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ANNUAL REPORT 2016-2017

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FINANCIAL STATEMENTS

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MAZARS

FINANCIAL STATEMENTS

INTEGRATED REPORTING

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FINANCIAL STATEMENTS

FOREWORD

With a 2016-2017 turnover that has reached €1.5 Bn, up 12.8%* from 2015-2016, Mazars continues to grow year after year. As of 31st August 2017, our integrated partnership spans 84 countries and territories on all continents. We can rely on the expertise of over 20,000 men and women in our audit, accountancy, advisory, tax and legal service lines. In all of our 300 offices throughout the world, our teams strive to offer the same high-quality services to our clients, regardless of size or industry. They are also committed to working for the common good, as we believe our goal should be to create shared value for all our stakeholders, the business community and society as a whole.

In 2015 and 2016, we carried out two major external growth projects, one in Germany and one in China. We also successfully rebuilt our Italian operations. In December 2016, our General Assembly of Partners elected a new Group Executive Board in support of an ambitious strategic programme called the Next20. Clear objectives were defined, in terms of business development and geographic coverage. Our new organisation, focused on sectors, service lines and the creation of large regional platforms, will help us reach these objectives and reaffirm Mazars' position as an influential and global challenger.

We know that continuous growth entails being able to adapt and transform, yet it will not change who we are. We will strive to become more agile and more flexible and to acquire more and more technology-driven expertise, all the while remaining independent and true to our core values. We are fully aware that our profession is undergoing profound transformations, and we know that innovation will be of the essence. In this fast-evolving environment, we will continue to be advocates for increased trust and transparency.

We are once again publishing our full consolidated accounts, presented under IFRS standards and certified by two independent auditors. We have done so every year since 2005, and it illustrates our commitment to providing our stakeholders with a clear and complete understanding of Mazars.

Over the last few years, disturbing and hardly unpredictable events have happened in some of the world's largest mature and emerging economies. We might encounter more surprises – both pleasant and unpleasant – in the years to come. There is one thing, however, we know for sure: in order to achieve sustainable growth, organisations will have to evolve and fully embrace the digital revolution, while making sure the new generations of leaders stay loyal to the values and principles they inherit.
This is precisely our aim: achieving the right balance between transformation and stewardship. And we know that we have the right model, the right people and the right strategy to reach this goal.

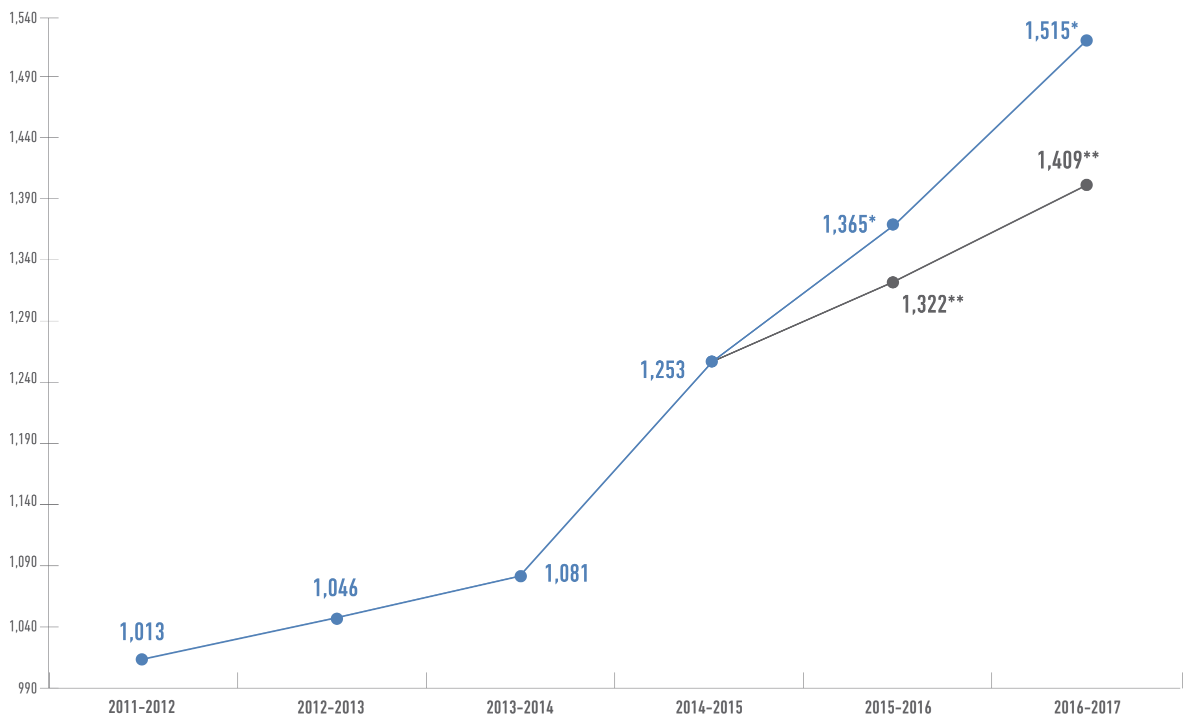
Philippe Castagnac
Chairman of the Mazars Group Executive Board

Hervé Helias
Chief Executive Officer of the Mazars Group

* At stable forex

EXECUTIVE SUMMARY

Fee income: crossing the €1.5 billion threshold (In millions of Euros)



* Includes data for the ZhongShen ZhongHuan practice, integrated but not fully consolidated in the global Mazars international partnership on Jan. 1st, 2016

** Does not include data for the ZhonShen ZhongHuan practice

Growth by geographic area

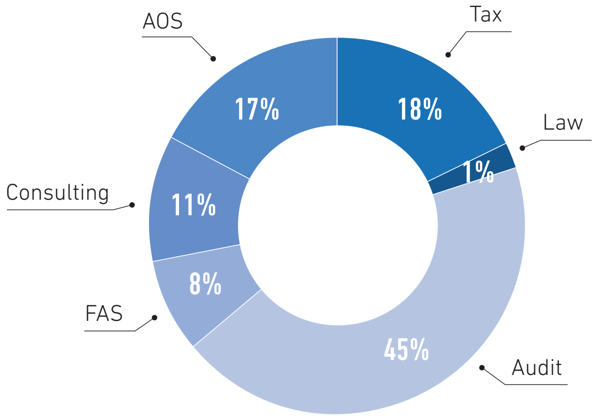
In millions of Euros	2015-2016	2016-2017	Variation
TOTAL GROUP	**1,365**	**1,515** *	**11%** **
Europe	932	994	6.7%
North America	182	185	1.6%
Africa & the Middle East	82	87	6.1%
Asia Pacific	131	205	56.5%
Latin America and the Caribbean	39	44	12.8%

* Includes data for the ZhongShen ZhongHuan practice, integrated but not fully consolidated in the global Mazars international partnership on Jan. 1st, 2016

** Including -1.6% exchange rate impact

Services: a balance between audit and non-audit services

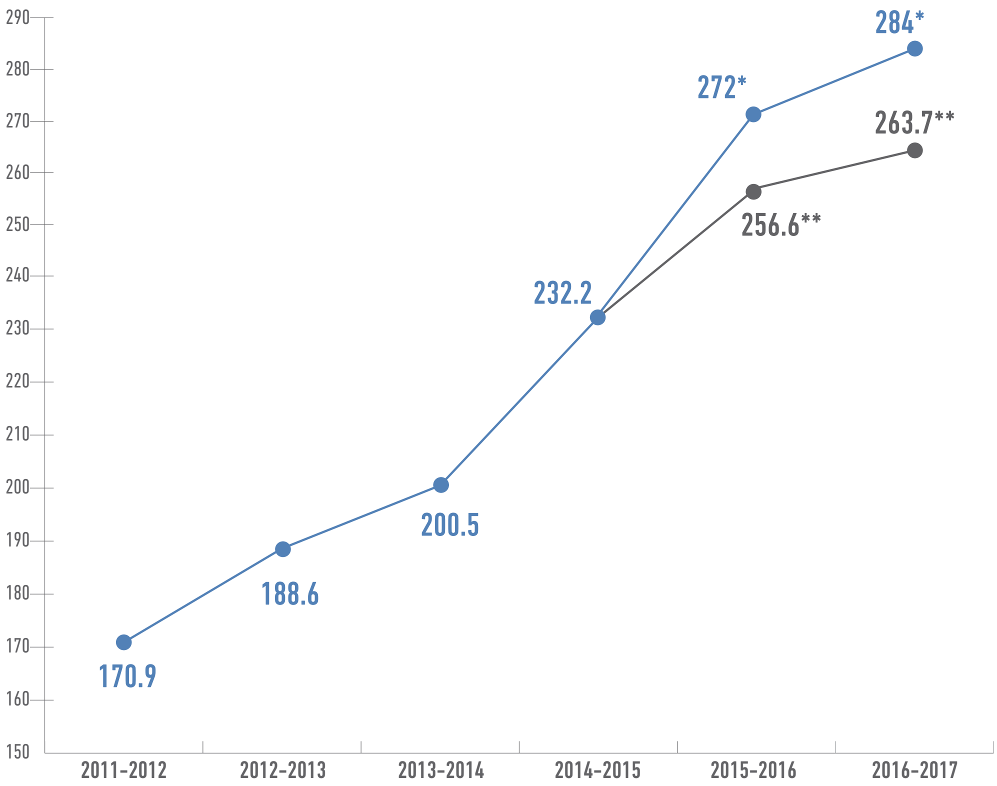
Fee income by service line (in %)*:



* Does not include data for the ZhongShen ZhongHuan practice

Profitability: continuous growth

Surplus allocated to partners (in millions of Euros):

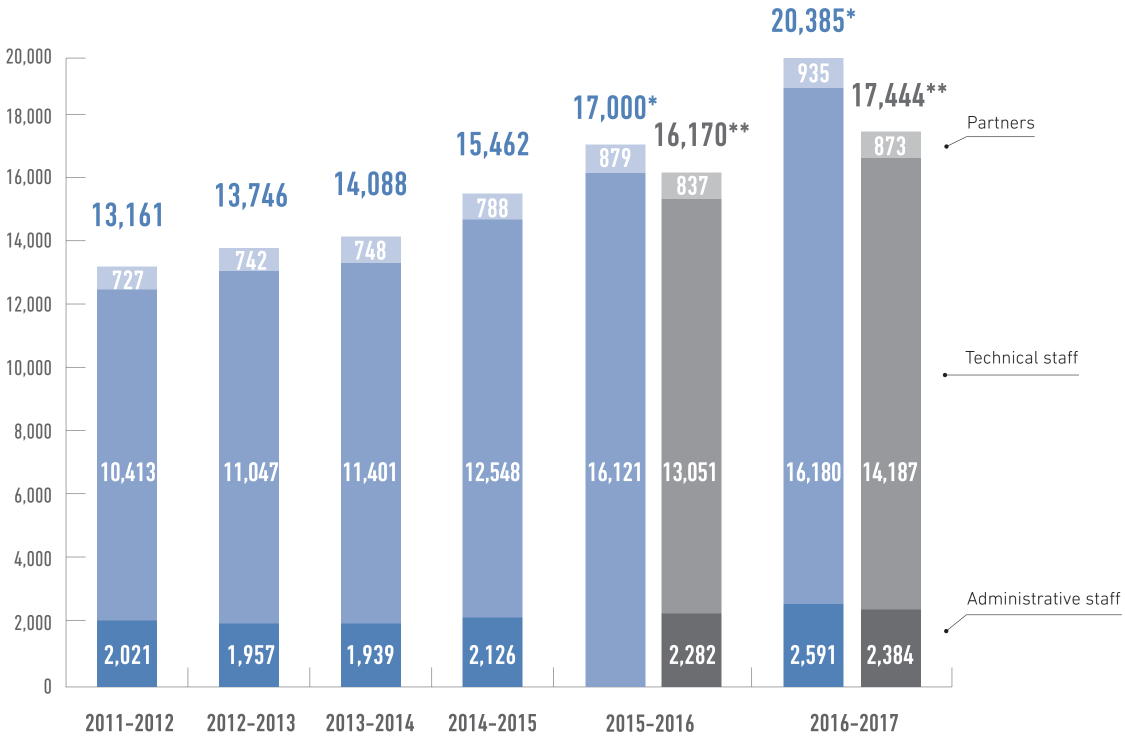


* Includes data for the ZhongShen ZhongHuan practice, integrated but not fully consolidated in the global Mazars international partnership on Jan 1st, 2016

** Does not include data for the ZhongShen ZhongHuan practice, integrated in the global Mazars international partnership on 1st January 2016

A constantly growing team of professionals around the world

Number of professionals (Full-Time Equivalent):



* Includes data for the ZhongShen ZhongHuan practice, integrated but not fully consolidated in the global Mazars international partnership on Jan 1st, 2016

** Does not include data for the ZhongShen ZhongHuan practice, integrated in the global Mazars international partnership on 1st January 2016

MAZARS' GOVERNANCE MODEL

Mazars draws its strength and singularity from its integrated and independent partnership model, implemented 22 years ago in 1995. This model is based on the democratic expression of our partners, who together elect our governing bodies, co-opt the new women and men who join us and make us collectively stronger, and approve major strategic decisions.

Our partners: the heart of the model
More than 900 partners are part of a collective adventure. They all share a common vision of their profession, a sense of technical and ethical excellence and the determination to offer the best services to their clients. Individually and collectively, they embody the entrepreneurial spirit that is the foundation of our identity and our actions. Our partners also share all risks and benefits and, together, make decisions regarding their common future. They meet at the end of each year at the General Assembly where they approve the appointment of new partners and the consolidated results for the year and vote on strategic and operational new measures.
Every four years, the partners elect the new members of the governing bodies.

Two governing bodies with complementary roles
Our two governing bodies have distinct roles that are defined in the Charter that outlines the functioning of our partnership.

THE GROUP EXECUTIVE BOARD
The Group Executive Board (GEB) is Mazars' executive body. It is in charge of operational management of the partnership, with regard to collectively defined key strategic objectives. It focuses first and foremost on pursuing and accelerating growth, particularly by ensuring the Group's development and the quality and sustainability of our activities.

GEB Members are elected for a four-year term.

The Group Executive Board in place as of 31st August 2017 was elected during the partners' general assembly in December 2016.

As of 31st August 2017, the Group Executive Board was therefore made up of nine members:

- Philippe Castagnac (France): Chairman of the Group Executive Board
- Hervé Hélias (France): Chief Executive Officer of the Group
- Antonio Bover (Spain)
- Rudi Lang (United Kingdom)
- Christoph Regierer (Germany)
- Wenxian Shi (China)
- Ton Tuinier (Netherlands)
- Phil Verity (United Kingdom)
- Victor Wahba (United States)

THE GROUP GOVERNANCE COUNCIL

Elected for the same term as the GEB, the Group Governance Council (GGC), is the Group's supervisory body. Since December 2011, it has included independent external members, elected by the partners at the General Assembly. On top of its overall supervisory role, the GGC has decision-making powers in three specific areas as set out in the partnership's Charter of Association: the approval of partnership candidates and external growth operations, the compensation of the members of the Group Executive Board and the approval of disciplinary action decided by the latter.

As of 1st December 2017, the GGC was made up of 11 members:

- Tim Hudson (United Kingdom): Chairman
- Thierry Blanchetier (France): Vice-Chairman
- Kathryn Byrne (United States)
- Juliette Decoux (France)
- Fabrice Demarigny (France)
- Bharat Dhawan (India)
- Denise K. Fletcher* (United States)
- Chris Fuggle (Singapore)
- Gregor Kunz (Germany)
- Michelle Olckers (South Africa)
- Liwen Zhang (China)

* external member

NATIONAL GOVERNING BODIES

Each Mazars country is led by an executive committee whose members are elected, following approval by the Group Executive Board, by the partners of the country in question. In addition, to comply with the new national rules for audit firms, a Governance Council was established for Mazars in the Netherlands.

GOVERNANCE FOR VALUE CREATION

Value creation throughout our organisation is bolstered and optimised through the complementarity and smooth functioning of our two governing bodies and the cooperation the GEB has built with our business lines and country-level entities. Our governing bodies are representative of our partnership's international scope. Our two governing bodies meet several times each year and maintain regular contact, which enables them to work together and exchange opinions in accordance with the Group Charter. All Country Managing Partners are informed and consulted at least twice per year during Country Forums. They are then asked to explain strategies to national partners, foster dialogue so that each partner can adequately apply global operational decisions, and ensure that local actions are implemented in line with the Group's overarching strategy.

GROUP GOVERNANCE COUNCIL REPORT

The new GGC team, elected in December 2016, has now been in place for a year, under the leadership of Tim Hudson. Organised into working committees, so that new members can get into the details of topics and start contributing quickly, it has exercised its supervisory role with integrity, transparency and pragmatism, and especially focused its efforts on sixkey topics set out below:

Risk Management

With the support of the GGC, the GEB has assigned responsibility for coordinating the various workstreams in this critical area to one of its member - Ton Tuinier. We believe this is an important step and we commend the progress that has been made, in particular on the risk mapping project. There remains much to do but primary responsibility for risk management is in the hands of each and every partner. The renewed and enhanced leadership and focus by the GEB on risk matters is encouraging.

Management Structure

The GEB has deployed a new management structure to deliver the Next 20 strategy. Inevitably it takes some time to get the structures and teams to be fully operational, but roles and responsibilities of the different bodies are now well defined and have started to gain traction. There is still more to do, and discussions have also started around the implementation of regional groups or clusters. The full benefit of such an approach will inevitably take time to materialise as new projects are identified and delivered. The key is to harness this spirit of co operation across many aspects of our day-to-day activities and drive the efficiencies and benefits that will arise.

China

The GEB has, understandably, progressed with caution and allowed time for the local mergers to be concluded before moving towards full integration of the teams. The structure of the management board in China has now been fixed and the first meetings were held recently. The original integration plan will be refreshed and rolled out over the months ahead. We will continue to work with GEB to monitor the delivery of the integration programme.

USA

Strengthening our presence in the USA is one of the key objectives set out in the Next20 strategy. A number of opportunities are under discussion which would assist in enlarging the geographical footprint of Mazars USA. However, progress is not easy, as the market remains highly competitive.

On the West coast we have supported the GEB's decision to create a stand alone Mazars office and team outside of our joint-venture with Moss Adams. The West coast is strategically important for links with China and the creation of this office is seen as a first step.

Partnership development

Last year, GGC highlighted the need to enhance the matching of the partner and talent pipeline to the needs and strategic priorities of the group. There is now, for the major countries, a better link between the proposed co-options and the country strategy and this will be adopted further afield. Work is underway to update the programme for partner development and appraisal.

Increased automation of assurance and other services will impact the traditional 'pyramid' of talent. Analysis of these impacts on medium term recruitment and training plans will need to be considered whilst seeking to ensure that the role of partner remains attractive to the upcoming generations.

Diversity

On diversity, the GEB, with our support and challenge, is making progress. The new management teams in place are increasingly diverse and initiatives at group and country level are being well received and are making a difference. We remain confident that increased diversity will soon be reflected at GEB and further country executives.

GROUP EXECUTIVE BOARD REPORT

Foreword

The decision in 2004/2005 to prepare and publish an annual report, including our consolidated financial statements under IFRS and audited by two external auditors remains a distinctive feature of our integrated global Partnership. We are therefore pleased to present you, as an proof of our commitment to transparency, the annual FY 2016-2017 report on our business and earnings.

The Group Executive Board

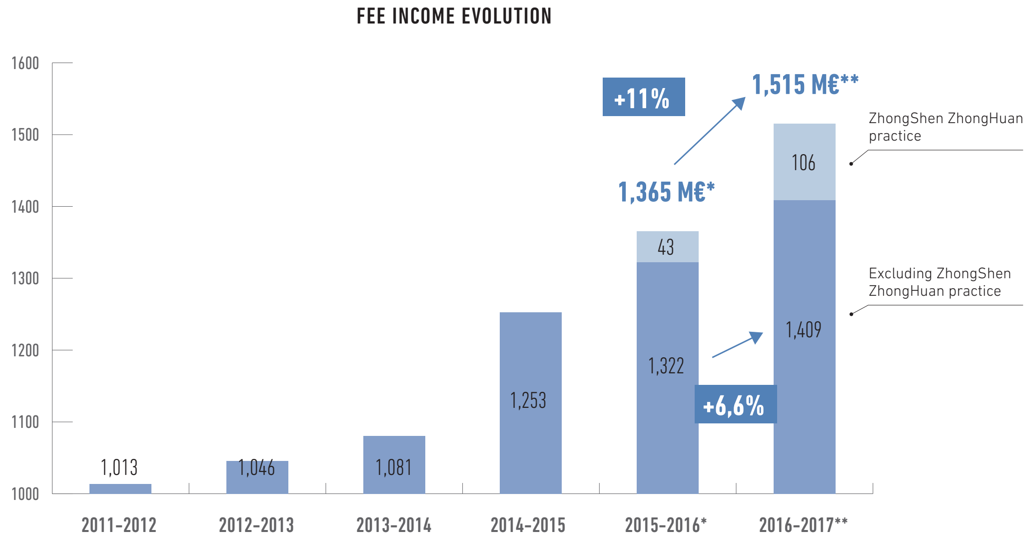
1- 2017, A HISTORICAL LANDMARK

Fee income	Growth	FTEs
€1.5 billion	+12.8%	20,385

Including the ZhongShen ZhongHuan practice , our fee income has reached the historical level of €1,515M. For the third year in a row, with +12.8% excluding forex impact, we have achieved a two digits fee income growth.
The ZhongShen ZhongHuan practice accounts for revenues of €106M. China now represents combined revenues of €125M, which amounts to 8.25% of total Group revenue, making China Mazars' fitfh largest country.
Organic growth is robust at +5.4% while external growth is at +7.0% , owing mainly to the integration of the ZhongShen ZhongHuan practice.

On the other hand, the forex impact, at -1.6% , is largely due to by the sharp drop of the British Pound (-11.5%), the Turkish Lira (-15.1%) and the Egyptian Pound (-49.1%).

At 20,385 including Carl Partners, the number of full-time equivalents (FTEs) has for the first time exceeded twenty thousand people in average, thanks to almost 3,000 FTEs coming from the integration of the ZhongShen ZhongHuan practice.



* Includes data for the ZhongShen ZhongHuan practice for 8 months

** Includes data for the ZhongShen ZhongHuan practice for 12 months

GROWTH OVER 5 YEARS +50%

+11.0% represents our growth rate including the ZhongShen ZhongHuan practice and the forex impact.
+6.6% is the growth rate excluding the ZhongShen ZhongHuan practice and including the forex impact.

All numbers presented onwards do not include data for the ZhongShen ZhongHuan practice.

During the General Assembly of partners held in Madrid, in December 2016, the GEB presented the following objectives for 2016-2017:
Budget 2016-2017:

- Fee income growth of +7.6% at constant forex including a +5.1% organic growth;
- Gross margin: 49.4% of fee income / Overheads: 30.0% of fee income;
- A surplus target of as proposed by the GEB €265M (at 15-16 forex) or €260M (at 16-17 forex).

We can confirm that, putting aside the Gross Margin rate, all objectives were met:

- Revenues at €1,409M are showing a +8.3% growth excluding the forex. Growth, including the forex impact is at +6.6%, with a +5.4 % organic growth, +2.8% external growth and a -1.6% forex impact;
- Gross Margin is at 48.3% and Overheads at 29.5% of fee income;
- Surplus reached €264M (+€4M above the GEB target) or 18.7% of fee income.

A FEW FACTS:

- Some exceptional revenue growth performances
  - France: +€29.9M/+9.1%;
  - Germany: +€16.6M/+14.6%;
  - Italy: +€9.5M/+78.9%;
  - Netherlands: +€5.0M/+6.4%.
- The United States shows a negative organic growth;
- A high forex negative impact of -1.6%, essentially coming from the United Kingdom at -€23.8M, Egypt at -€2.8M and Turkey at -€2.2M.

KEY FIGURES:

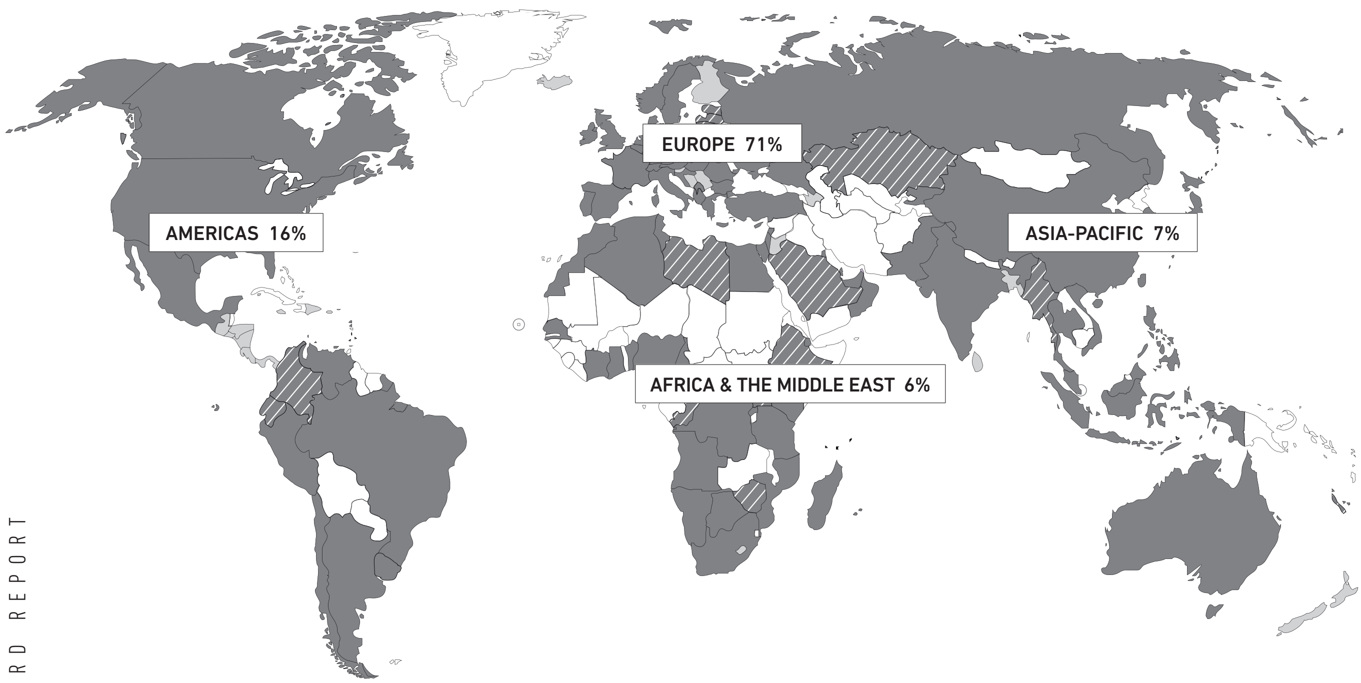
We integrated 4 new countries this year: Bulgaria, the Democratic Republic of Congo (DRC), Rwanda and Tanzania. Our global footprint has increased from 77 to 81 integrated countries as of 31st August 2017.

In millions of Euros	2015-2016	2016-2017	Variation	In value
Fee Income	1,322	1,409	6.6%	**87**
Surplus	257	264	2.8%	**7**

The organic growth remains strong at +5.4% and our external growth (+2.8%) was mainly driven by the integrations of Steinberg & Partners in Germany, the full year impact of the integration of the Corality practice in the United Kingdom, Integrity Consulting in the United States, and 4 external growth operations in France.

2- FEE INCOME AND FULL TIME EQUIVALENT EMPLOYEES BY OPERATING SEGMENT

The ten main contributing countries are detailed on the map below with their percentage of contribution to the Group's total fee income:



- Integrated countries and territories
- Non-integrated countries and territories: Mazars correspondents and representative offices
- Areas covered via the Praxity alliance

AMERICAS

United States 12% - Mazars USA LLP

AFRICA & THE MIDDLE EAST

South Africa 3% - Mazars Accountants South Africa

EUROPE

France 26% - Mazars SA
United Kingdom 13% - Mazars LLP
Germany 9% - Roever Broenner Susat Mazars Gmbh
Netherlands 6% - Mazars Paaderkooper Hoffmann NV
Ireland 2% - Mazars Ireland
Spain 2% - Mazars Auditores SLP
Sweden 2% - Mazars SET
Switzerland 2% - Mazars

2.1- Fee income by operating segment

In millions of Euros	2015-2016 Restated	2016-2017	Variation	In value
France	330	359	9.1%	30
United Kingdom	190	184	-3.3%	-6
Rest of Europe	412	451	9.4%	39
North America	182	185	1.6%	3
Latin America & the Caribbean	39	44	13.8%	5
Asia-Pacific	87	98	12.5%	11
Africa & the Middle East	82	87	6.5%	5
TOTAL	**1,322**	**1,409**	**6.6%**	**87**

France

Full year fee income of €359.5M represents a 9.1% increase compared with last year's performance (€329.6M). Out of this 9.1% growth, two thirds (6.4%) are organic and one third (2.5%) is external due to the acquisitions of Advese, Ileven, Blaess and Sagaspe.

The growth for Mazars reached +10% in Paris, driven by Channel 2 activities (+23.5% in total, out of which: FAS +13%, Consulting +30%, AOS +18%, Actuary +28%) and complemented by audit activities (+2.5%, more than expected, thanks to additional assignments).

In other regions of France, we grew by +4.6%, out of which half is organic.

The Tax and Law service lines grew by is 25%.

Some investments have been made in teams (staff headcount has increased by 14% from 2.394 to 2.727) so as to make the growth possible and these investments have hit the gross margin by -2.2 points from 49.7% last year to 47.5% this year.

Margins have been challenged by market share acquisition, voluntary decrease of utilisation rates and also different business models in newly acquired activities.

Overheads have been limited to €93.5M (vs. €90.6M) so as to be 26.0 % of fee income compared to 27.5% last year. Investments have been made in new hires (+€1.8M) and in IT security (+€0.9M) and cost initiatives actions have been pursued so as to save -€0.6M.

The overall result for the country is a historical surplus amount of €77.3M compared with €73.3M last year.

United Kingdom

The full year net income of £160.1M is an increase of 9.2% compared to the previous year. Growth was achieved through an increased volume of activity, with pricing being stable year on year and staff numbers increasing by 7%. Gross margin improved marginally to 49.6%. Approximately 4% of the income growth is attributable to external growth (a full year impact following the acquisition of the Corality practice on 1st August 2016). Organic income growth was of 5%.

The income growth by service line was as follows:

- Audit +7%
- TAX +4%
- AOS +19%
- FAS +24%
- Consulting -4%

The reduction in income in Consulting reflects the fact that a major assignment that had lasted a number of years ended in 2016-2017.

The overhead ratio increased from 30.7% to 32.0% as a result of additional expenditure related to the Corality acquisition and investment in development of IT services and office environments.

The surplus generated increased by £1M (3.7%) to £28.1M.

Other european countries (27 countries)

Europe excluding France and the United Kingdom grew by +9.4% despite the negative forex impacts in Turkey (-15.1%) and Sweden (-2.9%). Organic growth reached +6.2%, driven by Italy and Germany. The rebuilding of Italy is going well, with combined revenues of €21.6M, including an organic growth of +40%. Angola, which used to be reported with Portugal, is now included in the Africa area (restated in the 2015-2016 numbers).

Excellent organic growth performances (before forex impact) was achieved in Croatia (+32.2%), Ukraine (+31.2%), Albania (+24.9%) and Malta (+11.8%).

In Russia, the value of the Rouble increased by +14% vs. last year.

North America (3 countries)

North America had a slow growth mainly due to a slowdown of the consulting, healthcare and public sector activities in the United States. External growth was also not as high as expected in the United States.

Latin America and the Caribbean (7 countries)

This region achieved the highest growth rate, mainly due to a forex impact of +14.7% in Brazil and some strong organic growth rates in Argentina (+34%), mitigated by -22% in forex impact, Chile (+24%) and Mexico (+12.1%). A slowdown (-19%) occurred in Peru due to a change in the audit regulation.

Asia-Pacific (13 countries)

We enjoyed strong organic growth in Indonesia (+32%), Korea (+17%), Thailand (+15%), Vietnam (+13%) and Singapore (+12%). We note no external growth this year (excluding the ZhongShen ZhongHuan practice) but the full year impact of the integration of Australia (+€3.4M).

The forex impact was negative in China (-4%) and positive in Australia (+4.5%).

Africa & the Middle East (29 countries)

The region grew by +6.5% and organically by +6.4%, driven by Cameroon (+18.5%), Ivory Coast (+10%), Madagascar (+16%), Egypt (+7%) and South Africa (+5%).

The forex impact was quite high in South Africa (+10%), Mozambique (-24%) and Egypt (-49%).

2.2- Full time equivalent employees by operating segment

	2015-2016 Restated	2016-2017	Variation	In value
France	2,900	3,249	12.0%	349
United Kingdom	1,719	1,837	6.9%	118
Rest of Europe	4,587	5,095	11.1%	508
North America	1,009	1,022	1.3%	13
Latin America & the Caribbean	1,223	1,186	-3.0%	-37
Asia-Pacific	2,071	2,305	11.3%	234
Africa & the Middle East	2,661	2,749	3.3%	88
TOTAL	**16,170**	**17,444**	**7.9%**	**1,274**

The full-time equivalent number grew slightly below the fee income growth of +8.3% excluding forex.

3- SERVICE LINES

The 2016-2017 fee income breakdown per service line is as follows:

In millions of Euros	2015-2016	2016-2017	Variation
Audit	613.4	630.6	2.8%
FAS	103.5	114.9	11.0%
Consulting	132.8	150.6	13.4%
AOS	208.5	242.0	16.1%
Tax	247.7	250.2	1.0%
Law	16.3	20.7	26.9%
TOTAL	**1,322.1**	**1,409.0**	**6.6%**

Audit remains the main business line although not surprisingly, it is showing a limited growth rate.

Tax is also showing a low growth rate mainly due to Germany transferring its Outsourcing activity from Tax in 2015-2016 to AOS in 2016-2017 for €9M. Restated the Tax growth would be increased to +5% and AOS reduced to +12%.

As last year, Channel 2 Consulting, AOS and Law service lines are showing the highest growth rates.

Channel 1 assignments now represent 44.8% (down from 46.4% last year) of total revenues and Channel 2 accounts for 55.2%.

4- PROFITABILITY AND FINANCING

Our Group gross margin is slightly decreasing, from 49.1% last year to 48.3% of our Fee Income, and represents €680M. Fee and salary pressure continue to erode our margins.

The overheads have decreased in weight from 29.7% last year to 29.5% in 2016-2017. This has been made possible in part by a good control of the Group central cost pool.

Surplus at €264M is above the GEB target of €260M at constant forex. This represents a +2.8% increase vs. last year.

Surplus is defined as the profit before any direct or indirect form of partners' remuneration.

The financing of our activities is essentially provided by the Partners. It may be in different forms (equity shares, loans, current accounts, deferred compensation...). In total this year financing by the partners represents 14 months of their total earnings same as last year. Our work in progress and receivables ratio remains under good control, at 3.4 months of annual fee income once again same as last year.

5- PERSPECTIVES

Facing its large competitors, Mazars tirelessly pursues the its demanding growth strategy, while preserving its independence.

After the integration of Roever-Broenner-Susat in Germany in 2015, our new capabilities have been presented in Beijing in November 2017 before an audience of hundreds of economic and financial leaders. Indeed, after some years of hard work and negotiations, Mazars and ZhongShen - ZhongHuan decided to combine their activities, thus giving birth to one of the ten largest Chinese players, with more than 3,300 people; ZhongShen ZhongHuan generated more than €125M fees in audit business in this country. Mazars ZhongShen ZhongHuan is now able to serve State-Owned Enterprises and other large Chinese companies, listed or not, in the near future.

In the United States, Mazars is pursuing its strategy of developing a platform in the 5 key areas for its major international customers: New York, Chicago / Great Lakes, Florida, California and Texas. Already present in New York, Chicago, Miami and Los Angeles, Mazars will pursue its organic growth, strengthen its presence through targeted external growth operations, and continue to look for new strategic alliances.

The Italian case has been won. Following the departure of former Italian partners in 2015, Mazars has started two arbitration procedures in front of the International Chamber of Commerce:

- The award in the first arbitration against former Mazars entities sentenced them to pay the Group the contractual termination fee (around €6M) plus intragroup payables, and a large part of the legal costs incurred by Mazars;
- As second arbitration procedure had been initiated the 27 former partners having voted the sale of the going-concern. An award has been rendered in November 2017. It sentences the former partners to pay around €15.6M in damages to Mazars. The termination fee awarded in the first arbitration will be deducted from this amount, subject to its actual payment;
- In both arbitrations, all counterclaims against Mazars have been fully rejected.

2016-2017 has been an excellent year for Mazars, which demonstrates the long term sustainability of our integrated partnership business model.
Going forward, we will focus on our gross margin, especially in our Channel 2 activities (Tax, Consulting and AOS) in order to exceed our objectives.

With the Next20 programme, we have developed a strong growth plan, with a fee income target ranging from €2.0bn to €2.6bn in 2020.

To achieve this, we need the engagement of all our Partners in all our countries, service lines and sectors.

Gaining visibility with our clients and prospects through the delivery of high class services is the way to go forward. It will be help us strengthen our regional platforms and facilitate our external growth operations.

The Group Executive Board

INTERVIEW WITH TIM HUDSON

CHAIRMAN OF THE GROUP GOVERNANCE COUNCIL (GGC)

Since December 2016, Tim Hudson has been leading the new GGC team in the exercise of its oversight role. Now 12 months into a new 4 year mandate, he provides a perspective on what has been achieved, especially in terms of diversity, innovation and geographic coverage and explains what is on the agenda for the months to come.

1/ In December 2016, a new Group Governance Council team was elected. Do you see this new team as different and providing a fair reflection of the Mazars of today?

The election of our new GGC team was a reflection of democracy in action. We had an open and contested election. I am pleased to lead a team which really reflects the diversity of our Group, not only in terms of gender and geographic coverage, but also in terms of expertise and service lines. We have a very good balance of youth and experience. We have now been working together for a year, and I believe we have been working well as a team, with everyone bringing their contribution and perspective.

2/For several years now, the GGC has insisted on the need to increase diversity at all levels in the Mazars Group. Are there specific initiatives that have been implemented and that show real progress in this area?

The GGC has been pushing hard, and I think we have been working together constructively with the Group Executive Board. A wide range of initiatives have been launched across the group, among which our Women's Leadership Forum. It gathers female partners, senior managers and directors from all continents and has now been held twice.

The topic of diversity is on the agenda every time we meet with the Group Executive Board. We are seeking the implementation of enhanced KPIs to measure progress. We are very pleased to see that more and more women have been appointed in key leadership bodies, within the framework of our Next20 strategy.

Now, admittedly, diversity is not an issue that can be resolved overnight. It takes time. But we have to be an organisation which is representative of society as a whole and brings in all the different perspectives. Our clients are diverse. There is no reason why we should not be. I am not talking about a mere box ticking exercise. I am talking about being relevant to society, and improving the way we do business.

3/We are almost a year into the new GEB's term. In your oversight role, can you provide us with a first assessment of what has been done, on the basis of the Next20 agenda?

The first year of a new mandate starts with getting the teams and structures in place, and making sure roles and responsibilities are clearly defined. It has been done now, and the GEB team is working well.

They have been especially active on a number of key topics, among which risk management, and innovation. I think the need for innovation is an idea that is gaining more and more focus. New teams have been brought into the group, innovation labs are taking place and there are many initiatives in many countries. We are also finalising the move to sectors and service lines, to better serve and meet our clients' expectations, and preparing for greater regional coordination and co-operation.

In this context, I want to mention the quality of our financial performance and of our growth across the Group. We need strong growth and profitability to allow us to make the needed investments to implement our Next20 strategy.

4/The GGC plays an oversight role in Mazars' geographic development, which is one of the pillars of the Next20 strategy. What can you say about the ongoing integration of Germany, the start of the integration process in China and Mazars' ambitions in the US?

In Germany, the situation is very positive. We now have a strong team in place, we cover most of the country and the breadth of our capability has improved significantly from 3 or 4 years ago. There is still work to do bring all our professionals there together as a single unit, and make the most of our services and strong market position. But we have made excellent progress, in a country that offers lots of opportunities. We now have the resources, coverage and expertise needed to talk to potential clients which we could not have approached before.

Regarding China, the integration process has so far been somewhat slower than anticipated. But I believe it is now on the launchpad. We are ready to forge ahead and take advantage of the great market opportunities, both with Chinese companies working overseas and with foreign companies setting up shop in China.

In the USA, finally, we do have a clear plan and strategy. But it takes time to find the right teams and opportunities that fit with our culture that will enable us to strengthen our presence across the US.

5/Risk management, and particularly the crucial issue of cyber security, has been one of your areas of concern. How does the GGC ensure Mazars implements sufficient measures to cope with cyber threats?

Cybersecurity is a country level issue first. It is clearly near the top of the agenda of every organisation, and all of our clients. From our perspective, our role is to sure that at Group levels, we have a clear understanding of what needs to be put in place in each country.

Everyone must keep in mind that when it comes to cybersecurity, we are only as strong as the weakest link within the Group. In most cases, the issues come back to individual behaviours. So education and training of our teams are key.

The implementation of GDPR* in Europe is going to be a good mechanism for us to validate that we have the right processes for data management and security.

*General Data Protection Regulation. It will become enforceable in all EU member states from 25 May 2018.

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH IFRS

FINANCIAL STATEMENTS

Consolidated income statement
2016-2017 financial year ended on August 31, 2017

In thousands of Euros	Notes	2015-2016	2016-2017
Revenue	4.1	1,376,923	1,463,295
Rebillable costs	4.1	-54,835	-54,345
FEE INCOME	4.1	**1,322,088**	**1,408,950**
Cost of technical staff		-672,408	-728,999
GROSS MARGIN	4.3	**649,680**	**679,951**
Cost of administrative staff	4.4	-103,356	-109,006
Other costs	4.4	-255,277	-268,194
Depreciation, amortisation and impairment	4.4, 6.2, 6.3	-25,948	-26,580
SURPLUS OF OPERATIONS	4.4	**265,099**	**276,171**
Amort'n/imp't of client relationships and goodwill	6.1	-5,507	-7,341
Financing costs		-2,837	-4,974
TOTAL SURPLUS	4.5	**256,756**	**263,856**
SURPLUS ALLOCATED TO PARTNERS		**-256,605**	**-263,720**
PRE-TAX RESULT		**151**	**136**
Corporate income tax	11	-20	-25
POST-TAX RESULT		**130**	**112**

Consolidated statement of comprehensive income
2016-2017 financial year ended on August 31, 2017

In thousands of Euros	Notes	2015-2016	2016-2017
Post-tax result	1.2.3	130	112
OTHER COMPREHENSIVE INCOME			
Remeasurement of defined benefit schemes		5,724	-3,856
Exchange rate adjustments		1,384	-85
Attribution of OCI to partners		-7,108	3,941
COMPREHENSIVE INCOME		**130**	**112**

Consolidated statement of financial position

2016-2017 financial year ended on August 31, 2017

In thousands of Euros	Notes	August 31, 2016	August 31, 2017
ASSETS			
Intangible assets	6.1	143,267	161,250
Property, plant and equipment	6.2	42,348	51,389
Other non-current assets	7.4	21,984	18,695
TOTAL NON CURRENT ASSETS		**207,599**	**231,334**
Trade accounts receivables and accrued income	4.2	371,352	398,285
Other current assets	10.1	74,902	78,787
Cash and cash equivalents	7.3	85,502	89,232
TOTAL CURRENT ASSETS		**531,756**	**566,304**
TOTAL ASSETS		**739,355**	**797,638**

In thousands of Euros	Notes	August 31, 2016	August 31, 2017
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	8.1	**1,075**	**1,354**
Partnership financing - non-current		185,407	188,873
Partnership financing - current		110,619	112,061
TOTAL PARTNERSHIP FINANCING	8.2	**296,026**	**300,934**
Long-term borrowings - non-current	7.3	58,567	64,406
Long-term provisions	9.1	47,117	54,709
TOTAL OTHER NON-CURRENT LIABILITIES		**105,684**	**119,115**
Long-term borrowings - current	7.3	23,215	31,569
Current bank financing	7.3	24,349	23,914
Trade and other payables	10.2	268,433	294,873
Current provisions	9.1	20,572	25,878
TOTAL OTHER CURRENT LIABILITIES		**336,570**	**376,234**
TOTAL EQUITY AND LIABILITIES		**739,355**	**797,638**

Consolidated statement of changes in equity

2016-2017 financial year ended on August 31, 2017

In thousands of Euros	Capital	Reserves	Shareholders' equity
SHAREHOLDERS' EQUITY AS AT SEPTEMBER 1, 2015	**353**	**521**	**874**
Movements in share capital	70		70
Other movements		0	0
TRANSACTIONS WITH SHAREHOLDERS	**70**	**0**	**70**
Comprehensive income for the period		130	130
COMPREHENSIVE INCOME		**130**	**130**
SHAREHOLDERS' EQUITY AS AT AUGUST 31, 2016	**423**	**651**	**1,075**
Movements in share capital	15		15
Other movements		152	152
TRANSACTIONS WITH SHAREHOLDERS	**15**	**152**	**167**
Comprehensive income for the period		112	112
COMPREHENSIVE INCOME		**112**	**112**
SHAREHOLDERS' EQUITY AS AT AUGUST 31, 2017	**438**	**915**	**1,354**

Consolidated statement of cash flows

2016-2017 financial year ended on August 31, 2017

In thousands of Euros	Notes	2015-2016	2016-2017
I-OPERATING ACTIVITIES			
NET RESULT		**130**	**112**
Depreciation and amortisation		27,025	30,732
Gains and losses on disposal		-111	63
SELF-FINANCING CAPACITY		**27,044**	**30,906**
Changes in currents assets		-26,371	-34,213
Changes in other current liabilities		6,355	33,185
CHANGES IN WORKING CAPITAL REQUIREMENTS	12.1	**-20,017**	**-1,028**
NET CASH GENERATED BY OPERATING ACTIVITIES		**7,028**	**29,879**
II-INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets	12.2	-26,061	-43,131
Disposals of property, plant and equipment and intangible assets		690	527
Purchases of other non-current assets	12.3	-2,886	-681
Disposals of other non-current assets	12.4	3,249	3,663
Net cash flows from acquisition and disposal of subsidiaries	12.5	1,028	-6,713
NET CASH USED IN INVESTING ACTIVITIES		**-23,980**	**-46,335**
III-FINANCING ACTIVITIES			
Capital increase		70	15
Changes in non-current partnership financing		11,340	3,738
Changes in current partnership financing		17,991	4,313
Insurance or subscription, of long-term debt	12.6	19,734	32,156
Repayment of long-terme debt	12.6	-25,943	-18,027
NET CASH USED IN INVESTING ACTIVITIES		**23,192**	**22,195**
NET CASH		**6,239**	**5,739**
Impact of exchange rate changes		-370	-1,574
CHANGES IN CASH		**5,869**	**4,165**
Cash and cash equivalents at the beginning of the year		55,284	61,153
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**61,153**	**65,318**
Cash and cash equivalents		85,502	89,232
Current bank financing		-24,349	-23,914
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**61,153**	**65,318**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Group Executive Board on November 27, 2017 and submitted for review to the Group Governance Council. They will be submitted for approval of the General Assembly of Mazars SCRL on December 16, 2017.

NOTE 1: ACCOUNTING POLICIES

1.1 Accounting framework

The consolidated financial statements together with the attached notes for the financial year ended August 31, 2017 have been prepared in accordance with IFRS as adopted by the European Union.

1.1.1 New or amended standards and interpretations mandatory for the 2016-2017 financial year

The Group has applied all the new or amended standards and interpretations mandatory for the 2016-2017 financial year.

The new texts have had no impact on the Group's 2016-2017 consolidated financial statements.
The Group took the opportunity in 2015-2016 of making early application of the changes in the bases of presentation and formulation of its disclosure notes in accordance with the current provisions of IAS1.

1.1.2 New standards published by the IASB but not yet mandatory

The table below details the new or amended standards and interpretations published by the IASB and the IFRS Interpretations Committee, which are important and/ or liable to have a material impact on Mazars Group's present or future consolidated financial statements:

Standard/ Interpretation (date of application for the Group)	Consequences for the Group
IFRS 9 Financial Instruments (September 1, 2018)	IFRS 9 modifies the accounting treatment of hedges, the main categories of financial assets and liabilities and the basis of recognition of credit risk for financial assets (henceforth focusing on expected losses as opposed to incurred losses). **Review of the potential consequences of IFRS 9 for the Group is underway, but given the nature of the Group's transactions, no major impact is expected.** The accounting policies currently applied in accordance with IAS 39 are described in note 7.1.
IFRS 15 Revenue from Contracts with Customers (September 1, 2018)	IFRS 15 modifies the accounting treatment of revenue. It will have retrospective application, either limited to calculation of the cumulative impact of the new method as at the beginning of the accounting period of change (September 1, 2018) or including restatement of the comparative periods presented. **The main impact of the standard expected for the Group will pertain to the profile of revenue recognition. Review of the potential consequences and arrangements for transition is underway.** The accounting policies currently applied by the Group are described in note 4.1.
IFRS 16 Leases (September 1, 2019)	IFRS 16, which requires recognition of all leases in the statement of financial position, will have retrospective application either from the date of first application or from the beginning of the comparative period presented. In the coming year, the Group intends to evaluate its capacity to implement IFRS 16 and IFRS 15 simultaneously. **In the case of the Group, the standard will involve recognising its operating leases in the statement of financial position (recognition of an asset representing the right of use of the underlying asset and of a liability representing the future lease payments).** **It will also affect the presentation of the income statement (with depreciation and interest replacing lease expense) and of the statement of cash flows (with only interest included in operating cash flows whilst repayment of principal will be included in financing cash flows).** The accounting policies currently applied in accordance with IAS 17 are described in note 6.4, together with the disclosure of the minimum future lease payments as at August 31, 2017 under the Group's operating leases.

1.2 Bases of preparation

1.2.1 Presentation currency for the consolidated financial statements

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

1.2.2 Main 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 the Group Executive Board to make 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 entities will continue as going concern 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 Group's financial performance are as follows:

- Operating data relative to the firm's engagements: the amount of accrued fee notes and the valuation of receivables and associated impairment losses;
- The valuation of intangible assets: costs at the date of recognition and impairment of goodwill; and
- The calculation of post-employment benefit obligations.

The main assets and liabilities as at August 31, 2017 subject to material potential adjustment, by reason of their bases of measurement, are as follows:

- Provisions for contingencies and future costs including €5,542 thousand relating to professional exposures and €3,993 thousand for other risks (see note 9.1); and
- Post-employment benefit obligations: the applicable actuarial assumptions and calculations for each country are set out in note 5.2.

The accounting policies and bases of measurement applicable to each item are set out in the corresponding notes.

1.2.3 Particular features of Mazars' partnership model

Structure of the Group

Mazars Group is an integrated and independent international partnership founded in the effective and democratic participation of each shareholder (the "partners") of Mazars SCRL, the consolidating entity.

All the partners share in the risks and rewards of the integrated partnership (see the bases of partnership financing set out in note 8.2). They all practise in the framework of Mazars entities (the "entities") which have a range of legal forms depending on national practices or legal constraints: general partnerships, limited liability partnerships or limited liability companies.

The articles of association and other institutional documents of Mazars SCRL (the "Mazars agreements") provide for the devolution of control over entities to Mazars SCRL to the extent compatible with national legislation and regulations.

As the Group's activity is performed within its entities, Mazars SCRL does not engage in any professional activities directly and has no employee. It 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.

Consequences in terms of accounting policies:

In legal terms, the partners are shareholders or partners in the entities in which they practise. The Mazars agreements provide for:

- The prohibition for an outgoing partner to retain shares in an entity albeit no longer engaged in collaboration with Mazars Group; and
- The obligation for the entity to acquire the shares of the outgoing partner.

Entities' equity thus meets the definition (under IFRS) of a financial liability and is presented as partnership financing (by the partners), separately from other financing instruments such as borrowings, etc.
Partnership financing is detailed in note 8.2 summarising all forms of liabilities due to partners.

Remuneration of partners

Given the partnership nature of the Group's various entities, the consolidated income statement includes an intermediate balance entitled "Total surplus" (see note 4.5) which constitutes the source of partners' remuneration. Partners' remuneration thus comprises all sums payable, whatever their form, to or by Mazars' partners at the level of entities or their subsidiaries:

- Due to differences in the partners' legal, tax and corporate status (mainly 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, non-commercial profits, etc.
- The same applies to corporate income tax payable by entities (see note 11).

Partnership financing

Mazars Group's operations are essentially financed by the partners in various forms: shares, loans, current account balances, deferred remuneration, etc...

The Group's partnership financing thus comprises the elements included in partners' remuneration plus their contributions in the form of shares or loans, other comprehensive income (in as much as it comprises elements due to or payable by the partners), bond issues and entities' deferred tax assets and liabilities.

Details of the above elements are provided in note 8.2.

Result of the Group

The Group's result is net of partners' remuneration. The pre- and post-tax result presented in the Group's consolidated financial statements, and the corporate income tax charge, equate with the sole activity of Mazars SCRL.

Other comprehensive income

The components of comprehensive income are reclassified and presented either in the consolidated statement of comprehensive income, if related to the consolidating entity's equity, or as part of "partnership financing" if related to operating entities (see note 8.2).

Shareholders' equity

The shareholders' equity disclosed in the consolidated statement of financial position uniquely comprises the share capital, retained earnings, reserves and other comprehensive income items of the consolidating entity (OCI), Mazars SCRL.

Group governance

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

- The Group Executive Board has responsibility for Mazars' development strategy, growth, operational performance and for preserving the unity of the Mazars partnership;
- The Group Governance Council provides overall supervision of the Group Executive Board; and
- The Country Executive Committees are responsible for directing member entities and their operations at national level, in accordance with the framework defined by the Group and including strategic and operational coordination with the Group.

The shareholders of Mazars SCRL elect the members of the Group Executive Board, the Group Governance Council and of the Country Executive Committees of the countries in which they practise.

1.2.4 Significant events

The 2016-2017 financial year has been marked by sustained growth in the Group's activity in Europe and more particularly in Germany, France, Italy and the Netherlands.
The change in the Group's scope of consolidation is presented in note 2.2.

1.2.5 Events subsequent to the financial year closing

Following the departure of former Italian partners in 2015, Mazars has started two arbitration procedures in front of the International Chamber of Commerce:

- Award in the first arbitration against former Mazars entities sentenced them to pay to Mazars the contractual termination fee, around €6 million, plus intragroup payables and a large part of legal costs incurred by Mazars. The final award was received in May 2017 and totaled approximately €9.5 million, this award has been registered with the court in Milan and recognized at the balance sheet date as receipt is considered to be virtually certain in accordance with IAS 37 definition;
- Second arbitration was against the 27 former partners having voted the sale of the going-concern. Award has been rendered in November 2017. This award sentences the 27 former partners to pay damages to Mazars of around €15.6 million, knowing that the termination fee awarded in the first arbitration will be deducted from this amount, subject to its actual payment. This decision is joint and several for the 27 former partners. The award was received post year end and has yet to be registered with the court in Milan, for this reason it has not been recognized at the balance sheet date; and
- In both arbitrations, all counterclaims against Mazars have been fully rejected.

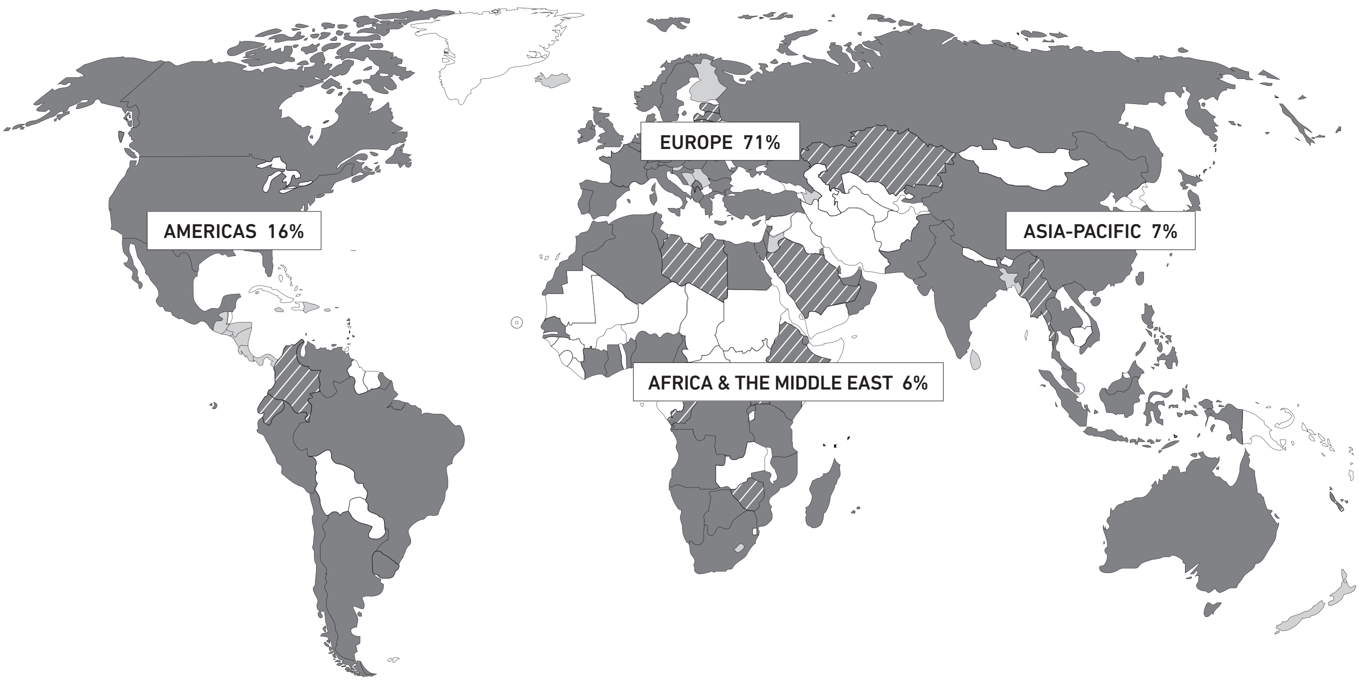
NOTE 2: SCOPE OF CONSOLIDATION

2.1 Accounting policies related to the scope of consolidation

2.1.1 Definition of the scope of consolidation

The consolidated financial statements comprise the financial statements of Mazars SCRL (the “consolidating entity”), those of the entities in which the partners carry out their professional activities and of companies that are majority owned (either directly or indirectly) by those entities. In addition to the consolidating entity, the Group’s scope of consolidation comprises operating entities located in 81 countries.

The ten main contributory entities are detailed on the map below with their percentage of contributions to the Group’s total fee income:



Integrated countries and territories

Non-integrated countries and territories: Mazars correspondents and representative offices

Areas covered via the Praxity alliance

AMERICAS

United States 12% - Mazars USA LLP

AFRICA & THE MIDDLE EAST

South Africa 3% - Mazars Accountants South Africa

EUROPE

France 26% - Mazars SA
United Kingdom 13% - Mazars LLP
Germany 9% - Roever Broenner Susat Mazars Gmbh
Netherlands 6% - Mazars Paaderkooper Hoffmann NV
Ireland 2% - Mazars Ireland
Spain 2% - Mazars Auditores SLP
Sweden 2% - Mazars SET
Switzerland 2% - Mazars

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

Accounting policies

The financial statements of entities located outside the Eurozone 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 applicable exchange rates prevailing at the financial year-end; and
- The consolidated income statement is converted at the applicable average exchange rates for the period.

The resulting conversion differences are included under "Other comprehensive income" (see note 1.2.3) in "Partnership financing" (see note 8.2).

2.1.3 Business combinations and goodwill

The requirements of IFRS for business combinations were applied retrospectively from September 1, 1995 when Mazars SCRL was created.

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

Under the Mazars agreements, each business combination results in control with shareholdings approaching 100%.

Accounting policies

Business combinations are accounted for using the acquisition method under which:

- The cost of an acquisition is measured at the fair value of the consideration transferred, inclusive of any price adjustment, as at the date of control. Any subsequent fair value impact of a price adjustment is recognised in profit or loss or other comprehensive income in accordance with the applicable standards; and
- Any difference between the consideration transferred and the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed represents the goodwill attributable to the acquisition which is recognised as an asset in the consolidated statement of financial position.

Adjustments to the fair value of the identifiable assets acquired and the liabilities assumed, initially recognised on a provisional basis (pending the results of professional valuation or additional analysis), are treated as retrospective adjustments to goodwill if they intervene within a year of the acquisition date and are attributable to facts and circumstances that were in existence at the acquisition date. Any impacts identified beyond that period of a year are recognised directly in profit or loss on the same basis as for any other change in estimate or correction of an error.

Acquisition costs are expensed as incurred.

2.2 Evolution of the scope of consolidation

The main evolution of the Group's scope of consolidation during the 2016-2017 financial year has included:

- The integration of new countries (Bulgaria, Democratic Republic of Congo, Rwanda, Tanzania); and
- The consolidation of four French member firms, one Italian member firm and one Swedish member firm.

The following table presents the main impact for 2016-2017, at the level of the Group's main line items and aggregates, of the changes in scope of consolidation.

Consolidated income statement
2016-2017 financial year ended on August 31, 2017

In thousands of Euros	Tanzania	Italy	France	Total
Fee income	330	180	4,471	4,980
Gross margin	227	180	2,509	2,916
Total Surplus	133	49	807	989

Consolidated statement of financial position
2016-2017 financial year ended on August 31, 2017

In thousands of Euros	Tanzania	Italy	France	Total
Total non current assets	9		9,032	9,041
Total current assets	199	193	5,025	5,416
TOTAL ASSETS	**208**	**193**	**14,056**	**14,457**
Shareholders' equity	0		0	0
Total partnership financing	193	48	3,203	3,444
Total other non-current liabilities			27	27
Total other current liabilities	15	145	10,826	10,986
TOTAL EQUITY AND LIABILITIES	**208**	**193**	**14,056**	**14,457**

Weighted average full-time equivalent employees

	Tanzania	Italy	France	Total
Partners	1			1
Technical staff	17		61	78
Administratif staff			2	2
TOTAL	**18**		**63**	**81**

Acquisitions have also taken place in China, Germany, France and United Kingdom.
The contribution of the Group's Chinese firm ZhongShen ZhongHuan has not been integrated within the consolidated financial statements because the requirements of IFRS 10 have not yet been fully met, given in particular:

- The effective implementation of the governance structure for the new Chinese entity which was still in progress at August 31, 2017; and
- The progressive implementation of the terms and conditions of the merger agreement.

Nevertheless, developing cooperation between ZhongShen ZhongHuan and the other Group's entities has been in place since 2016. The Chinese entity has thus contributed to the Group's performance during 2016-2017, and the converse is also true. For that reason, it has been deemed appropriate to make specific presentation of the global performance thus achieved (see note 15).

NOTE 3: SEGMENT REPORTING

Accounting policies

To evaluate its operating performance and allocate resources, the Group monitors its activity mainly on the basis of geographical zones.
In accordance with IFRS 8, the following segment presentation is based on the Group's internal management reports prepared for review and used by the Group Executive Board, the Group's chief operating decision maker.
The accounting policies applied in preparing the internal management reports are the same as the ones applied to prepare the Group's consolidated financial statements.

3.1 Information on operating segments

The seven operating segments monitored by the Group Executive Board are as follows:

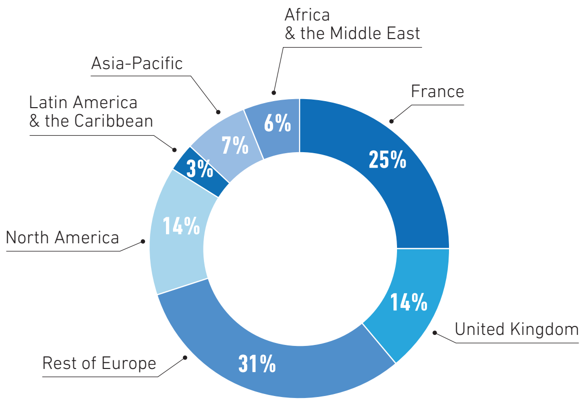
- France
- United Kingdom
- Rest of Europe
- North America
- Latin America and the Caribbean
- Asia Pacific
- Africa and the Middle East

The three indicators applicable to segment reporting are fee income, gross margin and employees.

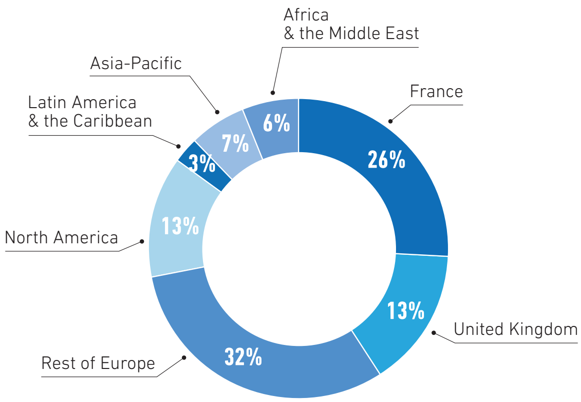
Fee income by operating segment

In thousands of Euros	2015-2016	2015-2016 Restated	2016-2017	Change
France	329,638	329,638	359,484	9%
United Kingdom	190,464	190,464	184,241	-3%
Rest of Europe	413,941	411,840	450,534	9%
North America	182,062	182,062	185,033	2%
Latin America & the Caribbean	38,580	38,580	43,886	14%
Asia-Pacific	87,474	87,474	98,397	12%
Africa & the Middle East	79,927	82,028	87,375	7%
TOTAL	**1,322,088**	**1,322,088**	**1,408,950**	**7%**

The 2015-2016 data for Angola, previously included as part of the zone "Rest of Europe" since grouped with Portugal, has been reclassified to "Africa and the Middle East" in order to facilitate comparison with the consolidated data for 2016-2017.



2015-2016
Restated



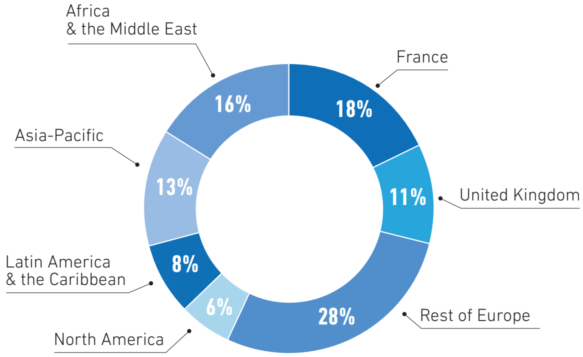
2016-2017

Gross margin by operating segment (% based on fee income)

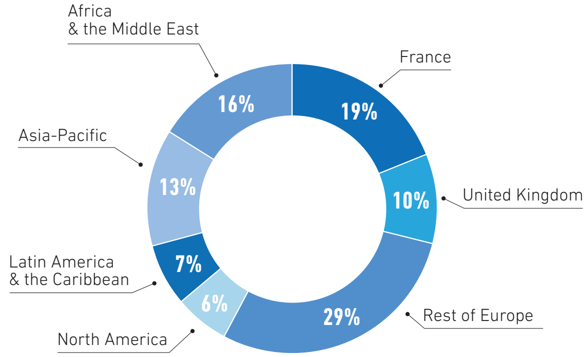
In thousands of Euros	2015-2016 Gross margin Restated	2015-2016 Gross margin rate	2016-2017 Gross margin	2016-2017 Gross margin rate
France	163,903	50%	170,789	48%
United Kingdom	93,592	49%	91,144	49%
Rest of Europe	198,584	48%	217,193	48%
North America	87,626	48%	84,434	46%
Latin America & the Caribbean	16,906	44%	19,681	45%
Asia-Pacific	44,549	51%	49,061	50%
Africa & the Middle East	44,520	54 %	47,650	55%
TOTAL	**649,680**	**49%**	**679,951**	**48%**

Weighted average full-time equivalent employees by operating segment

	2015-2016 Restated	2016-2017	Change
France	2,900	3,249	12%
United Kingdom	1,719	1,837	7%
Rest of Europe	4,587	5,095	11%
North America	1,009	1,022	1%
Latin America & the Caribbean	1,223	1,186	-3%
Asia-Pacific	2,071	2,305	11%
Africa & the Middle East	2,661	2,749	3%
TOTAL	**16,170**	**17,444**	**8%**



2015-2016
Restated



2016-2017

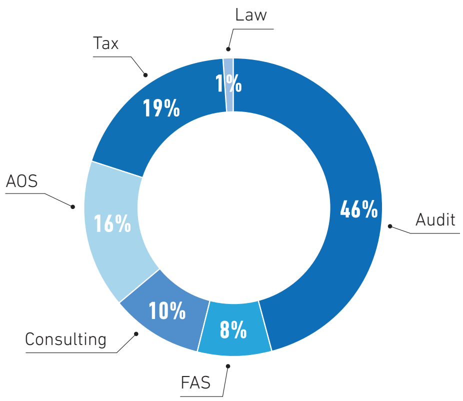
3.2 Information on service lines

The Group's operating teams are organised by service lines as follows:

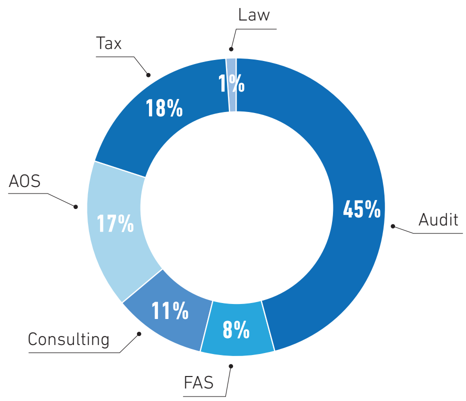
- **Audit,** i.e. those services designed to provide the assurance of reliable and relevant financial reporting;
- **Financial Advisory Services** (FAS), consisting in providing financial diagnosis for business operations, valuation and transmission, as well as support for the resolution of financial disputes;
- **Consulting**, designed to help organisations focus on their strategies and succeed in the transformation required to achieve improved overall performance;
- **Accounting and Outsourcing Services** (AOS), providing financial and accounting management with a comprehensive response to their requirements ranging from day-to-day accounting to complex projects;
- **Tax services** (TAX), consisting in the provision of tax advisory services and of legal and regulatory tax compliance services at both the national and international levels; and
- **Legal services** (LAW), including the provision of tailored responses to issues and related to commercial law, tax law and to the laws applicable to stock market transactions and capital markets.

Fee income breakdown by service lines

In thousands of Euros	2015-2016	2016-2017
Audit	613,395	630,595
FAS	103,509	114,896
Consulting	132,756	150,570
AOS	208,463	241,960
Tax	247,669	250,250
Law	16,296	20,679
TOTAL	**1,322,088**	**1,408,950**



2015-2016



2016-2017

3.3 Information on the Group's main clients

The Group acts for a very large number of clients none of which represents more than 5% of its total fee income.

NOTE 4: OPERATING DATA

4.1 Fee income

Accounting policies

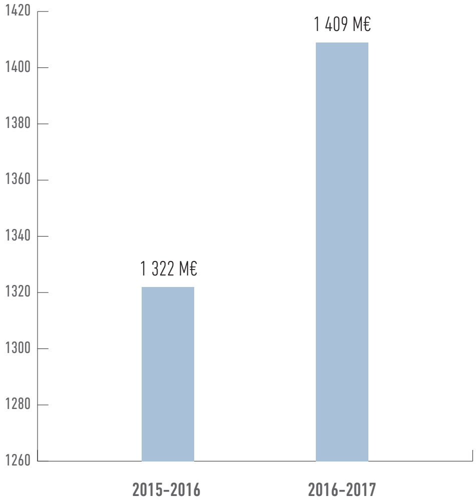
Fee income represents the fair value of payments received or receivable for services rendered to clients over the course of the year, after taking into account changes in accrued income. In order to better assess the level of gross margin, rebillable costs related to the provision of services (notably travel and accommodation) are deducted from revenue to present fee income.

Fee income is recognised on the basis of the percentage of completion (see note 4.2).

Fee income may be broken down as follows:

In thousands of Euros	2015-2016	2016-2017
Fee notes rendered	1,362,633	1,455,680
Change in accrued income	14,290	7,616
REVENUE	**1,376,923**	**1,463,295**
Rebillable costs	-54,835	-54,345
FEE INCOME	**1,322,088**	**1,408,950**

Evolution of fee income



1,409 M€ **+ 6.6 %**

BREAKDOWN OF GROWTH COMPOSITION

ORGANIC GROWTH 2016/2017	EXTERNAL GROWTH 2016/2017	EXCHANGE RATE IMPACT 2016/2017
+5.4 %	**+2.8 %**	**-1.6 %**

The exchange rate impact mainly comes from an increase against Euro of the ZAR and BRL and a decrease against Euro of the GBP, TRY and EGP.

4.2 Trade accounts receivable and accrued income

Accounting policies

Trade accounts receivable and accrued income are disclosed as a single line item in the consolidated statement of financial position.

Trade accounts receivable

Trade accounts receivable are recognised at amortised cost.

Impairment losses are recognised against trade accounts receivable and other receivables where there is a risk of non-recovery.

Trade accounts receivable are individually reviewed by the partners for the purpose of recognising any impairment.

100% impairment allowances are recognised against receivables past due by more than a year with the exception of:

- Receivables settled within 30 days of the year-end;
- Receivables for long-term (public sector) contracts if it can be proven that the clients concerned have not been responsible for payment defaults over the last two accounting periods; and
- Receivables the ultimate recovery of which is guaranteed by contract.

Accrued income

Accrued income covers services provided that have not yet been invoiced. Calculation of accrued income, 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. Accrued income is valued at its probable sales value (net of taxes).

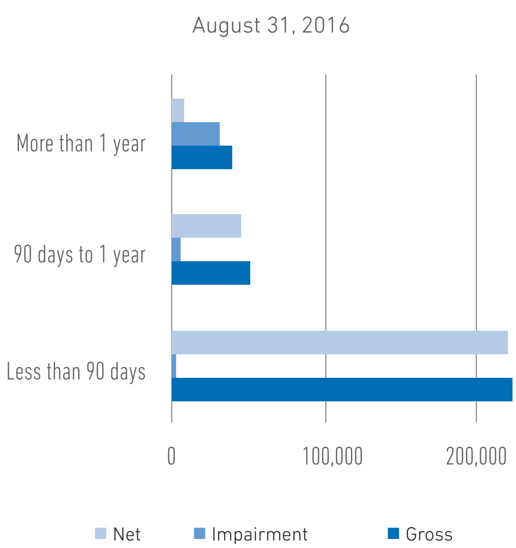
At August 31, 2017, trade accounts receivable and accrued income may be broken down as follows:

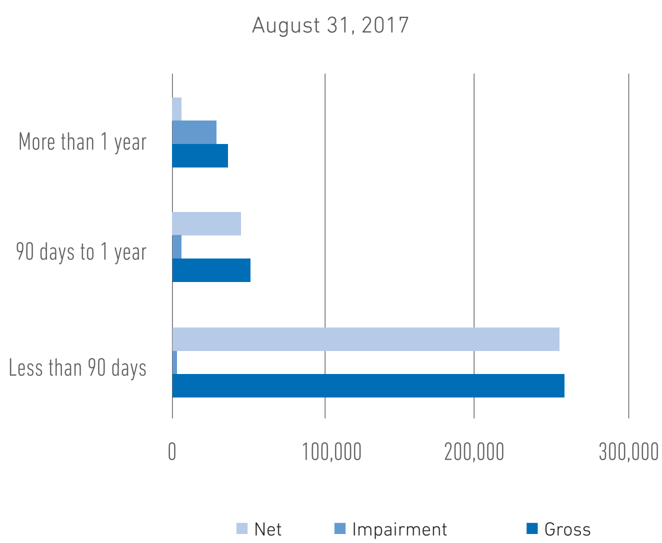
	August 31, 2016	August 31, 2017		
In thousands of Euros	Net	Gross	Impairment	Net
Client debtors	280,441	344,840	-42,346	302,494
Accrued income	118,847	143,973	-19,993	123,980
Payments on account	-16,294	-17,020		-17,020
Deferred income	-11,642	-11,170		-11,170
CLIENT DEBTORS AND ACCRUED INCOME	**371,352**	**460,623**	**-62,339**	**398,285**
RATIO OF TRADE ACCOUNTS RECEIVABLE AND ACCRUED INCOME TO REVENUE	**27.0%**			**27.2%**

The ageing of trade accounts receivable based on their invoicing dates may be analysed as follows:

	August 31, 2016			August 31, 2017		
In thousands of Euros	Gross	Impairment	Net	Gross	Impairment	Net
Less than 90 days	226,891	-1,965	224,926	260,053	-5,817	254,236
90 days to 1 year	51,843	-5,510	46,333	50,646	-7,831	42,815
More than 1 year	42,392	-33,210	9,182	34,142	-28,698	5,444
TOTAL	**321,126**	**-40,685**	**280,441**	**344,840**	**-42,346**	**302,494**

As at August 31, 2017, there was no reason to doubt the creditworthiness of receivables due but not impaired.





4.3 Gross margin and cost of technical staff

Accounting policies

Gross margin is derived from fee income less the cost of technical personnel alone (both employees of the Group and technical subcontractors).

Technical staff comprises the firm's operating personnel (except partners) working on engagements performed in the framework of the Group's various service lines. The cost of technical staff breaks down as to 96% of internal payroll costs and 4% of subcontracting expenses as follows:

In thousands of Euros	2015-2016	2015-2016 Average FTE	2016-2017	2016-2017 Average FTE
FEE INCOME	**1,322,088**		**1,408,950**	
Cost of technical staff	-648,561	13,051	-703,264	14,187
Cost of technical subcontracting	-23,846		-25,735	
GROSS MARGIN	**649,680**		**679,951**	
GROSS MARGIN RATE	**49.1%**		**48.3%**	

The cost of technical staff increased by 8.4% in 2016-2017, in line with the fee income increase.

4.4 Surplus of operations

Accounting policies

Surplus of operations represents the result of the Group's activities realised through its operating resources. It includes depreciation, amortisation and/ or impairment of assets other than client relationships, impairment of goodwill, finance costs, income tax charges and partners' remuneration (see note 4.5).

The table below provides a breakdown of the costs deducted from the Group's gross margin to arrive at surplus of operations:

In thousands of Euros	2015-2016	2016-2017
GROSS MARGIN	**649,680**	**679,951**
Cost of administrative staff	-103,356	-109,006
Other costs	-255,277	-268,194
Depreciation, amortisation and impairment	-25,948	-26,580
SURPLUS OF OPERATIONS	**265,099**	**276,171**
RATIO OF SURPLUS OF OPERATIONS TO FEE INCOME	**20.1%**	**19.6%**

The most significant other expense comprises real estate property costs (inclusive of operating lease charges, see note 6.4):

In thousands of Euros	2015-2016	2016-2017
Property costs	79,549	82,463
Tax, Insurance and professional contributions	31,109	32,253
General services	36,758	44,883
Other	107,860	108,595
OTHER COSTS	**255,277**	**268,194**

We observe a tight control of overheads:

- Limited increases for our major countries where overheads have risen more slowly than revenue; and
- Close control over central partnership costs (Mazars SCRL).

4.5 Total surplus

Accounting policies

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 Group's performance to be measured before any form of remuneration is paid to the partners.

Surplus equates with operating surplus net of the impact of amortisation and impairment of client relationships and goodwill as well as of financing costs.

The table below provides a breakdown of the costs deducted from surplus of operations to arrive at total surplus:

In thousands of Euros	2015-2016	2016-2017
SURPLUS OF OPERATIONS	**265,099**	**276,171**
Amort'n/imp't of client relationships and goodwill	-5,507	-7,341
Financing costs	-2,837	-4,974
TOTAL SURPLUS	**256,756**	**263,856**
RATIO OF TOTAL SURPLUS TO FEE INCOME	**19.4%**	**18.7%**

NOTE 5: EMPLOYEE BENEFITS

Accounting policies

Employee benefits are measured in accordance with IAS 19 and comprise:

- The remuneration of partners, technical and administrative staff; and
- Short-term and long-term employee benefits.

The remuneration applicable to each category of employees is analysed over distinct line items in the consolidated income statement.

Accrued remuneration for the current and prior accounting periods is presented:

- For technical and administrative personnel, as part of payroll liabilities (current portion) or post-employment benefit liabilities (non-current portion) (see notes 10.2 and 9.1); and
- For partners, as part of current and non-current partnership financing (see note 8.2).

Short-term benefits

Group employees receive short-term benefits such as salaries, paid vacation and sick leave, bonuses, profit-sharing, dividends* and other benefits (other than termination benefits) payable during the period of performance of the corresponding services or within twelve months after the end of that period.

The benefits are charged to profit or loss at the time of performance of the corresponding services.

* In certain entities, dividends are paid to employees who are not partners: such dividends, along with the related tax, are considered as an element of the employees' remuneration.

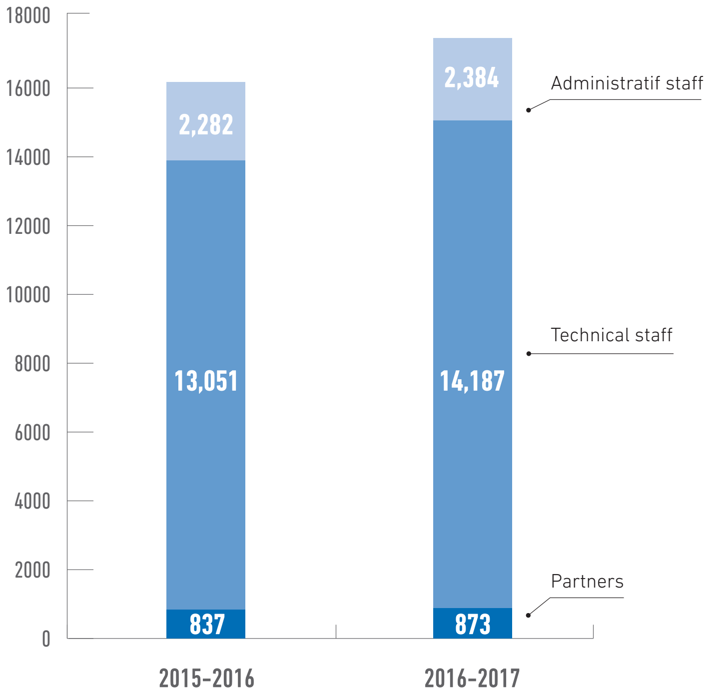
Post-employment benefits

Post-employment benefits comprise lump-sum retirement benefits and complementary pensions (see note 5.2).

The various benefits offered to each partner or employee depend on local legislation as well as on the agreements in force within each Group entity.

5.1 Partners and employees

The Group distinguishes between the three following categories of personnel with a total movement from 16,170 for 2015-2016 to 17,444 for 2016-2017 (numbers are expressed on an average full-time equivalent basis):



The breakdown by operating segment is presented in note 3.1.

The costs of technical and administrative staff are detailed in note 4.3 and 4.4.

5.2 Post-employment benefits

Accounting policies

In certain countries, the Group's partners and employees 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 Group'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.

In the case of defined benefit plans, the Group has an obligation to pay defined benefits to beneficiaries whatever the basis of financing of the obligation. Such plans thus give rise to the recognition of provisions calculated by means of the so-called projected unit credit method. In addition to partners' and employees' remuneration of reference, the calculation takes into account the following factors and assumptions:

- Status, age and past service periods for each beneficiary and category of beneficiary;
- Average staff turnover for each category of beneficiary;
- Anticipated rates of increase in remuneration;
- Applicable social contribution rates;
- Life expectancy based on mortality tables recognised in each applicable country; and
- A discount rate based on the yield for high quality private sector bonds and equating with the horizon of the benefit obligation.

In accordance with IAS 19, actuarial gains and losses on post-employment benefits are immediately recognised in other comprehensive income of the applicable entities, but given the specific partnership features of those entities and of the Group as a whole, such gains and losses are simultaneously allocated to the non-current portion of partnership financing since they contribute to the Group's partnership financing requirements (see note 1.2.3).

The geographical zones within which material defined post-employment benefit plans exist are as follows:

	Lump-sum retirement benefits	Complementary pensions
United States		X
Euro Zone	X	X
United Kingdom		X
Switzerland		X

The elements provided in the following tables are broken down over those geographical zones.

5.2.1 Evolution of benefit obligations, plan assets and net provisions

Benefit obligations, plan assets and net provisions have evolved as follows over the last two accounting periods:

						August 31,2017
In thousands of Euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Present value of benefit obligations	55,462	11,282	39,863	24,954	1,991	**133,553**
Fair value of plan assets		-3,526	-41,070	-17,844	-170	**-62,609**
Asset ceiling			1,207			**1,207**
OPENING LIABILITY (ASSET) 01/09/16	**55,462**	**7,756**		**7,111**	**1,821**	**72,151**
Costs of the period	1,117	549		856	-220	**2,301**
Actuarial gains and losses recognized in OCI	310	-911	-52	-3,290	87	**-3,856**
Effect of Asset ceiling			800			**800**
Benefits&Contributions paid	-3,438	-307	-748	-955	-193	**-5,640**
Change in consolidation scope		35			572	**607**
Foreign exchange impact						
CLOSING LIABILITY (ASSET) 31/08/17	**53,452**	**7,123**		**3,721**	**2,067**	**66,363**
of which : Patners						**22,185**
of which : staff						**44,177**
Present value of benefit obligations	53,452	10,696	33,660	17,944	2,249	**118,000**
Fair value of plan assets		-3,573	-35,667	-14,224	-182	**-53,645**
Asset ceiling			2,007			**2,007**

August 31,2016

In thousands of Euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Present value of benefit obligations	50,629	10,992	36,831	21,332	1,744	**121,530**
Fair value of plan assets		-3,501	-36,926	-16,429	-166	**-57,023**
Asset ceiling			95			**95**
OPENING LIABILITY (ASSET) 01/09/15	**50,629**	**7,491**		**4,904**	**1,578**	**64,602**
Costs of the period	4,291	534	-21	1,169	285	**6,259**
Actuarial gains and losses recognized in OCI	2,701	-88	-377	2,174	201	**4,611**
Effect of Asset ceiling			1,112			**1,112**
Benefits&Contributions paid	-2,623	-181	-844	-1,032	-242	**-4,922**
Foreign exchange impact	463		130	-103	0	**489**
CLOSING LIABILITY (ASSET) 31/08/16	**55,462**	**7,756**		**7,111**	**1,821**	**72,151**
of which : Patners						**24,095**
of which : staff						**48,056**
Present value of benefit obligations	55,462	11,282	39,863	24,954	1,991	**133,553**
Fair value of plan assets		-3,526	-41,070	-17,844	-170	**-62,609**
Asset ceiling			1,207			**1,207**

The additional funding required for the coming financial year amounts to €0.8 million for the United Kingdom and €1 million for Switzerland. The major part of the actuarial gains incurred reflects the increase in the applicable discount rates.

5.2.2 Expenses recognised

The net expense for the 2016-2017 financial year may be broken down as follows:

2016-2017

In thousands of Euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Cost of services rendered	2,630	427		985	141	**4,183**
Interest expense	1,960	143	805	36	164	**3,108**
Expected return on plan assets		-49	-805	-27	-15	**-896**
Change in consolidation scope		28				**28**
Amortization of actuarial (gains) and losses					-11	**-11**
Impact of curtailments and settlements					-425	**-425**
NET EXPENSE FOR THE PERIOD	**4,590**	**549**		**994**	**-147**	**5,987**
FOREX IMPACT	**-3,473**			**-139**	**-74**	**-3,685**

2015-2016

In thousands of Euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Cost of services rendered	2,126	384		1,131	175	**3,816**
Interest expense	2,166	154	-21	38	121	**2,459**
Expected return on plan assets		-5			-12	**-16**
Change in consolidation scope						
Amortization of actuarial (gains) and losses						
Impact of curtailments and settlements						
NET EXPENSE FOR THE PERIOD	**4,291**	**534**	**-21**	**1,169**	**285**	**6,259**
FOREX IMPACT	**463**		**130**	**-103**	**-0**	**489**

5.2.3 Actuarial gains and losses

Actuarial gains and losses for the 2016-2017 financial year amounted to a net gain of €3.9 million and may be broken down as follows:

						2016-2017
In thousands of Euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
ACTUARIAL (GAINS) & LOSSES ON THE DBO	**310**	**-838**	**-2,904**	**-3,153**	**76**	**-6,510**
Experience loss (gain)	1,384	-165		-892	67	**394**
Actuarial loss (gain) due to change in financial assumptions	-1,074	-673	-2,904	-2,262	9	**-6,904**
Actuarial loss (gain) due to change in demographic assumptions						
ACTUARIAL (GAINS) & LOSSES ON PLAN ASSETS		**-72**	**2,851**	**-137**	**1**	**2,643**
Actuarial gains (losses) on defined benefit plans					-11	**-11**
REMEASUREMENTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME	**310**	**-911**	**-52**	**-3,290**	**87**	**-3,856**

5.2.4 Plan assets

The Group's post-employment benefit obligations are partially covered by dedicated funds allocated as follows for the main benefit plans financed:

	August 31, 2016				August 31, 2017				
	Equities	Bonds	Derivatives	Real Estate	Equities	Bonds	Derivatives	Real Estate	Cash
France	30%	70%			30%	70%			
United Kingdom	63%	37%			69%		29%		2%
Switzerland	50%	25%	5%	20%	50%	25%	5%	20%	

5.2.5 Applicable assumptions and sensitivity analysis

As August 31, 2017 the financial assumptions retained for the benefit plans applicable to each of the Group's geographical zones were as follows:

	Discount rates 2016	Discount rates 2017	Inflation rate 2016	Inflation rate 2017
United States	3.50%	3.75%	2.50%	2.50%
Euro Zone	1.00%	1.50%	2.00%	2.00%
United Kingdom	2.10%	2.50%	2.90%	2.90%
Switzerland	0.15%	0.70%	1.00%	1.00%

Discount rates are determined by reference to market yields at the end of the reporting period on high quality corporate bonds. 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 to a 0.5% increase or decrease in the discount rates applied:

	August 31,2017					
In thousands of Euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Obligation as at August 31, 2017	53,452	10,696	33,660	17,944	2,249	**118,000**
Impact of an increase of 0.50%	-1,907	-656	-3,092	-646		**-6,302**
Impact of a decrease of 0.50%	2,007	711	2,248	728		**5,694**
Weighted duration (in years)	13	16	8	7	10	**10**

NOTE 6: INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1 Intangible assets

Accounting policies

Goodwill recognised represents the difference between the costs of shares acquired (including any anticipated additional consideration accounted for as other liabilities) and the acquired portions of the fair value of the assets and liabilities identified at the dates of acquisition.

Given the Group's principles of solidarity, goodwill and other long-term assets are not subject to systematic annual impairment testing.

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 Group'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 8 and 20 years.

Intangible assets other than goodwill mainly comprise software amortised on a straight-line basis over periods of 1 to 5 years.

Intangible assets may be broken down as follows:

In thousands of Euros	August 31, 2016	Acquisitions		Disposals	Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
GROSS VALUES								
Client relationships	62,048	1,424		-107	19,804	8,062	-2,414	**88,818**
Goodwill	116,361			-5,964		-10,152	-3,997	**96,247**
Other intangible assets	40,427	12,484		-984	50	2,828	-777	**54,027**
TOTAL	**218,836**	**13,908**		**-7,055**	**19,854**	**739**	**-7,189**	**239,092**

In thousands of Euros	August 31, 2016		Amortisations	Disposals	Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
AMORTISATIONS AND PROVISIONS								
Client relationships	-38,751		-6,877	98	0	-5,073	1,630	**-48,973**
Goodwill	-10,326		-440	5,949		4,840	116	**140**
Other intangible assets	-26,492		-3,058	985	-42	-752	349	**-29,009**
TOTAL	**-75,569**		**-10,374**	**7,033**	**-42**	**-985**	**2,094**	**-77,842**

In thousands of Euros	August 31, 2016	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
NET VALUES								
Client relationships	23,297	1,424	-6,877	-9	19,804	2,989	-784	**39,845**
Goodwill	106,035		-440	-15		-5,312	-3,882	**96,387**
Other intangible assets	13,935	12,484	-3,058	1	8	2,076	-429	**25,018**
TOTAL	**143,267**	**13,908**	**-10,374**	**-22**	**19,812**	**-246**	**-5,095**	**161,250**

The acquisitions of client relationships mainly relate to the United States, France and the United Kingdom, whilst the main consolidation scope impacts of client relationships are attributable to transactions performed in France and in Germany.

The foreign exchange impacts mainly reflect the loss in value against the euro of the pound sterling (for the United Kingdom) and the US dollar (for the United States).

The acquisitions of intangible assets mainly comprise the purchase and in-house development of computer software by the Group.

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

In thousands of Euros	August 31, 2016 Client relationships	August 31, 2016 Goodwill	August 31, 2017 Client relationships	August 31, 2017 Goodwill
France	7,894	34,243	15,381	34,283
United Kingdom	1,087	10,217	3,921	5,032
Rest of Europe	1,353	4,089	10,410	3,686
North America	12,178	48,207	9,795	45,527
Latin America & the Caribbean		960		960
Asia-Pacific	784	5,610	337	5,323
Africa & the Middle East	0	2,708	0	1,574
TOTAL	**23,297**	**106,035**	**39,845**	**96,387**

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

6.2 Property, plant and equipment

Accounting policies

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; and
- Furniture and office equipment: 3 to 10 years.

Property, plant and equipment may be broken down as follows:

In thousands of Euros	August 31, 2016	Acquisitions		Disposals	Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
GROSS VALUES								
Fixtures and fittings	65,261	12,315		-4,226	22	-151	-2,008	**71,213**
Vehicles and other items	6,090	815		-932	-9	-11	-135	**5,819**
Furniture and office equipment	81,408	16,093		-4,663	181	-4,815	-2,357	**85,847**
TOTAL	**152,760**	**29,223**		**-9,821**	**194**	**-4,977**	**-4,500**	**162,879**

In thousands of Euros	August 31, 2016		Depreciations	Disposals	Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
AMORTISATIONS AND PROVISIONS								
Fixtures and fittings	-48,881		-5,614	4,093	-17	36	1,511	**-48,871**
Vehicles and other items	-3,948		-694	687	11	-27	109	**-3,862**
Furniture and office equipment	-57,583		-9,905	4,554	-142	2,917	1,402	**-58,756**
TOTAL	**-110,412**		**-16,212**	**9,334**	**-147**	**2,926**	**3,022**	**-111,489**

In thousands of Euros	August 31, 2016	Acquisitions	Depreciations	Disposals	Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
NET VALUES								
Fixtures and fittings	16,381	12,315	-5,614	-133	5	-115	-497	**22,342**
Vehicles and other items	2,142	815	-694	-245	2	-38	-25	**1,957**
Furniture and office equipment	23,825	16,093	-9,905	-109	40	-1,898	-955	**27,091**
TOTAL	**42,348**	**29,223**	**-16,212**	**-487**	**47**	**-2,051**	**-1,478**	**51,389**

6.3 Impairment of intangible assets and property, plant and equipment

Accounting policies

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment testing whenever there is an indication that the value of an asset has been impaired.

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 applicable acquisition 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 Committee 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. The after-tax rate is applied to after-tax cash flows and corresponds to the weighted average cost of capital. This rate derives from the specific rates applied to each CGU.

When the carrying amount of a cash-generating unit exceeds its recoverable amount, taking into account the Group's principles of internal solidarity, the assets of the cash-generating unit are written down to their recoverable value. Any impairment is first recognised against goodwill and is accounted for in the consolidated income statement.

6.4 Leases

Accounting policies

Leases which transfer substantially all the risks and rewards related to ownership of the rented asset to the lessee are recognised in the consolidated statement of financial position with the asset included under "Property, plant and equipment" (see note 6.2). The amounts involved within the Group are not significant.

Other leases are treated as operating leases. The 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 below:

In thousands of Euros	August 31, 2016	August 31, 2017
Less than 1 year	55,326	57,132
1 to 5 years	151,932	154,211
More than 5 years	31,367	65,956
MINIMUM RENT	**238,625**	**277,299**

NOTE 7: FINANCING AND FINANCIAL INSTRUMENTS

7.1 Accounting policies applicable to financial instruments

Accounting policies

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

- Financial assets: other non-current assets (see note 7.4), trade accounts receivable (see note 4.2), cash and cash equivalents (see note 7.3) and derivative instruments with asset balances; and
- Financial liabilities: current portion of partnership financing (see note 8.2), bank borrowings (see note 7.3), current bank financing (see note 7.3), trade and other payables (see note 10.2) and derivative instruments with liability balances.

Financial assets are initially recognised at fair value. At the financial year-end they are measured either at fair value (cash and cash equivalents and derivative instruments with asset balances) or at amortised cost (trade accounts receivable and related loans) less any applicable impairment losses.

Cash and cash equivalents include cash on hand and in 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.

Bank loans are accounted for at amortised cost using the effective interest rate.

Derivative financial instruments are measured and recognised at their market values as at the financial year-end. Whenever those instruments are identified in a hedging relationship, prospective and retrospective testing of its effectiveness is undertaken 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 instruments is recognised under "Non-current portion of partnership financing".

7.2 Management of financial risks

The Group is financed by partners' partnership financing, by undistributed partners' remuneration (see note 8.2) and by entities' borrowings.

The management of financial risks is the primary responsibility of the Country Executive Committees (see note 1.2.3), for their respective scopes of intervention, and is the subject of discussion with the Group's other governance bodies depending on the magnitude and of the risk of the issues involved.

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.

7.2.1 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.

7.2.2 Management of currency risk

Each Mazars Group entity undertakes almost all its transactions in the local currency of the environment in which it operates and accordingly, exposure to foreign exchange rate risk is considered to be negligible.

7.2.3 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 which would not have material consequence for the Group.

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

7.3 Net debt

Net debt may be broken down as follows:

In thousands of Euros	August 31, 2016	August 31, 2017
Long-term borrowings - current	23,215	31,569
Long-term borrowings - non-current	58,567	64,406
FINANCIAL DEBTS	**81,782**	**95,975**
Cash and cash equivalents	-85,502	-89,232
Current bank financing	24,349	23,914
NET CASH	**-61,153**	**-65,318**
NET BORROWINGS	**20,629**	**30,657**

Financial debts have increased by €14 million and net borrowings by €10 million.

Net debt may be broken down as follows:

By type of instrument and currency

	Borrowing and other financial liabilities		Cash and cash equivalents		Current bank financing		Net borrowings	
In thousands of Euros	August 31, 2016	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016	August 31, 2017
EUR	63,710	75,417	-44,070	-45,556	14,259	6,861	33,899	36,722
USD	4,284	7,756	-4,696	-4,800	3	81	-408	3,036
GBP			-2,898	-2,096	6,941	13,994	4,043	11,898
SGD	1,785	825	-2,035	-2,281			-250	-1,456
ZAR	1,717	1,842	-1,104	-1,296	928	1,477	1,541	2,023
Other currencies	10,285	10,135	-30,698	-33,203	2,218	1,502	-18,195	-21,566
TOTAL	**81,782**	**95,975**	**-85,502**	**-89,232**	**24,349**	**23,914**	**20,629**	**30,657**

By flow

In thousands of Euros	August 31, 2016	Increases	Reimbursements	Variations in cash	Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
Long-term borrowings - current	23,215	7,034	-14,163	-1,022	-439	17,682	-753	31,569
Long-term borrowings - non-current	58,567	26,144	-3,864			-16,384	-57	64,406
FINANCIAL DEBTS	**81,782**	**33,178**	**-18,027**	**-1,022**	**-439**	**1,298**	**-810**	**95,975**
Cash and cash equivalents	-85,502			3,462	-9,283	3	2,087	-89,232
Current bank financing	24,349			591	8		-1,033	23,914
NET CASH	**-61,153**			**4,053**	**-9,275**	**3**	**1,053**	**-65,318**
NET BORROWINGS	**20,629**	**33,178**	**-18,027**	**3,031**	**-9,713**	**1,302**	**244**	**30,657**

The €26.1 million increase in “Long-term borrowings” is due mainly to:

- Long-term borrowings contracted by Mazars SA (France):
  - A €4.3 million investment facility with HSBC corresponding to the second drawing of the loan subscribed on August 30th, 2016 for a global amount of €12.4 million;
  - A €2.3 million investment facility with Société Générale subscribed on July 20th, 2017; and
  - A €10.8 million investment facility with Banque Palatine corresponding to the initial drawing of the loan signed on August 23rd, 2017 for a global amount of €12 million.
- A €5 million loan, with a fixed rate of interest, repayable in 2022, subscribed by Mazars Paaderkooper Hoffmann NV (Netherlands) for restructuring of its short-term financial debt.

As at August 31, 2017 Mazars SA (France) was party to a financing agreement with BRED including the following two floating rate loans:

- A €10 million senior loan facility, fully used, repayable in four equal annual instalments commencing in March 2017 so with an outstanding balance of €7.5 million; and
- A fully used investment loan facility with an outstanding balance of €1.7 million subject to non-linear repayment over the next three years.

By operating segment

In thousands of Euros	August 31, 2016	August 31, 2017
France	39,463	47,524
United Kingdom	4,043	11,898
Rest of Europe	-13,717	-19,450
North America	2,622	5,748
Latin America & the Caribbean	-313	-1,726
Asia-Pacific	-7,612	-9,913
Africa & the Middle East	-3,856	-3,423
NET BORROWINGS	**20,629**	**30,657**

7.4 Other non-current assets

Other non-current assets comprise investments in non-consolidated entities, loans and guarantee deposits.

In thousands of Euros	August 31, 2016	Acquisitions		Disposals	Reimbursements	Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
GROSS VALUES									
Shares in non consolidated companies	1,835	15,988		-548		-15,713	-206	0	**1,357**
Loans	0	463			-581		218	-11	**89**
Deposits & guarantees	2,828	204			-408	52	-78	-95	**2,504**
Other long-term investments	18,635	13			-2,674	119	-67	-9	**16,018**
TOTAL	**23,298**	**16,669**		**-548**	**-3,663**	**-15,541**	**-134**	**-115**	**19,967**

In thousands of Euros	August 31, 2016		Amortisations	Reversals		Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
DEPRECIATIONS									
Shares in non consolidated companies	-132		-295	2			-14	0	**-440**
Loans									
Deposits & guarantees	-93		-6	72			22	0	**-6**
Other long-term investments	-1,089		-32	8			287	0	**-827**
TOTAL	**-1,314**		**-334**	**81**			**294**	**0**	**-1,273**

In thousands of Euros	August 31, 2016	Acquisitions	Amortisations	Disposals	Reimbursements	Changes in consolidation scope	Other	Foreign currency gains and losses	August 31, 2017
NET VALUES									
Shares in non consolidated companies	1,703	15,988	-295	-546		-15,713	-220	0	**918**
Loans	0	463			-581		218	-11	**89**
Deposits & guarantees	2,735	204	-6	72	-408	52	-56	-95	**2,498**
Other long-term investments	17,546	13	-32	8	-2,674	119	219	-9	**15,191**
TOTAL	**21,984**	**16,669**	**-334**	**-467**	**-3,663**	**-15,541**	**161**	**-115**	**18,695**

NOTE 8: SHAREHOLDERS' EQUITY AND PARTNERSHIP FINANCING

8.1 Shareholders' equity

Accounting policies

The shareholders' equity disclosed in the consolidated statement of financial position uniquely comprises the equity of the consolidating entity, Mazars SCRL, since the equity of the other Mazars entities, which is entirely held by the partners (see note 1.2.3), is treated as debt under IFRS and, by virtue of the provisions of the partnership charter applicable to departing partners, is included in the consolidated statement of financial position within the non-current portion of total partnership financing.

8.2 Partnership financing

Accounting policies

Partners' contributions to the partnership financing of entities (see note 1.2.3) are included in the consolidated statement of financial position within the non-current portion of total partnership financing.

The portion of their remuneration deferred until after the financial year-end is included in the consolidated statement of financial position within the current portion of total partnership financing.

Total partnership financing may be broken down as follows:

In thousands of Euros	August 31, 2016	Increases	Decreases	Amortisations	Changes in consolidation scope	Recycling to profit and loss	Other	Foreign currency gains and losses	August 31, 2017
Sharedolder's equity of operating entities	77,591	2,326			-300		4,899	-1,137	73,580
Blocked current account balances	76,479	872					56	-2,350	75,057
Bond issues	25,917	464					1,051	25	27,458
Other comprehensive income	-18,931					3,586	91	876	-14,107
Currency translation adjustments	172				-7	92	86	2,285	2,628
PARTNERSHIP FINANCING	**161,229**	**3,662**			**-307**	**3,948**	**-3,614**	**-301**	**164,615**
Provisions for post-employment benefits	34,043		77	2,379	18	-5,026	2,331	-1,386	32,435
Deferred tax (net)	-9,864			-1,938	-147		3,778	-4	-8,176
PARTNERSHIP FINANCING - NON-CURRENT	**185,407**	**3,662**	**77**	**440**	**-437**	**-1,079**	**2,495**	**-1,692**	**188,873**
PARTNERSHIP FINANCING - CURRENT	**110,619**	**32,001**	**-27,688**		**53**	**-23**	**2,134**	**-5,035**	**112,061**
TOTAL PARTNERSHIP FINANCING	**296,026**	**35,663**	**-27,611**	**440**	**-384**	**-1,101**	**4,629**	**-6,727**	**300,934**

The financing of each entity and any subsidiaries is provided, in accordance with the Mazars agreements, by the partners controlling them.

The impact of “Other comprehensive income” reflects the actuarial gains and losses for post-employment benefit obligations for both partners and staff recognised on application of IAS 19 (revised) during the 2013/2014 accounting period. The change in “Other comprehensive income” is attributable to partners for -€5 million and to staff for -€0.6 million, taken respectively to “Provisions for post-employment benefits” for partners and “Provisions” for staff.

As at August 31, 2017, “post-employment benefits due to partners” include €10.2 million of lump-sum benefits payable at the date of retirement.

NOTE 9: PROVISIONS AND CONTINGENT LIABILITIES

9.1 Provisions

Accounting policies

A provision is recognised when:

- The Group has a present 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; and
- 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 financial cost.

The Group's provisions may be broken down as follows:

In thousands of Euros	August 31, 2016	Additions	Reversals	Changes in consolidation scope	Revaluations	Other	Foreign currency gains and losses	August 31, 2017
Professional risks	6,837	1,305	-2,186	-225		-32	-158	**5,542**
Post-employment benefit liabilit. except partners	49,794	2,910	-5,180	10,223	-589	-285	-2,369	**54,502**
Vacant properties	1,167	583	-308			-188	-89	**1,164**
Other risks	9,892	11,933	-3,350	225		745	-67	**19,379**
TOTAL	**67,689**	**16,731**	**-11,024**	**10,223**	**-589**	**241**	**-2,683**	**80,587**

Post-employment benefit liabilities (except for partners) include:

- €44 million of lump-sum benefits payable at the date of retirement; and
- €10 million of pension liabilities for ex-partners of RBS (Germany) who retired prior to the firm's merger with Mazars.

The current and non-current portions of provisions are as follows:

In thousands of Euros	August 31, 2017	Current portion	Non-current portion
Professional risks	**5,542**	5,355	187
Post-employment benefit liabilit. except partners	**54,502**	5,294	49,209
Vacant properties	**1,164**	97	1,067
Other risks	**19,379**	15,483	3,896
TOTAL	**80,587**	**26,228**	**54,359**

9.2 Contingent liabilities

Group entities may be subject to a certain number of professional risks inherent in the exercise of audit, advisory and other financial services. For the purpose of mitigating those risks, the entities subscribe insurance cover.

As at August 31, 2017, provisions have been recognised for the Group's uninsured professional risks meeting the criteria provided for by IAS 37.

Risks not meeting the criteria for recognition of a liability defined by IAS 37 may constitute contingent liabilities. As at August 31, 2017 any such risks have not been judged material.

NOTE 10: OTHER CURRENT ASSETS AND TRADE AND OTHER PAYABLES

10.1 Other current assets

Accounting policies

Amounts recorded for other current assets are measured at their nominal value, given that the interest component is negligible.

The Group's other current assets may be broken down as follows:

In thousands of Euros	August 31, 2016	August 31, 2017
Social security receivables	2,848	2,205
Tax receivables	20,271	27,578
Current accounts and other receivables	27,452	24,930
Prepaid expenses	24,281	24,048
Unrealised foreign exchange losses	50	27
TOTAL	**74,902**	**78,787**

10.2 Trade and other payables

Accounting policies

The interest component being negligible, trade and other payables are recorded at their nominal amount.

Payroll liabilities consist of liabilities towards employees and social organisations.

Tax payable relates to operating taxes and levies.

Payroll liabilities and tax payable are recorded at the amount the Group expects to pay to the parties these are due to.

The Group's trade and other payables may be broken down as follows:

In thousands of Euros	August 31, 2016	August 31, 2017
Trade and other payables	112,486	109,979
Payroll liabilities	96,654	109,523
Tax payable	59,294	75,371
TOTAL	**268,433**	**294,873**

Most operating liabilities have maturities not exceeding one year.

NOTE 11: CORPORATE INCOME TAX

Accounting policies

Surpluses are taxed according to the requirements 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).

Due to the specific functioning of Mazars' partnership model (see note 1.2.3), corporate income tax with respect to the Group's entities is included within "partners' remuneration" for the portion considered as an element of partners' remuneration. This relates to corporate tax at the expense of partners.

The portion of corporate tax which is not considered as an element of partners' remuneration is at the expense of the Group. It is thus included under "Other costs".

Consequently the tax disclosed in the consolidated income statement is limited to the tax payable by Mazars SCRL, the amount of which is not material, and so no tax proof is presented.

11.1 Current tax

Current tax payable by the Group's entities may be broken down as follows:

In thousands of Euros	2015-2016	2016-2017
Tax payable by partners	8,932	8,091
Tax payable by the Group	3,423	3,284
Tax payable by Mazars SCRL	20	25
TOTAL	**12,376**	**11,400**

11.2 Deferred tax

Accounting policies

Deferred tax is recognised on temporary differences between the tax and book values of assets and liabilities in the consolidated statement of financial position and is measured using the balance sheet liability method based on the tax rates applicable at the financial year-end.

The carrying amount of deferred tax assets is reviewed at each financial 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.

The amount of the Group's deferred tax is as follows:

In thousands of Euros	August 31, 2016	August 31, 2017
Deferred tax assets	12,714	11,950
Deferred tax liabilities	-2,850	-3,773
TOTAL	**9,864**	**8,176**

The deferred tax assets are primarily generated by elements of partners' remuneration (provisions for 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 portion of partnership financing" (see note 8.2).

NOTE 12: CONSOLIDATED STATEMENT OF CASH FLOWS

12.1 Working capital requirement

The working capital requirement rose by €1 million mainly as a result of:

- €34 million of additional client debtors and accrued revenue (excluding the -€8 million impact of opening foreign exchange differences); and
- €33 million of additional current liabilities (excluding the -€7 million impact of opening foreign exchange differences).

12.2 Acquisition of intangible assets and property, plant and equipment

Intangible assets acquired during the period mainly comprise computer software purchased or developed by the Group (see note 6.1).

Property, plant and equipment acquired during the period essentially consist of computer equipment as well as expenditure on fitting out new offices (see note 6.2).

12.3 Acquisition of other non-current assets

Other non-current assets acquired during the period comprise guarantee deposits (see note 7.4).

12.4 Disposal/ repayment of other non-current assets

Disposals of other non-current assets mainly related to France (€3.3 million) including the repayment of an amount of €1.6 million to Germany (see note 7.4).

12.5 Net cash flows from entities acquired and divested

Net cash for entities acquired essentially related to France.

12.6 Subscription/ repayment of loans

New loans subscribed mainly related to France (€18.9 million) and the Netherlands (€5 million) and were motivated by restructuring of short-term debt.

Repayments related in particular to France (€11.8 million) (see note 7.3).

NOTE 13: RIGHTS TO SURPLUS ALLOCATED TO THE MEMBERS OF THE GROUP EXECUTIVE BOARD AND THE GROUP GOVERNANCE COUNCIL

The rights of surplus payable to the eight members of the Group Executive Board, the executive body of Mazars SCRL, and to the eleven members of the Group Governance Council amounted to €10 million for the 2016-2017 financial year. It was either paid during the financial year or constituted a current liability at the end of the period presented in "Partnership financing - current".

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

NOTE 14: OFF-BALANCE SHEET COMMITMENTS RELATING TO GROUP FINANCING

At year end, the total amount of guarantees granted by the Group is the following:

In thousands of Euros	August 31, 2016	August 31, 2017
GUARANTEES PROVIDED	**12,971**	**13,312**

NOTE 15: PRO FORMA CONSOLIDATED INCOME STATEMENT AND EMPLOYEE DATA INCLUDING ZHONGSHEN ZHONGHUAN

As mentioned in note 2.2 on evolution of the scope of consolidation, the pro forma consolidated income statement presented hereafter reflect the contribution of our Chinese member firm ZhongShen ZhongHuan which joined the partnership on 1st January 2016.

The revenue and costs of the Chinese firm represent 12 months of activity in 2016-2017.

Verification of the compliance of the Chinese firm's contribution with the Group's accounting policies and its review by external auditors have not been performed.

Pro forma consolidated income statement

2016-2017 financial year ended on August 31, 2017

In thousands of Euros	2015-2016 Pro forma	2016-2017 Consolidated	ZhongShen ZhongHuan	2016-2017 Pro forma
Revenue	1,420,276	1,463,295	106,078	1,569,374
Rebillable costs	-54,835	-54,345		-54,345
FEE INCOME	**1,365,441**	**1,408,950**	**106,078**	**1,515,028**
Cost of technical staff	-689,706	-728,999	-57,568	-786,568
GROSS MARGIN	**675,735**	**679,951**	**48,510**	**728,461**
Cost of administrative staff	-104,577	-109,006	-5,341	-114,346
Other costs	-264,850	-268,194	-22,999	-291,193
Depreciation, amortisation and impairment	-25,984	-26,580		-26,580
SURPLUS OF OPERATIONS	**280,324**	**276,171**	**20,171**	**296,342**
Amort'n/imp't of client relationships and goodwill	-5,507	-7,341		-7,341
Financing costs	-2,826	-4,974		-4,974
TOTAL SURPLUS	**271,991**	**263,856**	**20,171**	**284,027**
SURPLUS ALLOCATED TO PARTNERS	**-271,841**	**-263,720**	**-20,171**	**-283,891**
PRE-TAX RESULT	**151**	**136**	**0**	**136**
Corporate income tax	-20	-25		-25
POST-TAX RESULT	**130**	**112**	**0**	**112**

Pro forma weighted average full-time equivalent employees

2016-2017 financial year ended on August 31, 2016

	2015-2016 Pro forma	2016-2017 Consolidated	ZhongShen ZhongHuan	2016-2017 Pro forma
Partners	879	873	61	935
Technical and administrative staff	16,121	16,571	2,880	19,451
TOTAL	**17,000**	**17,444**	**2,941**	**20,385**

INDEPENDENT AUDITORS' REPORT

To the Partners of Mazars SCRL,

In compliance with the terms of our non-statutory appointment, we have audited the consolidated financial statements of Mazars SCRL and the entities that form the Mazars organisation, which comprise the statement of financial position as at 31 August 2017, 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 15).

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 2017, 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of the IFAC Code of Ethics for Professional Accountants (IESBA) and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Group Executive Board's Responsibilities 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements.

Brussels and London, 8 December 2017

Crowe Clark Whitehill LLP

RSM InterAudit SC Scrl
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United Kingdom

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INTEGRATED REPORTING

INTEGRATED REPORTING: OUR APPROACH

An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects – in the context of its environment - lead to the creation of value in the short, medium and long term. Integrated Reporting focuses on how an organisation uses and affects the following six capitals: Human, Intellectual, Social & Relationship, Financial, Manufactured and Natural.

Four years ago, Mazars embarked on a journey towards Integrated Reporting, allowing us to better explain who we are and how we serve our clients, our communities and the public interest wherever we operate worldwide.

With our previous Yearbook and this one, we are continuing on this journey and pursuing our effort to explain our business model and our value creation process using four different representations: a mapping of our stakeholders, our 'materiality matrix', our value chain, and key performance indicators (KPIs) that include an increased number of extra-financial indicators, all with the goal of an ever-clearer understanding of the relationship between how we use our resources and how we create value. The topics and concepts covered in this Yearbook attempt to demonstrate how we cooperate within our 'ecosystem'.

Statement of support from the Group Executive Board

As Group Executive Board (GEB) members, we hereby acknowledge our responsibility to ensure the integrity of our integrated report, and that we have applied our collective mind to the preparation and presentation of this fourth Mazars' integrated report.

We are still continuing our journey towards presenting an Integrated Report in accordance with the framework set out by the International Integrated Reporting Council (IIRC) at Mazars Group level. We started in 2013-2014 with a first Integrated Reporting (‹IR›) approach, and stated that our challenge for the next 2 years would be to develop and deploy new key performance indicators (KPIs), which we did in 2014-2015 and 2015-2016 in order to be able to measure our progress.

While we chose to only publish a selection of our non-financial KPIs in to only publish a selection of this year's report, we did take all of them into account to define our short-term strategy for the greater benefit of our organisation and stakeholders.

ANALYSIS OF POTENTIAL RISKS AND OPPORTUNITIES

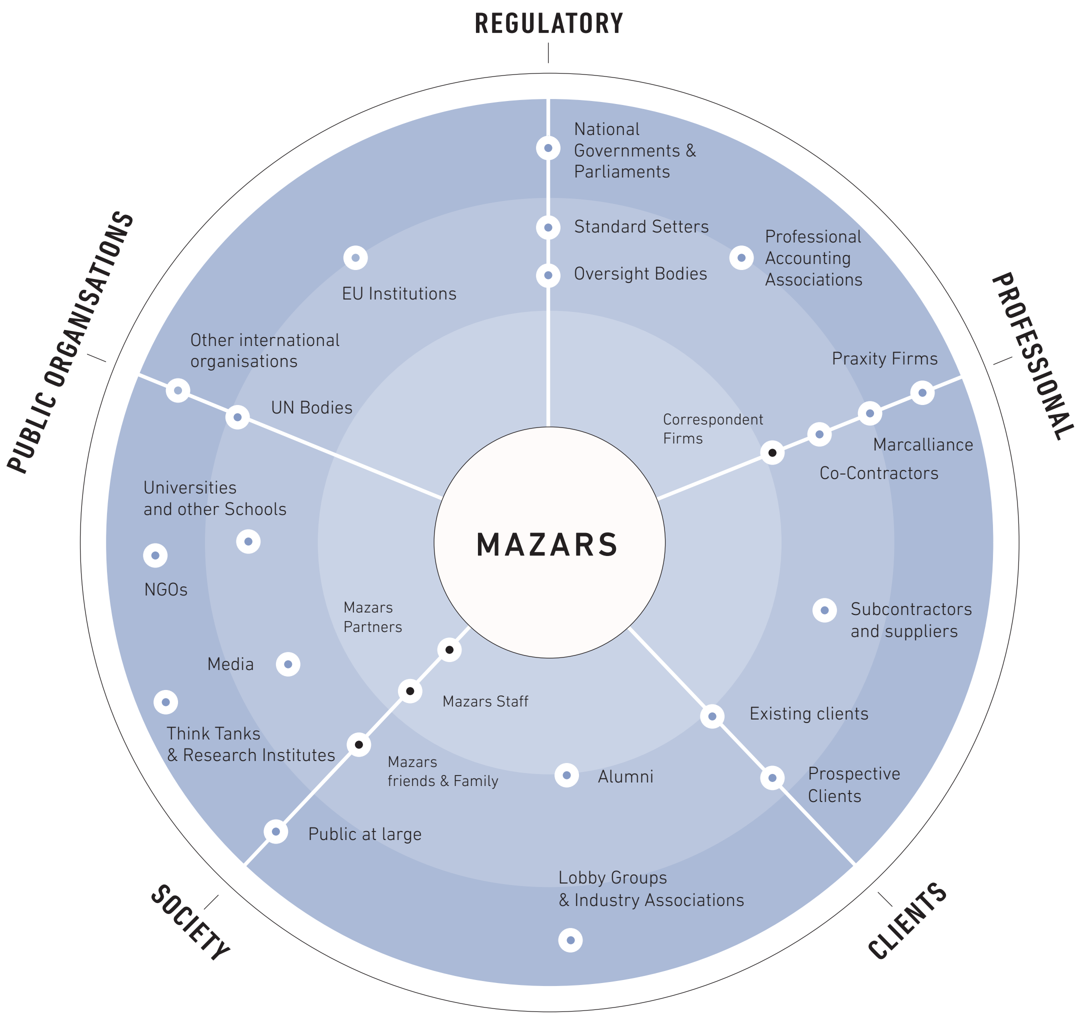
Human capital · Intellectual capital · Social capital · Financial capital · Manufactured capital · Natural capital

Definition	Capitals	Stakeholders	Initiatives
I. SERVICE OFFERING & ACTIVITIES			
SERVICE OFFERING Specialty services are in higher demand, especially for non-audit services.	Intellectual, Financial, Human	Clients, Society	We provide innovative, tailored and global solutions to our clients. Combining the reliability of our methodologies with our ability to think 'outside the box', we deliver value to our clients and our communities, not only in our main service lines but also for specialised services.
PERFORMANCE AND EFFICIENCY Volatile, negative or uncertain economic conditions could affect our ability to provide high quality services. On the other hand, they lead us on to the path of innovation.	Intellectual, Financial, Human	Clients, Society	The quality standards of our services are not negotiable. We offer integrated solutions adapted to clients' markets and anticipate changes. We have learnt from past challenges how to increase the stability of our organisation. At the same time, we strive to nurture the Mazars DNA so as to guarantee business continuity to our clients, staff, partners and communities.
REPUTATION Mazars is a young, renowned and developing brand. Significant failure in one Mazars office to comply with legal, ethical or professional requirements could damage our brand and reputation.	Social, Financial	Clients, Society	Our internal quality management systems, which are designed to maintain and enhance quality, include, among other things: • Client engagement and acceptance processes and standards supported by methodologies and tools, • Continuous technical and soft-skills training of staff and Mazars' partners, • Quality reviews of Mazars' offices. Furthermore, we train our staff and partners to adhere to ethical standards in their daily use of social media.
ETHICS & INDEPENDENCE We do need to remain independent whether we provide audit & assurance (Channel 1) or non-audit/ advisory (Channel 2) services.	Human, Social	Clients, Society	We make sure that our risk management procedures ensure independence of our two core professions as auditors or advisers (Channel 1 or Channel 2).
COMPLIANCE WITH REGULATION The development and strengthening of regulation have an impact on audit activities – e.g., EU audit reform.	Intellectual, Financial, Human	Clients, Society, Public Organisations	We comply with all regulation, whichever service is provided, audit & assurance (Channel 1) or non-audit/ advisory (Channel 2). We keep up-to-date with the latest changes in regulation and we inform our clients in a timely manner. We take part in the evolution of the regulation and anticipate potential impacts for the benefit of our clients and prospects.

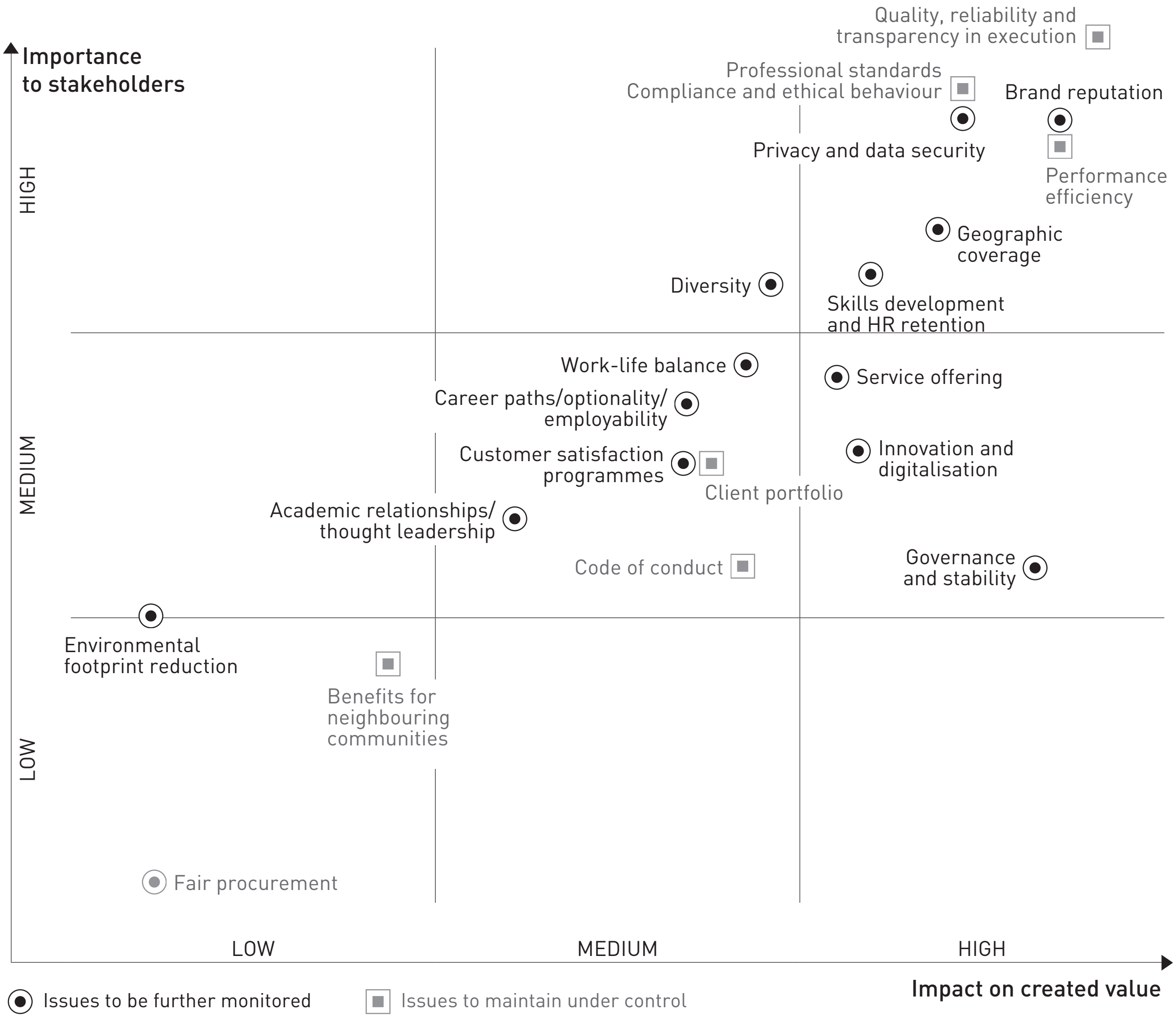
Definition	Capitals	Stakeholders	Initiatives
QUALITY The audit and assurance market continues to be impacted by tough external conditions, client pressure and intense inter-firm competition. This had led to an audit 'price war', which could potentially cause a decrease in the quality of audit, an obligation for audit firms to restructure, or even a commoditisation of our profession.		Clients, Society	We participate in fair tendering as a good way to maintain innovative solutions in our profession, and therefore we continuously invest to adapt our methodologies and tools.
CONFIDENTIALITY AND DATA PROTECTION A situation could arise where business and personal data may not be adequately protected.		Clients, Society	We are implementing a global data privacy policy in our offices and continually strengthen our information systems security management.
II. TALENTS & PARTNERSHIP ORGANISATION			
TALENT Skilled people, especially in economically vibrant areas, are increasingly mobile. Specific, adapted policies are required in order to attract and retain them.		Clients, society	As a professional services firm, we develop a dynamic human resources policy, valuing excellence and a strong sense of ethics. We invest in our people to make their years with Mazars a profitable experience and prepare them to be future leaders inside or outside our firm. For their first 2 years the youngest Mazarians have the option not to specialise. After which they are given the opportunity to select the sector they wish to specialise in and get trained accordingly.
The evolution of core audit and accounting services delivery due to digitalisation requires to define new skillsets for our talents.		Clients, society	Mazars strengthened its competency matrix as to embed IT and digital aspects into our core audit and advisory trainings. We actively recruit experienced specialists, especially in the most digitalised sectors such as banking, insurance, mass distribution, etc.
Evolving in an ever more connected and fast-paced global work environment, today's young talents expect more flexibility in their personal organisation.		Clients, society	We strive to offer work-life balance to our staff and partners through flexible new ways of working (e.g. home office, hot desk policy, etc.), improving our talents' efficiency and retention without losing interpersonal relationships.
Diversity ought to be encouraged, not only for moral/ ethical reasons but because more diversity is profitable for businesses.		Clients, society	Mazars initiated many actions at both global and local levels to promote diversity such as engaging with people with disabilities (You Hand' Mazars), and working against discrimination in all its forms. Mazars also focuses on gender diversity where progress still has to be made, and while we already recruit more women than men, we implemented a Women Talent Pool, including training programmes, to develop, mentor and retain female talent.
INTERNATIONAL INTEGRATED PARTNERSHIP STRUCTURE Although it is demanding, growing as an international integrated partnership favours long-term reinforcement and transparency, all for the benefit of our clients.		Clients, Society, Professionals	International expansion is in our DNA. We never fear to venture into new territories and discover new cultures. Although a partnership may be at times fragile, we remain convinced that our unique model brings us closer to our clients, allowing us to provide local tailored services around the world. We invest in and promote international mobility of talent internally as a lever to strengthen the continuous geographic expansion of our true global partnership.

Definition	Capitals	Stakeholders	Initiatives
III. GLOBAL TRENDS & STAKEHOLDERS EXPECTATIONS			
DIGITAL TRANSFORMATION **Clients** Continuous and accelerated technological evolution impacts not only the way our clients do business but also the way we work and communicate with our clients.		Clients, Professionals, Society	Our role as a trusted business adviser position enables us to keep close links with our clients and to tackle technological changes together.
Business Model Disruption from technology-based possibilities, such as sophisticated automation, will impact basic accounting and audit services.		Clients, Professionals, Society	We watch technology evolutions and innovate via in-house and co-developed technology-based solutions, in order to focus on high-value services.
Communication Volatility Digital transformation empowers internal and external stakeholders' communication about Mazars' activities, with a risk of unchannelled enthusiasm leading to undesirable outcomes.		All stakeholders	Mazars implemented a proactive digital media strategy as well as formal social media policies for the staff at country level; it also appointed a CISO (Chief Information Security Officer) at group level. Enhanced presence on different media and social media channels at Group and country level is coupled with improved scrutiny and reactivity from our Group Communications Department acting at global level.
RESPONSIBLE BEHAVIOUR Our stakeholders expect us to demonstrate responsible behaviour with regard to our employment practices, our investments, the taxes we pay, and our relationships with our suppliers.		All stakeholders	Mazars' code of conduct is shared at the international level. It clearly defines our policy to promote responsible behaviour and avoid disputes with our clients, suppliers or local communities. We have deployed a global whistleblowing framework for both internal and external stakeholders.
BUSINESS FOR GOOD Our stakeholders and the public at large expect new solutions and services for a better and more sustainable world and consider that global organisations have global responsibilities.		All stakeholders	The Mazars international partnership tackles its global responsibilities internally and externally. - e.g. investing in and enforcing more diversity measures inside and outside our organisation, developing CSR consulting services, etc. We do meaningful business for good in order to seize the best business opportunities.

STAKEHOLDERS MAP



TOP MATERIAL ISSUES



VALUE CHAIN

THE CAPITALS WE USE

HOW WE CREATE VALUE

HUMAN
• High potential young graduates
• Top experts (experienced specialists)

INTELLECTUAL
• Methods and procedures linked to our professions
• Service offering
• Corporate culture and brand
• Licences and certificates for our professions

SOCIAL & RELATIONSHIP
• Academic partnerships, think tanks
• Personnel networks (staff and alumni)
• Communities established via social networks
• Relationships with professional organisations

FINANCIAL
• Funding from partners
• Working capital
• Loans

MANUFACTURED
• Real estate
• Computer systems

NATURAL
• Paper
• Energies
• Commuting / Travel

OUR SERVICE OFFERING

AUDIT & ASSURANCE

AOS*

FAS**

TAX

LAW

CONSULTING

*Accounting and Outsourcing Services **Financial Advisory Services

(OUR BUSINESS MODEL)

HOW WE SHARE VALUE

WE DEVELOP SKILLS AND EXPERTISE

- Attract talent
- Build and encourage team spirit
- Promote engagement
- Promote innovation & entrepreneurship
- Develop a solution-focused, client-oriented attitude

WE PLAN AHEAD IN ORDER TO PROTECT THE PUBLIC INTEREST

- Develop technical expertise
- Develop and enforce worldwide standards and ethics
- Ensure quality

CLIENTS

CLIENTS

- ⦿ Deliver high quality services
- ▣ Provide greater confidence in communicated figures
- ▣ Simplify and reassure
- ⦿ Support executives' decision-making
- ⦿ Provide innovative solutions

EMPLOYEES AND PARTNERS

- ⦿ Ensure professional development
- ▣ Ensure a good work-life balance
- ⦿ Provide fair compensation
- ⦿ Provide fair distribution of profit
- ⦿ Foster out-of-the-box thinking
- ⦿ Nurture the Mazars DNA
- ▣ Increase optionality and employability

SOCIETY

- ▣ Provide confidence in financial information for a sustainable growth
- ⦿ Promote transparency within the business community

REGULATORY

- ⦿ Promote ethical behaviour
- ⦿ Push norms to evolve

PROFESSIONALS

- ⦿ Share our expertise
- ⦿ Promote open innovation

⦿ Outputs = what we do ▣ Outcomes = what difference does it make? (impacts)

CREDITS

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Mazars Group's 2016-2017 Annual Report
(including the 2017 Yearbook)
is also available online
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