Net deferred tax assets are thus treated as a deduction from "Non-current liabilities due to partners".

Note 23: Contingent liabilities

There were no contingent liabilities at 31 August 2013 or 2012.

Note 24: Notes to the consolidated statement of cash flows

24.1 Working capital requirements

The Group's working capital requirement reduced by €7,573 thousand reflecting:

- partners' contributions (impact of -€22,665 thousand);
- improved recovery of client debtors generating a reduction in trade and other receivables (impact of -€9,102 thousand);
- an increase in other current assets (impact of +€11,801 thousand);
- repayment of other current liabilities (impact of +€12,393 thousand).

24.2 Purchases of property, plant and equipment and intangible assets

Purchases of intangible assets mainly relate to France and to the Group's deployment of software applications.

Purchases of property, plant and equipment mainly comprised furniture and office equipment as well as fixtures and fittings for new offices.

24.3 Net cash flows from acquisition and disposal of subsidiaries

The main transactions involved were located in France (Figeor) and Italy (Revisionitalia).

24.4 Subscription/repayment of long-term debt

The significant level of subscription of new loans was the consequence of debt restructuring by the Group designed to substitute medium-term financing for short-term financing.

France was responsible for the major part of new loan subscriptions (+31,636) but also undertook repayment (-9,444).

Note 25: Auditors' fees

The auditors' fees were as follows:

	2012/2013	2011/2012
BDO member firms	423	434
Crowe Horwath International member firms	477	474
Other firms	468	466
TOTAL	**1,368**	**1,374**

The auditors BDO and Crowe Horwath International have not provided any services to Mazars Scrl or its subsidiaries other than those involved in auditing their financial statements.

Note 26: Remuneration of the members of the Group Executive Board and the Group Governance Council

The remuneration payable to the six members of the Group Executive Board, the executive body of Mazars Scrl, and the eleven members of the Group Governance Council amounted to €8,837 thousand for the 2012/2013 financial year. It was either paid during the year or constitutes a current liability.

Those members are considered to be the only Mazars related parties as defined by IAS 24.

Note 27: Personnel

Average full-time equivalent employees	2012/2013	2011/2012
Partners	742	727
Technical staff	11,047	10,413
Administrative staff	1,957	2,021
TOTAL	**13,746**	**13,161**

Note 28: Contingent assets and liabilities

	31 AUGUST 2013	31 AUGUST 2012
NON-CANCELLABLE LEASE COMMITMENTS(*)		
Less than one year	40,909	43,156
Over one year and less than five years	145,591	137,218
Over five years	65,989	77,898
Sub-total	**252,489**	**258,271**
AMOUNTS RECEIVABLE UNDER NON-CANCELLABLE SUB-LEASES	9,269	10,393
GUARANTEES PROVIDED	15,127	16,178

*Leases

Note 29: Events after the reporting date

No significant events have occurred after the reporting date that might have had an impact on the 2012/2013 financial statements.

With effect from 1st September 2013 new entities have been acquired and included as part of the Mazars organisation in the following countries: Romania, Italia and, subject to the partners' approval, South Africa, Croatia, and the United States. They represent fee income of approximately €13 million.

Note 30: Entities newly consolidated during the year

	FRANCE	GREECE	TOTAL
Merger date	1-sept-12	1-sept-12	
FULL-TIME EQUIVALENT EMPLOYEES			
Partners		5.0	5.0
Technical staff	36.0	48.0	84.0
Administrative staff	3.0	5.0	8.0
Total	**39.0**	**58.0**	**97.0**
CONSOLIDATED INCOME STATEMENT			
Turnover	3,893	2,542	6,435
Operating surplus	131	664	795
ASSETS AT 31 AUGUST 2013			
Total non-current assets	3,671	34	3,704
Total current assets	2,260	1,809	4,069
TOTAL	**5,930**	**1,842**	**7,773**
LIABILITIES AT 31 AUGUST 2013			
Non-current and current liabilities due to partners		380	380
Other non-current liabilities	977	596	1,573
Other current liabilities	2,482	866	3,349
TOTAL	**3,459**	**1,842**	**5,302**

No information for Kuwait has been consolidated as the impact was not significant.

The amounts shown in "Non-current assets" include in particular goodwill for the applicable operations, computed as the difference between the cost of acquisition and the fair value of client relationships comprising audit appointments, contracts (for accounting services in particular) and a portfolio of client relationships of finite duration.

INDEPENDENT AUDITOR'S 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 organisation, which comprise the statement of financial position as at 31 August 2013, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information (notes 1 to 30).

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 organisation as at 31 August 2013, 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, 5 December 2013

Crowe Clark Whitehill LLP

BDO
André Kilesse
Belgium

Crowe Clark Whitehill LLP
Steve Gale
United Kingdom

TRANSPARENCY REPORT

2012/2013

Mazars is an international, integrated and independent organization specializing in audit, advisory, accounting, tax and legal services. As at 1st September 2013, the Group operates in 72 countries, and draws on the expertise of 13,800 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development. Mazars also has correspondents and representative offices that give the capacity to serve clients to the same high quality standards in a further 13 countries. Based on an innovative, personalized reading of their expectations and their challenges, Mazars offers clients a range of services guaranteeing reliability thanks to our recognized technical expertise. We also provide the benefit of creating value and optimizing their performance. In a multipolar world, Mazars believes that collective intelligence is the source of the most appropriate solutions, and we harness the talents of all our teams in driving a dynamic of progress which, beyond our clients, is a benefit for all.

PAVING NEW WAYS TOGETHER

Paving new ways together is the central theme of our Annual Report this year. In a constantly changing world, every company is now trying to win back some certainty, to have a clearer picture of the future, to make the right decisions. Because we strongly believe that collective intelligence and co-construction are the keys to this clearer vision of the future, we think it is our role to provide clarity and transparency, to help decision-makers fully benefit from the information they have.

Our intention is to make a significant contribution in the area of transparency since 2004. Firstly by being the first company in our profession to publish a Group Annual Report, which includes consolidated financial results complying with IFRS standards, and certified by two independent auditors. Mazars is, by its nature, involved in the debates about the evolution of our economies: in 2013, the Group was asked by the European Commission to review the new financial supervision framework of the Union, the European System of Financial Supervision (ESFS). Our vision of our responsibility towards our client and society in a broad sense does not, however, stop to the debate in our professional instances, in which we are involved internationally, through the IFAC and IESBA.

Indeed, since 2006, for example, we have sponsored City of Success (Cité de la Réussite), an event organized in France at the Sorbonne drawing hundreds of academics, economists, directors, politicians, artists and philosophers, or joined several think tanks, such as the Institut Montaigne in France or Business in Society in the United Kingdom.

Mazars is also committed to innovation in its field, and takes a pro-active role in the work of the International Integrated Reporting Council, to support our belief that Integrated Reporting will one day enable companies to present a fully transparent, comprehensive and easy to grasp picture to their stakeholders. This commitment is also reflected in our offer, as Mazars now can deliver CSR and anti-corruption certifications.

On a daily basis, Mazars is committed to help its staff live a fuller life and the Group deploys guidelines and methodologies to help each country determine what action can really improve it in two fields that are particularly relevant to our people : equality between women and men, and work/life balance.

Being transparent on our actions and our ambitions, both locally and globally, is not a simple commitment. It is the way we chose to reaffirm every day our values, to share them and to collectively put them in action. We are more than ever convinced that co-constructing solutions with our clients and our stakeholders will help us pave the way towards sustainable growth.

Philippe Castagnac
Group CEO

Jean-Luc Barlet
Group Chief Compliance Officer

I. MAZARS' DESCRIPTION

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

Our democratic partnership gives each partner the right to vote on strategic decisions involving the future of the partnership, an idea 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

1.1.1 Institutional integration

The Mazars organization is comprised of all the member entities who have signed a cooperation agreement with Mazars Scrl, a Limited Responsibility Cooperative Company headquartered in Belgium, which 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 organization and to coordinate the implementation of these objectives at the member firm level. The organization also has the specific responsibility of 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 in compliance with IFRS standards (IFRSs) and are jointly audited by two independent auditors, BDO and Crowe Clark Whitehill.

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

1.1.2 Operational integration

In order to serve our clients globally and in the best way possible, Mazars has developed an international, homogenous and integrated approach to the markets in which the Group operates.

To this end, Mazars is structured internationally around two main market sectors - Public Interest Entities (PIE) and Owner Managed Businesses (OMB) as well as two other professional service lines dedicated to Tax and Law respectively, and four Global Support Units (GSUs), which help develop the group's activities. All four PIE, OMB, Tax and Law business units, as well as the four support units, are represented at the Group level through Global Business Units (GBUs) and Global Support Units (GSUs), and at the national level through Country Business Units (CBUs) and Country Support Units (CSUs).

The main responsibility of the GBUs is to define the overall strategic market 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 collaboratively support our business for the benefit of our clients in areas such as policies, information systems, and talent management.

Mazars is structured in such a way as to ensure the alignment of the countries, the GBUs, the GSUs and the Group. All our integrated entities' Senior Partners or Managers and global unit leaders come together in periodic meetings, which take place at least three times a year.

The integrated international partnership permeates every aspect of the Mazars organization:

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

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

1.2 Governance of Mazars Scrl

During the Annual Partners Conference in December 2012, the Group elected for a four-year term its governance platform. Based on a combination of experience and the balanced allocation of responsibilities, the governance platform provides a stable foundation for the long-term implementation of the Group's strategy, thus meeting the major internal and external challenges identified by Mazars:

- strengthening the Group's organic growth and managing cross-disciplinary operations with the Group Executive Board (GEB);
- dedicating experienced resources to strategic issues with the Global Strategic Committee (GSC);
- introducing independent members within the Group Governance Council (GGC) in order to meet the most demanding standards in terms of supervision;
- organizing succession to a new generation of leaders.

The management of the member entities of the Mazars organization is the responsibility of their respective Country Executives.

1.2.1 Group Executive Board (GEB)

The Group Executive Board (GEB), directly elected by the partners, assumes ultimate responsibility for the framework of the Mazars organization. The GEB works under the supervision of the Group Governance Council (GGC), which decides on the remuneration of the GEB members. It is comprised of 3 to 9 members appointed by the General Assembly of Partners for a four-year term, according to a 2 step process: the election of the Chairman; then the election of the other members on the basis of the elected Chairman's proposition.

The Group Executive Board, whose term expires at the end of 2016, is currently comprised of six members:

- Philippe Castagnac, Group CEO, Chairman of the GEB
- Antonio Bover, co-CEO
- Hervé Hélias, co-CEO
- Hilton Saven, co-CEO
- Phil Verity, co-CEO
- Victor Wahba, co-CEO

And two Senior Advisors (former GEB members):

- Frédéric Allilaire, in charge of Americas, Middle-East and North Africa
- John Mellows, in charge of the Asia-Pacific region.

The GEB meets two times per year with the Country Executives at the Country Forums. The GEB is supported in its day-to-day tasks by the leaders of the Global Business Units (GBU) and Global Support Units (GSU).

1.2.2 Global Strategic Committee (GSC)

In a demanding environment that requires a global player like Mazars to strengthen the strategic tools that are key to its long-term growth objectives, Mazars calls on the expertise of the Global Strategic Committee (GSC). The Group Executive Board and Group Governance Council have delegated responsibility to this committee for strategic issues related to the Group's development. Its role is to identify and oversee merger and external growth operations that fulfill the policy of expanding the Group's international coverage and service offerings, as well as making an active contribution on behalf of Mazars to the profession and the market. Its proposals are discussed with the GEB and submitted for decision to both the GEB and GGC, then ratified by the General Assembly of partners.

The GSC reinforces Mazars' governance platform as it is comprised of the most experienced resources in the Group. It has four members:

- Patrick de Cambourg, Chairman of the GSC and the GGC
- Philippe Castagnac, Group CEO, Co-Chairman of the GSC
- Douglas A. Phillips, Vice-Chairman of the GSC and the GGC
- Michel Barbet-Massin.

Other internal and external contributors will be invited gradually to participate in the work of the Global Strategic Committee.

1.2.3 Group Governance Council (GGC)

The Group Governance Council (GGC) exercises a general supervisory function over the management actions of the GEB, decides or jointly decides on certain matters (for example: validating merger, acquisition or sales operations, or projects with significant impact on the Group...), and reports to the General Assembly of partners. The GGC meets at least once every four months. It is composed of 8 to 16 members appointed by the General Assembly of partners for a four-year mandate, with the introduction in December 2011 of two external independent members. One GGC member also chairs the Audit Committee.

The GGC, elected in December 2012, is currently comprised of 14 members:

- Patrick de Cambourg, Chairman of the GGC
- Kenneth Morrison, Vice-Chairman of the GGC
- Douglas A. Phillips, Vice-Chairman of the GGC
- Thierry Blanchetier
- Kathryn Byrne
- François de Carbonnel*
- Anita de Casparis
- Simone Del Bianco
- Mohamed Ali Elaouani Cherif
- Denise K. Fletcher*
- Patrice de Folleville
- Tim Hudson
- Jean-Louis Simon
- Kathleen Robison

**External members*

A separate committee, the Public Interest Committee (the "PIC"), has been set up within the GGC to address the requirements of the codes of governance for audit firms in place in the Netherlands. The PIC also addresses the requirements of similar codes in place in the UK and Ireland. The membership of the PIC comprises solely the independent non-executives members of the GGC, Denise Fletcher and François de Carbonnel. Other members of the GGC may be asked to join meetings of the committee but will not be entitled to participate in decision making.

The principal role of the PIC is to enhance confidence in the public interest aspects of the firm's activities with particular reference to high level, general oversight of the firm's decision-making, stakeholder dialogue, risk management and quality control, remuneration policy and the issuance of selected annual reports to stakeholders. This role is to be exercised primarily through the information and access to the GEB obtained through membership of the GGC supplemented, where necessary, with additional reporting of the GEB and the countries' Executives.

1.2.4 Country Executive Committees

Country Executive Committees have the responsibility of managing the member entities and leading local business on a daily basis, 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 the member entity, their candidacy being subject to the agreement of the GEB.

1.2.5 Partners General Assembly

The General Assembly of partners is held at least once a year within six months following the closing of the accounting period and is a pivotal point in the governance and decision making processes of Mazars Scrl. It is at this meeting that, collectively, the Mazars partners elect the governing bodies (every four years) and approve the major strategic directions and operations of the Group, the admission of new partners and the Group's yearly audited financial statements.

1.3 Mazars' worldwide presence as of August 31, 2013

Mazars serves its clients throughout the world via:

- integrated member entities in 71 countries
- non-integrated entities in 14 countries.

Non-integrated entities are correspondents of Mazars Scrl or country local correspondents. Representative desks/offices are often limited in terms of the scope of services offered.

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

Furthermore, Mazars (including all its integrated entities) is one of the founding members of Praxity, an international alliance of Independent Firms created in 2007 as a non-profit-making International Association regulated under Belgium law (AISBL). Praxity is present in 92 countries. Chosen after a thorough self-evaluation process, participating Praxity firm delivers state of the art accounting services and in-depth local knowledge as well as a collective commitment to quality and ethical accounting solutions. In line with the Praxity vision that one size does not fit all, firms join the alliance under one of three classifications: member firm, associate firm and correspondent firm. Mazars is a member firm of Praxity.

Through Praxity, Mazars is able to serve clients in 18 additional countries.

II. MAZARS' QUALITY ASSURANCE AND RISK MANAGEMENT POLICY

The Group Executive Board of Mazars takes overall responsibility for internal quality control and the carrying out of a periodic review of its effectiveness. The GEB is supported by the Technique and Innovation Global Support Unit (T&I GSU).

This Technique and Innovation Global Support Unit:

- defines the quality assurance system and procedures that all business and management units must implement in order to meet the defined principles. These standards are presented in the Mazars Quality Assurance Manual and Risk Management Manual, both of which constitute the benchmark for all integrated entities;
- supervises the monitoring of the quality assurance system alongside the GEB. This monitoring is organized by an International Quality Control Committee (IQCC), which relies on globally coordinated inspections to monitor the firm's compliance with the International Standards on Auditing (ISAs), the IFAC Code of Ethics and the International Standard on Quality Control (ISQC1). Each year there is a follow-up of the action plans that have been drawn up 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.

Each member entity's management is responsible for the implementation of the quality assurance system. They must promote the Mazars' internal culture of quality and reinforce this culture with clear, consistent and frequent messages and initiatives. They must remind all levels 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 accepting and carrying out new assignments.

The Mazars quality assurance and risk management policies are based on the standards of the International Federation of Accountants (IFAC). The Mazars policies are available online and regularly updated to reflect changes in regulations.

Mazars is a member of the Forum of Firms and, since 2007, has annually declared that the organization meets the membership criteria set forth by the Forum. These criteria are as follows: the implementation of a global quality control program and the application of the IFAC Code of Ethics and 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 recognized by international stakeholder organizations and national and international regulatory bodies.

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

- the International Ethics Standards Board for 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 of August 31, 2013, Mazars is the legal auditor of approximately 500 listed companies in the 71 integrated and 14 non-integrated countries where Mazars serves its clients.

Maintaining independence is of the utmost importance to 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 the Group's core values, Mazars has adopted a Code of Conduct for Objectivity and Independence (CCOI), which is in compliance with the revised IESBA Code, effective since January 1, 2011.

Each Mazars entity must compare its country's national rules with the measures contained in the CCOI, and communicate to the other member firms any national measures which are more restrictive. These measures are then documented as Country Specific Provisions (CSP).

Ethics form an integral part of the entities' professional training programs and the Code is distributed to all partners and staff.

Mazars reinforces its multi-disciplinary strategy through the observance of the regulation in terms of financial communications and identifies clearly any other services that may be provided to audit clients.

Systems to safeguard independence

These systems involve the following:

- a procedure for acceptance and continuance of clients and engagements that enables an evaluation of the client's related risks, the entity's ability to perform the engagement and any ethical risks in terms of independence and global conflicts of interest. The provision of additional services to an audit client is subject to prior authorization from the lead group audit partner and, in some cases, the head of ethics. This provision is also subject to authorization by the client's audit committee, when required by auditing standards or when the client has put in place procedures for the prior approval of such services.

A complete list of non-audit services rendered to audit clients. For group audits, this list must be contained in 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 by the group audit engagement team and the partner who signs the client group accounts:

- an annual declaration of independence by partners and staff and a thorough review of any situations that could compromise independence. In this respect, neither Mazars partners nor their immediate family can hold a direct or indirect financial interest in a listed assurance client of the organization. Personal or family relationships between a member of the audit team and a member of either the audited company's management or any person holding a key position in the audit are also prohibited. Lastly, all firms, partners and staff working on the audit engagement must not have any financial or commercial relations with an audit client beyond 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 the organization's ethical procedures;
- consultation with experts on technical matters, ethics and other areas;

- limits on client fees in order to avoid financial dependence on one or several clients;
- clear rules regarding conflicts of interest. When there is a potential threat, either the assignment is refused, or appropriate safeguards are implemented;
- a method of remunerating partners that takes into consideration the quality of the engagement and not only the level of fees billed, number of clients obtained, additional engagements performed, or financial performance.

The Ethics and Acceptance Committee, under the supervision of the T&I GSU Board, is responsible for considering any potential problems that are brought to its attention, reviewing any proposed departures from the CCOI by country and verifying that all changes in international ethical standards are taken into account by the organization.

The T&I GSU Board ensure that risk management procedures are in place and are monitored by each member entity.

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

Except in specific situations which are approved by the entity's Executive Committee, large engagements are placed under the responsibility at least two partners, one of whom naturally assumes leadership of the engagement.

Having a team of partners strengthens independence and brings broader technical expertise to the engagement. The responsible partners assist with key stages of the engagement and remain the key contacts for all parties and professional staff, whether internal or external.

Within Mazars, rotation is applied to Public Interest Entity engagements on which key audit partners rotate after seven years and do 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 reduces the risk of "closeness" to the audited company which may impair independence. It enables the auditor to have greater independence of mind in dealing with client issues and in expressing opinions on financial statements. The allocation of partner responsibilities on recurring audit engagements and major special engagements is decided by the entity's Executive Committee and ensures that partners have the ability to effectively conduct and supervise engagements under their responsibility. This allocation is reviewed annually as well as when there are any changes in the partner's situation or when any difficulties have been encountered.

In the rare case of disagreements with the technical department's positions, the Executive Committee is called upon to arbitrate. The two-partner team in charge remains the final decision maker within the context of the organization's quality assurance and procedures. This point is of paramount importance in preserving each partner's personal commitment and sense of responsibility as well as in responding effectively to each client's specificities.

2.1.2 Statement on the effectiveness of the independence safeguard systems

The internal systems described above were established to identify circumstances where Mazars' independence could be impaired and to take appropriate safeguarding measures in these instances. The operation and effectiveness of these procedures form part of the quality control system review. Based on all the evidence collected, the management of Mazars confirms, with a reasonable level of assurance, that the independence procedures and practices have been implemented and the system is effective in maintaining independence. Furthermore, management confirms that the practices have been subjected to internal review.

2.2 Quality control system

The policies and procedures adopted by Mazars are in compliance with the IFAC's quality control standards: ISQC1 "Quality control for firms that perform audits and reviews of financial statements and other assurance and related services engagements" and Revised ISA 220 "Quality control for an audit of financial statements." These procedures are documented in a Quality Assurance Manual available on the intranet.

These policies and procedures are complemented by audit methodology and support techniques which are shared among members of the Organization and by joint training initiatives. Specific audit software is in place, which has been developed to allow a structured audit approach in accordance with the most recent and comprehensive auditing standards (IFAC clarified standards, supplemented by national requirements).

Compliance with the organization's policies and procedures is regularly monitored through reports 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 Internal quality control system

Maintaining quality

Quality of people: Our high standards require that we recruit highly talented individuals with the ability to take on ever-increasing responsibilities. Our ability to attract and retain talent is one of the key elements in maintaining these standards.

Mazars' strategy in terms of training (refer to section 4.4), counseling and compensation strongly emphasizes this high standard of audit quality.

As explained in our Quality Assurance Manual; the Quality Control System includes **policies and procedures** in the following areas:

- responsibility and leadership;
- independence and objectivity;
- audit policies and methodology;
- acceptance and continuance of engagements;
- human resources;
- engagement performance, including:
  - planning and supervision of engagements,
  - technical consultation,
  - audit documentation,
  - independent review,
- confidentiality;
- quality control system supervision;
- managing cross-border engagements;
- complaints and allegations.

In order to improve the effectiveness and the relevance of the Quality Control System, these processes are regularly updated to encompass changes in international standards and the suggestions of users.

A Global Assurance Programme and internal inspections

Mazars has developed an International Quality Control System that applies to all the organization's entities, regardless of whether they are integrated members or correspondents.

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

Two types of quality assurance reviews are in place:

- a report including a self-assessment by the countries on their compliance with IFAC standards, supported by the results of internal and external quality control, and an action plan regarding the areas which have been 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 called IQAR (International Quality Assurance Review), which is performed by trained and experienced Mazars reviewers from various countries.

Each reviewer 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 and the partners in charge of monitoring geographical zones are then informed of these action plans. Then, with the help of the IQCC, the partners follow up the implementation of the action plans.

Each year, Mazars entities critically assess their Quality Control System through a monitoring program involving an assessment of the adequacy and effectiveness of the entity's procedures and a review of the entity's engagement files. Each partner is reviewed at least every three years. The results of the engagement file reviews are taken into account when determining the partners' compensation.

Once a year, the entity communicates the results of the internal and external quality control reviews (ReQAR/IQAR/national oversights and peer reviews) to partners and managers as well as the entity's Executive Committee. This communication is detailed enough to enable any necessary corrective measures, both at the entity level and with the partners in question.

As a minimum, this summary includes:

- a description of the procedures applied and of the scope of the quality control review;
- conclusions of the reviews of the entity's procedures and audit engagements;
- action plans, if required.

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

2.2.2 Statement on the effectiveness of the quality control system

Mazars became one of the first full members of the IFAC's Forum of Firms in January 2008 after reporting that it had implemented a globally coordinated quality assurance program and was committed to the use of International Standards on Auditing (ISAs) along with other specific ethical requirements.

Commitment to the obligations of membership in the Forum of Firms 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 quality control standards in accordance with the IFAC International Auditing and Assurance Standards Board's (IAASB) International Standards on Quality Control, relevant national quality control standards and, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews;
- implementing policies and methodologies based, as far as practicable, on the ISAs concerning the conduct of transnational audit assignments;
- implementing policies and methodologies which comply with the IFAC Code of Ethics for Professional Accountants and applicable national ethical codes.

On the basis of its Quality Control monitoring conclusions, Mazars confirmed in December 2012 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 has an ongoing participation in the European Commission (EC) debate following the Green Paper on Audit Policy: lessons from the Crisis of October 2010. This debate covers a wide variety of audit and audit related topics. Mazars contribution to the Green Paper can be accessed at: http://www.mazars.com/Home/News-Media/Latest-news2/Mazars-contribution-to-the-Green-Paper;
- Mazars responds to consultations on a variety of topics including auditing, corporate governance, financial reporting and relevant regulation changes issued by professional bodies such as the European Commission, IFAC and its committees and boards, FEE, EAIG, PCAOB, IASB;
- as stated above, Mazars takes part directly in international professional bodies such as the IFAC, FEE, ESMA, EFRAG, IASB.

Our professional staff receives regular training in both actual and potential regulation developments. This helps our audit teams to anticipate these changes and better serve their clients.

Our Mazars firms are also active in the professional accounting and auditing organizations present in their countries.

III. CLIENTS

3.1 Service offering and turnover

3.1.1 Global service offering

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

The four Global Business Units are:

- **GBU PIE** (Public Interest Entities) covers statutory and contractual auditing as well as other advisory or compliance services mainly targeted to listed companies;
- **GBU OMB** (Owner Managed Businesses) covers advisory and audit services for privately-owned companies of all sizes;
- **GBU Tax** covers a complete range of tax advisory services;
- **GBU Law** covers legal counseling in some countries.

The consolidated accounts of Mazars Scrl for the year ending August 31, 2013 will be submitted for approval at the General Assembly of partners on December 14, 2013. Once published, these accounts will be available on the Group website (www.mazars.com).

Turnover per Global Business Unit (€ million)	2012/2013	2011/2012
PIE	521.2	503.7
OMB	393.9	385.7
Tax	122.1	110.5
Law	8.4	13.5
TOTAL	**1,045.6**	**1,013.4**

3.2 List of public interest entities for which the firm has issued an audit report during the preceding financial year

The list of engagements as of August 31, 2013 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, 2012 to August 31, 2013) and is available on the concerned member entity's website.

IV. HUMAN RESOURCES

4.1 Quality through talent

We believe that the quality we bring to our clients and to the market is dependent upon 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, management principles and fulfilling work environment, our talent management policy centers around three main principles:

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

All our professionals have clear objectives, receive feedback and regularly review their performance. Our Global Talent and Performance Management Program monitors our employees' development at all levels and in all Mazars countries. This program provides us with qualitative information on the expectations and competencies of our professionals which in turn allows us to gauge our progress towards our long-term development ambitions.

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

Mazars is strongly committed to enforcing the objectivity of our teams and the ethical conduct of our individuals. Recent studies have shown that traditional approaches to ethics training do not address the root causes of unethical behavior. Therefore, at Mazars, we strive to fully understand these issues and implement effective strategies that will place our firm on a morally sound path towards sustainable growth.

As a global organization, we recognize the importance of cultural interconnectivity and support the international development of our teams and firm leaders. Employees wishing to enhance their careers with an international experience may choose from a range of exchange programs, including strategic mobility opportunities, in which qualified Senior Managers are placed on high-level projects ranging from three to five years in length, as well as permanent transfers. Short-term assignments are also available through the MOVE program, in which high-potential Seniors and Managers can work abroad on two to sixth month long projects. Both our short-term and long-term programs are essential to the flow of ideas between our 71 Mazars countries and support the firm's future global growth.

4.2 Professional and support staff

4.2.1 International staff

As of August 31, 2013, Mazars employs 13,800 people across 71 countries. This includes the 1,700 recruits that joined Mazars in 2012/2013.

4.3 Partners

4.3.1 Our partners on an international level

As of August 31, 2013, Mazars Scrl had a total of 721 partners in 71 countries.

4.3.2 Information concerning the basis for partner remuneration

Partners are remunerated in equal proportion according to the performance of the national member entity to which they contribute, and to the overall performance of the Mazars organization.

At Group level, the partner remuneration measure is the "operational performance," after the deduction of any unforeseen expenses 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 proportionality as the division of profits.

Several countries have also opted for a bonus system based on individual performance, the awards being withdrawn 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. This performance is assessed through various criteria: professionalism and technical contribution, importance and complexity of assignments, contribution to the general development of local entities and the Group, level of managerial responsibility, performance in financial management and partnership spirit. None of the criteria listed above is evaluated in isolation, but the greatest weight 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 the updating of technical knowledge), but also because it is a key means of communicating professional conduct and ethics requirements to staff.

Each Group entity keeps a record of all the training courses attended by each partner and member of staff. This is done in order to ensure that each individual benefits from the complete training program and that the training received is in line with their responsibilities and work.

Each member entity's training program must include a general syllabus to be followed by all staff and at each level. The objective of this program is to encourage each staff member's development and expertise in auditing standards, accounting standards, auditing techniques and engagement management principles.

The program also includes a sector-specific syllabus, particularly for insurance, banking, the public sector and technology.

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

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

The internal training program is enhanced with complementary external seminars which focus on client requirements or specific economic environments.

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

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

- to position Mazars as one of the key players in future markets;
- to instill a focus on the Mazars values (Mazars Way);
- to strengthen Mazars' commitment to social issues.

Mazars University coordinates all the Group-wide training and promotes the sharing of professional knowledge experience and best practices.

4.4.1 Statement of compliance with the professional training obligations

The Mazars Group expects its member entities to comply with IES7 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 of relevant professional development activity each year.

Mazars has established a professional education program which includes the organization and delivery of technical in-house and external seminars, the active involvement of professional staff in major national and international professional accounting and auditing organizations and the development of extensive opportunities for staff to attend technical seminars and conferences.

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

MAZARS
Group Communications Department

THANK YOU
The pictures of this annual report feature Mazars' teams and partners. Special thanks to Mazars' offices in Cape Town and in Paris for their time and availability.

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