#MAZARSFORGOOD

CREATING SHARED VALUE(S)

2017/2018 Financial Statements

MAZARS

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FOREWORD

For the 14th year in a row, Mazars is proud to publish its **consolidated Financial Statements**, jointly audited and presented under IFRS. As **auditors and consultants**, we keep advocating **accountability** and **transparency** in the business community and society as a whole; as part of our 2018 Annual Report, and alongside our transparency report, this document is a token of our continuing commitment to the **values** inherited from our founder, Robert Mazars. It also reflects our determination to apply to ourselves the exact same **discipline** that is expected from our clients.

In 2017-2018, **Mazars has kept growing,** with a global fee income exceeding 1.6 billion euros, increasing by 8.7% compared to 2016-2017. Our global turnover has thus risen by **50% over the last 5 years.** All our lines of services and our regions contributed to this success.

This is obviously a source of pride for **our leadership teams, our partners and our staff** who collectively achieved this truly commendable **performance.** We believe it also reflects the **fundamental qualities of the model** our organisation is based upon, which allows Mazars to **keep setting ambitious goals and reaffirming its unique identity** in a world that is more than ever **volatile, uncertain** and **complex.**

As an international firm, we are aware of the **challenges** that lie ahead of us.

To now become **a truly global organisation,** we need to further strengthen and successfully integrate additional capabilities on all continents. In **Germany** and **China,** our major **external growth** moves have demonstrated the relevance of our strategy, allowing us to reach a significantly higher level in those leading markets. In the **United States,** our goal is to become a true nation-wide player, with the capabilities needed to support all our clients, be they domestic or international.

We are convinced that **innovation** is not a process, a hurdle organisations have to overcome; it is rather a **state of mind** that has to be intertwined in all the dimensions of our operations. **Technology** is today the main **driver of change** in businesses and in society as a whole. Not only do we keep bringing more and more new technologies and IT related expertise to all our teams, but also we foster **transversal and cross-border integration**, so as to be able to **help our clients benefit** from the opportunities offered by this ongoing revolution.

Mazars is a human adventure. As a quality-driven audit, accounting and consulting organisation, our main resource lies within our **highly educated workforce.** Our main challenge is to recruit **brilliant individuals,** but also to reflect the **diversity** of the countries and societies we operate in. We strive to provide **cutting-edge training programmes** and to take into account the specificities of the **younger generations** so as to empower them to become the leaders of our development in the years to come.

As a new leadership team is taking over, we are quite confident that the clarity of our vision, the talent of our people and our enduring confidence in our values will help us address these challenges, so as to **better serve our clients** and help them **achieve sustainable growth.**

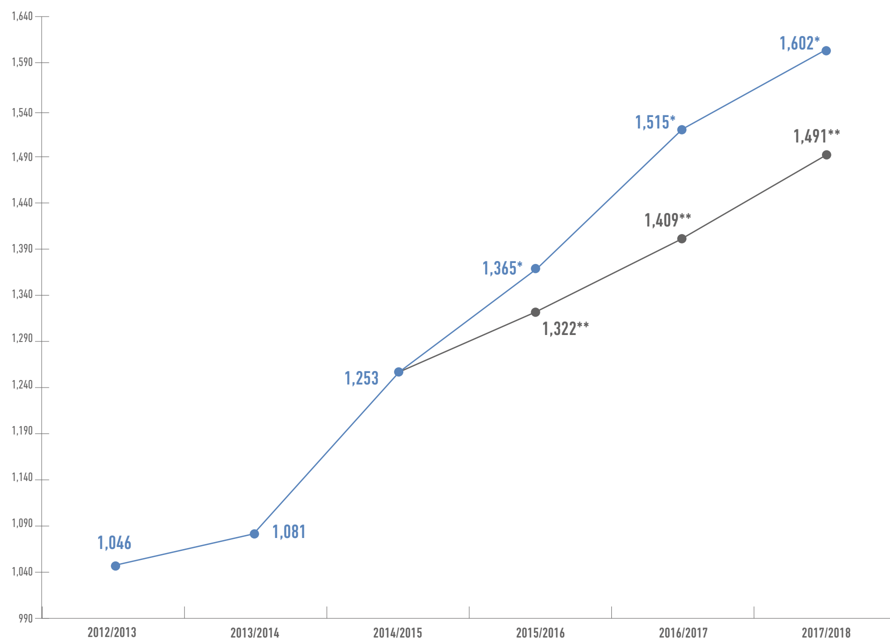
Philippe Castagnac
Chairman of the Mazars Group Executive Board

Hervé Helias
Chief Executive Officer of the Mazars Group

EXECUTIVE SUMMARY

Fee income: Growing 8.7% from 2016/2017, to reach €1.6 billion

In millions of euros



* Includes data for the ZhongShen ZhongHuan practice, integrated in the global Mazars international partnership on 1st January 2016.

** Does not include data for the ZhonShen ZhongHuan practice.

Growth by geographic area

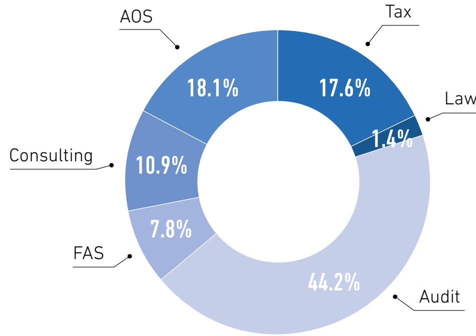
In millions of euros	2016/2017	2017/2018	Variation
TOTAL GROUP	**1,515***	**1,602***	**8.7%****
Europe	994	1,075	8.1%
North America	185	184	-0.6%
Africa & the Middle East	87	89	1.9%
Asia Pacific	205	214	4.4%
Latin America and the Caribbean	44	40	-8.1%

* Includes data for the ZhongShen ZhongHuan practice, integrated in the global Mazars international partnership on 1st January 2016.

** Including -2,6% exchange rate impact.

Services: A balance between audit and non-audit services

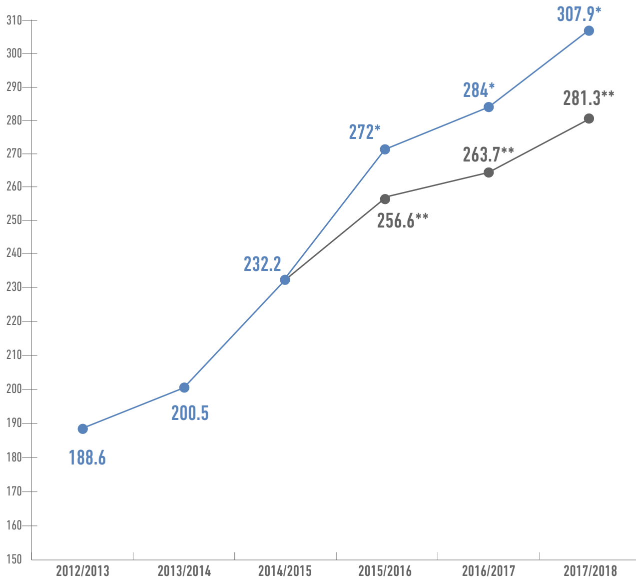
Fee income by service line (in %)*:



* Does not include data for the ZhongShen ZhongHuan practice.

Profitability: continuous growth

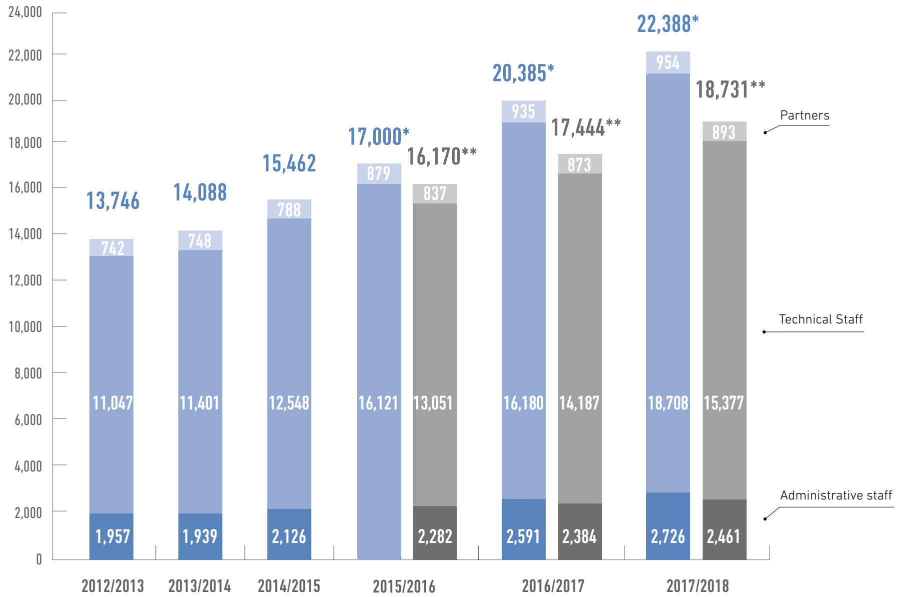
Surplus allocated to partners (in millions of Euros):



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

Almost 23,000 professionals around the world

Global headcount (Full-Time Equivalent)



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

MAZARS' GOVERNANCE MODEL

Mazars draws its strength and singularity from its integrated and independent partnership model, founded 23 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

All of our 954 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 the 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 August 31st, 2018 was elected during the partners' general assembly in December 2016.

As of August 31st, 2018, 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. The GGC has decision-making powers in three specific areas as set out in the partnership's Internal Rules: 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 August, 31, 2018, 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 Group Governance Council (GGC) is Mazars' supervisory body. Elected by the global partnership in December 2016, the current GGC team is made of 11 women and men from all around the globe, under the leadership of Tim Hudson. It is now halfway through its 4-year term. In 2017/2018, the GGC has been focusing its efforts on the following main topics.

Risk and quality issues

IT related risks are one of today's main concerns, not only for Mazars, but for all our stakeholders. The GGC considers this issue as one of the key Group priorities as top quality IT security procedures, controls and processes are expected both by our clients and by the regulators.

The European General Data Protection Regulation (GDPR) became enforceable in all EU member states as of 25 May 2018 and has global consequences. While most European teams have taken steps to satisfy the new requirements, compliance requires ongoing effort and there is still ongoing work in non-EU country teams to satisfy the regulations.

The GGC and the Group Executive Board (GEB) anticipate an increasing allocation of time and resources to support country teams in all aspects of cyber and data security .

On the quality control front, the GGC commends the work done by the Group Quality & Risk Management Board. It is pleased to note a significant improvement in audit quality action plans in those countries with a strong regulatory environment. Efforts must be pursued in other countries; the GGC will continue monitoring progress.

Financial performance

The GGC regularly reviews the Group's financial performance. The Group finance function continues to contribute to improvements in the quality of reporting globally and has a key role in a demanding process, in a context of changing IT infrastructure as well as rapid and uninterrupted growth over the last 5 years. The GGC will keep monitoring the actions taken by countries to improve the timeliness of reporting by all countries.

The external auditors approved our global consolidated financial statements, with no significant comments made on the key judgments and estimates.

Overall, Mazars' financial performance in 2017/2018 is very satisfying, including a robust organic growth of 6.6%. Good control of overheads has contributed to maintaining the profitability rate in spite of a slight decrease of the gross margin.

Taking into account all these factors, the GGC recommended the approval of the annual consolidated financial statements of the Group by the General Assembly of partners.

Budget

The GGC remains vigilant on the speed of deployment of resources allocated to key topics such as investment, innovation, brand, IT security and key account management. There is an increased level of detail available from the budget holders, providing more clarity on how allocations are determined at GEB level on these strategic choices.

External growth

While there were no major external growth transactions during 2017/2018, the GGC has given its opinion on, and its approval for each one of the growth projects presented at the global partnership General Assembly (Australia, France, Nigeria, Palestine, Saudi Arabia, Slovenia), as they support the global Group strategy. The appropriate processes (due diligence, quality control, risk mitigation) are operating effectively. The GGC has requested regular reports of progress on integration plans.

In the United States, the GGC has noted the strong determination of the country management to improve performance, resulting in satisfying results, with an increased gross margin and overall growth. The pace of external growth still does not match Mazars' goals; the GGC encourages the GEB to keep investing time and resources on the expansion of our footprint nationwide.

In China, while the the cooperation spirit appears strong and business opportunities already prove to be very encouraging, further efforts are needed to complete full integration of both the domestic and international teams.

Group organisation

On the co-option of new partners, the GGC remains vigilant on the link between the Group's overall 'Next20' strategy and the candidates proposed by each country, and supports the efforts made by Group HR to improve the selection process. It is interesting to note that 2017/2018 has seen the highest ever number of candidates for new partners, together with a significant improvement of gender diversity.

The drive towards enhanced regional platforms is a topic closely monitored by the GGC. Progress has been tangible over 2017/2018 in establishing regional leadership teams. Beyond working to increase efficiency of delivery of internal priorities, the GGC encourages regional boards to support growth and business development.

Innovation and diversity

Mazars' belief in the importance of innovation has been put into reality through a number of initiatives, including the work done at Group level to connect innovation-focused teams worldwide and establish clear objectives and a pipeline of priority projects. The GGC remains focused on the long-term requirements and consequences of such plans, notably on the recruitment pipeline and training programmes.

The GGC notes a satisfying, continuing trend to improve diversity at all levels of the organisation, aided by improved reporting against of Key Performance Indicators. It is key to continue these efforts and initiatives and to ensure that action plans are devised and put into application in all country and regions.

GROUP EXECUTIVE BOARD REPORT

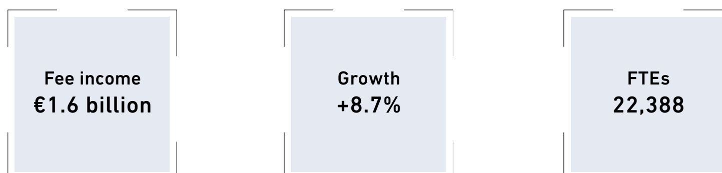
Foreword

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 proof of our commitment to transparency, the annual FY 2017/2018 report on our business and earnings.

The Group Executive Board

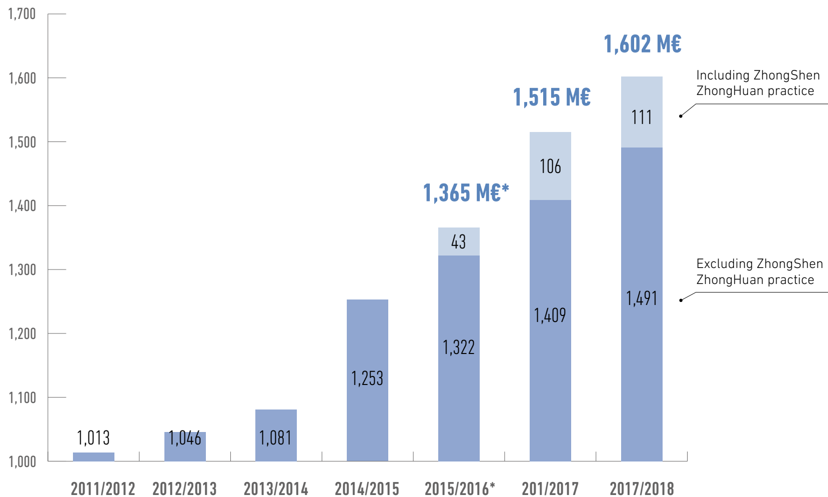
1- 2018, AN EXCELLENT YEAR



Mazars has climbed another step this year by reaching €1,602M revenues including the ZhongShen ZhongHuan practice. This represents a growth rate of +8.7% before any forex impact achieved in a very competitive environment. This was made possible by excellent performances in some of our larger operations namely France, the Netherlands, Ireland, and a good rebound in the United States, but also in some smaller countries such as Malta, Croatia, Mauritius and Chile.

Overall organic growth at +6.6% was robust and the highest rate observed at least since 2011/2012. External growth of +2% was in line with previous years and the forex impact was negative by -2.6%, compared to -1.6% last year. The countries most negatively impacted by forex in value are the United States (-7.3%), China (-3.1%), Brazil (-13.3%) and the United Kingdom by (-1.8%).

Headcount has grown by +9.8% which is faster than the revenue growth and includes 954 Carl Partners and 3,657 Partners and staff from the ZhongShen ZhongHuan practice.



* Includes data for the ZhongHuan practice for 8 months.

An impressive growth trend

Our overall growth rate including forex impact reached +5.7%. The ZhongShen ZhongHuan practice grew in RMB by +7.8%, reduced to +4.4% in euros due to the negative exchange rate impact.

Growth over the last 6 years represents an impressive +58%.

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

During the General Assembly of partners held in Berlin, in December 2017, the GEB presented an ambitious budget for 2017/2018:

- Fee income growth of +6.4%;
- Gross Margin of 48.4% and Overheads at 29.6% of fee income;
- A Surplus GEB target of €277M (at 16-17 forex) or €270M (at 17-18 forex).

Our 2017/2018 achievement:

- A growth of +8.7% before forex impact;
- Gross Margin of 47.8% and Overheads at 29.0% of fee income;
- A distributed Surplus of €281.3M.

Putting aside the Gross Margin percentage, all targets were achieved.

NOTABLE FACTS

- The Group generated a Surplus of €286M which includes an exceptional result from the Italian litigation case of €5M which is booked to reserves and not distributed;
- Italian litigation: the ICC's decisions were pronounced in March and May 2017 for the first procedure and in November 2017 for the second. The Italian entities and Partners were condemned to awards totalling €19.3M to be paid to Mazars. At 31 August 2018, all amounts have been collected;
- Some significant external growth operations occurred this year in the Netherlands (TKH), Sweden (Skatt, Activ & Accrevi), in the United States (EH&Co), France (Zettafox, AEC & Alter&Go) and Ireland (Limerick);
- WCA (West and Central Africa regrouping Benin, Cameroon, Ivory Coast & Senegal) is now presented as one reporting entity.

KEY FIGURES

Two new countries were integrated in 2018: Colombia and Uganda.

Our global footprint has increased to 86 integrated countries and territories in which we now operate.

In millions of euros	2016/2017	2017/2018	Variation	In value
Fee Income	1,409	1,491	5,8%	82
Surplus allocated to partners	264	281	6,7%	18

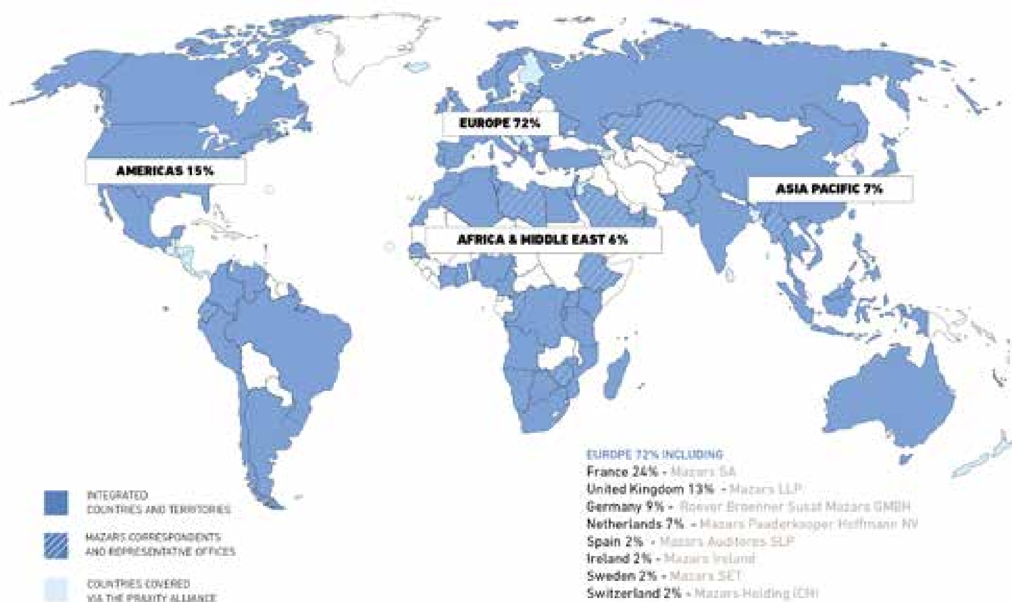
Without the ZhongShen ZhongHuan practice the growth rate is +5.8% or +8.7% excluding forex impact.

External growth amounts to +2% or €30.0M and organic +6.6% or €92.9M.

The forex impact is negative by -2.6% and represents a drop of €-40.5M.

2- FEE INCOME BY ZONES

The four operating zones are detailed on the map below with their percentage of contribution to the Group's total fee income:



2.1 Fee income by operating segment

In millions of euros	2016/2017	2017/2018	Variation	In value
France	359	384	6.7%	24
United Kingdom	184	191	3.5%	6
Rest of Europe	451	500	11.1%	50
North America	185	184	-0.6%	-1
Latin America & the Caribbean	44	40	-8.1%	-4
Asia-Pacific	98	103	5.1%	5
Africa & the Middle East	87	89	1.9%	2
TOTAL	**1,409**	**1,491**	**5.8%**	**82**

France

The full year fee income of €383.6M show a €24.1M (+6.7%) increase compared to last year's performance at €359.5M. Growth is mainly organic (€+22.2M, +6.2%) as the net impact of external growth stands at €+2M, with acquisitions for €+5M (Alter&Go, Zettafox and AEC) and disposals for €-3M.

At constant scope, growth is mainly coming from Channel 2 activities (€+14.7M, +9% in total, out of which: FAS +3.6%, Consulting +16%, AOS +3% and Tax +24%), followed by audit activities (€+7.5M, +4%). Growth in audit activities is driven by a high level of non-recurring assignments at around €26M vs €14M last year, which more than offsets the loss of a few recurring audit missions following the European Audit Law and its limitation of renewals in time.

Further investments have been made in audit teams, mostly to strengthen Technical Functions and IT Audit, to increase our technology-driven expertise and pursue audit transformation. Across all activities, staff headcount has increased by +8.3 % from 2,728 to 2,955. These investments, added to a stronger growth in Channel 2 activities which are slightly dilutive to gross margin, have led to a decrease of gross margin by -1.1 points, from 47.5% to 46.4% this year.

Overheads have been limited to €98.4M, including €1.1M coming from external growth, and represent 25.6% of fee income, stable versus last year. We have seen a 5% rise from last year, in line with the evolution of the activity, to cover investments mostly in innovation, IT security and IT systems to support our growth.

United Kingdom

2017/2018 was a year of substantial change in the United Kingdom which has established a stronger base to enable execution of plans through to 2020.

Full year net income of £168.8M is an increase of 5.4% on the prior year. Nearly all of this growth is organic and has been achieved in a challenging market with increasing uncertainty in the lead up to Brexit. The strong income growth achieved in AOS in recent years continued and the Tax service line delivered a much higher level of income growth than in recent years, particularly through wealth management services. Income generated per CARL partner has increased by 12% to £1.7M, supported by investment in additional staff capacity in the year. The next step will be to reinforce our PIE capabilities.

Income development by service line was:

- Audit +2%
- Tax +13%
- AOS +18%
- FAS +4%
- Consulting -1%

A significant restructuring of support staff was carried out which incurred one-off costs in excess of £1M but has resulted in a lower on-going cost base and a more efficient and effective organisation. Significant investment was also made during the year to implement initiatives to modernise the firm and ways of working; in particular, expenditure on IT services was increased and additional offices were reorganised to enable agile and more flexible working.

Other European countries (29 countries & territories)

High performing countries with organic growth above 20% are: Malta, Switzerland, Turkey, Austria, Croatia, Slovakia and Ukraine.

Negative forex impact hit Ukraine, Russia, Turkey and Switzerland.

North America (3 countries)

Overall organic growth of +3.5% mitigated by a negative forex impact of -7.4% in the United States.

Latin America and the Caribbean (8 countries)

Argentina grew by +45.2% organically reduced by a negative forex impact of -30.4%.

Organic growth in Mexico (+17.3%) and Chile (+14.1%).

Asia-Pacific (14 countries & territories)

High performing countries with organic growth above 20% are: Indonesia, Japan and Philippines.

Negative forex impact across all APAC countries.

Africa & the Middle East (30 countries)

High performing countries with organic growth above 20% are: Kenya, Mauritius and Mozambique.

Negative forex impact mainly in Algeria, Egypt, Ghana, Nigeria and Tunisia.

2.2 Full time equivalent employees by operating segment

The full-time equivalent number grew slightly less than the fee income growth of +8.7% excluding forex. The decrease in North America comes from a smaller workforce this year in both the United States and Canada.

	2016/2017	2017/2018	Variation	In value
France	3,249	3,509	8.0%	260
United Kingdom	1,837	1,906	3.7%	69
Rest of Europe	5,095	5,609	10.1%	514
North America	1,022	1,006	-1.6%	-16
Latin America & the Caribbean	1,186	1,388	17.0%	202
Asia-Pacific	2,305	2,488	8.0%	183
Africa & the Middle East	2,749	2,825	2.8%	76
TOTAL	**17,444**	**18,731**	**7.4%**	**1,287**

3- SERVICE LINES

The 2017/2018 fee income breakdown per service line is as follows:

In millions of euros	2016/2017	2017/2018	Variation
Audit	631	659	4.4%
FAS	115	117	1.4%
Consulting	151	162	7.6%
AOS	241	269	11.3%
Tax	250	263	5.2%
Law	21	22	4.5%
TOTAL	**1,409**	**1,491**	**5.8%**

Audit has shown good progress with a 4% growth but channel 2 activities show a stronger dynamism with 7% growth and now account for 55.8% of the Group activity.

4- PROFITABILITY AND FINANCING

The Group's gross margin has slightly decreased from 48.3% last year to 47.8% of fee income this year and represents €713.1M. Fee and salary pressure continue to erode our margins.

The overheads have decreased in weight from 29.5% last year to 29.0% in 2017/2018. This is due to a combination of some decreases in large countries such as the United States, Switzerland, Hong-Kong and limited expenditures in the central budget.

The allocated Surplus of €281M is above the GEB target of €270M at constant forex. This represents a +6.7% 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 14.2 months of their total earnings against 13.7 last year. Our work in progress and receivables ratio remains under good control at 3.6 months of annual fee income just +0.2 above last year.

5- PERSPECTIVES

Growth

Our growth strategy is paying off as we continue to expand our footprint next year through:

- Two large external growth operations in Australia;
- The acquisition of an financial services advisory practice in Singapore & Taiwan;
- The integration of a firm in Slovenia;
- An external growth project in Nigeria;
- A large integration project in Chile;
- A French Consulting M&A project;
- The integration of our correspondent firms in Saudi Arabia and Palestine.

All this showing that our M&A activity is vibrant and that Mazars' attractiveness is very strong.

Regionalisation

4 regions have been defined with executive boards put in place in EEC, Latam, Africa-ME and Asiapac. Strategic plans have been developed and presented to the GEB and monthly calls and quarterly meetings are organised to ensure the momentum remains high.

Germany

Our German practice is now fully integrated and will represent €150M in revenues next year ranking as Mazars' number 4 country. We have 12 offices with 83 Partners and 1,257 employees. Mazars now ranks 9th in the German national ranking of professional firms.

ZhongShen ZhongHuan practice integration

On the occasion of a very well-prepared event by our Chinese teams, we launched the new ZhongShen ZhongHuan - Mazars brand on 8th November 2017 in front of local authorities, many clients and journalists. The development of the new business is now benefiting from the connection between the Chinese Practice and the Mazars Carl community.

All along 2018, we continued our reciprocal efforts to build our long term common views and plans, and we came to the decision to meet at the end of the first phase (January 2019) to boost our action plan and decision making process regarding the next developments and requested governance to achieve the ambitious road map between the ZhongShen ZhongHuan practice and Mazars in the coming months; a presentation of what has already been achieved over the last two years (new business, new training programmes, new contacts, new desks in China, Hong-Kong or in the rest of the world to support the needs of our clients etc...) will be on the agenda as well as what is needed to support the Mazars ecosystem in Asia and the implementation of the right rules to successfully develop our positions.

United States expansion

We keep our ambition to grow our footprint in the United States. 2017/2018 shows a strong rebound in profitability, which was a condition for increased attractiveness.

Audit/Atlas

The Atlas audit platform is finalised. The first stage of roll-out has started in November 2018. Full deployment process will occur in 2019.

Brand

We have recruited our new Group Chief Communication, Marketing and Brand Officer, with the objective of regrouping our Group marketing and communication activities and launching a large branding project over the next two years centred around visual identity, website remodelling, business development and external communication.

Digitalisation

Our investments to include positive impacts of digitalisation will be reinforced, especially through the:

- Deployment of our new audit platform;
- Development of client portals facilitating client on time access to all our services;
- Expansion of robotisation, especially in outsourcing.

We must work hard to improve our Gross Margin level, continue to effectively control our costs and leverage on our service lines and sectors to maximise our revenues and increase our profitability. This will make us even more attractive to the outside professional world.

In an increasingly uncertain and changing world, Mazars needs to continue to look back at its roots and DNA and look forward to engage even more in quality, transformation, innovation and new tools.

We as partners must be increasingly committed and dedicated to promoting our brand and staying connected to our clients and employees to strengthen our partnership and its international integration.

The Group Executive Board

INTERVIEW WITH TIM HUDSON

CHAIRMAN OF THE GROUP GOVERNANCE COUNCIL (GGC)

As Chairman of the Group Governance Council, Tim Hudson shares his thoughts on the key challenges that Mazars faces, and on the progress made with regards to the strategic objectives set in 2016. He also reflects on what has been achieved and still needs to be achieved in critical areas such as cybersecurity and diversity, and, more generally, on the future of audit.

The Group Governance Council and the Group Executive Board are halfway through their 4-year term. How would you assess what has been done so far by the Group Executive Board (GEB), especially with respect to the 'Next20' strategy, and what role do you see for the GGC in the years ahead with regards to this plan?

The 'Next20' plan clearly was ambitious and set out a number of priorities for Mazars. Generally speaking, the Group is performing well, and globally appears to be on track with many of the objectives that were set by the 'Next20'.

In financial terms, the GEB continues to strike the balance between profitability and investing for the future. Our primary investment is in people, which may reduce our short-term profitability, but we are first and foremost committed to achieving long term goals, among which securing the right market position. I am confident that our growth pattern is both profitable and sound.

It is important to remember that quality always has been, and always will be, central to everything we do, across all our service lines. There is particular focus of the GEB on quality-related and, more generally, risk management issues. The GGC fully supports the GEB on this matter, and encourages it to maintain this focus.

I could have selected many other examples of tangible progress on the Next20 priorities. The role of the GGC is, and will continue to be, to hold the GEB accountable to the partners on the delivery of the plan. This will be achieved through the continued and open dialogue between the two bodies.

Over the last few years, Mazars has made two significant external growth moves, in Germany and in China. The next major objective is the reinforcement of the Group's capabilities in the US. Can you quickly comment on the impact of these two operations in Germany and China and on Mazars' strategy and plans in the United States?

Mazars' current market position in Germany is excellent. It confirms the decision in 2015 to merge with RoeverBroennerSusat and reflects the hard work of our German partners and team during the integration phase.

The market opportunities appear to be very promising and the platform that we have built, with nationwide capabilities, should continue to support continued growth.

In China, the signs are quite positive too. We must acknowledge that the primary focus has been put on the integration of the local teams; this has slowed down some of the Group's plans. However, the cooperation spirit appears strong; from a market point of view, there have been many examples of cross-border opportunities with Chinese groups.

In the United States, we have not been able to execute our expansion programme as quickly as we had planned. Competition for targets that are attractive both from a geographic coverage point of view and from a cultural fit perspective is fierce. We do remain confident, however, that we will find solutions that enable us to reach the critical mass that we need to achieve on the US market.

As it increases its geographic footprint, the Group has also started to strengthen its regional coordination through regional platforms. What can you tell us about the progress of this 'move to regions'?

The Group was founded on a principle of collaborative working, irrespective of national boundaries. Where conditions allow it, for example where there is close economic and regulatory alignment region-wide, we are now seeing this cooperation take the form of regional clusters. These clusters gather country teams operating under one single management structure. This enhances our efficiency and particularly our ability to pool investments in new service lines and markets, for the benefit of our clients. This is what is happening, for example, in West and Central Africa, with Cameroon, Senegal, Benin and Ivory Coast operating under one single leadership structure.

Recent events seem to have reopened the debate about changes in the audit market in the UK, in other European countries and even beyond. What is your take on these possible evolutions and is Mazars well positioned to benefit from them?

The debate on the possible evolution of the UK audit market is very much alive. We have been contributing to the debate by making our voice heard, particularly with the formal competition authority and regulatory reviews.

In Europe, we are the leading Public Interest Entity auditor outside the 'Big 4'. We are therefore well positioned to benefit from any changes that may occur.

A number of remedies to market concentration seem to exist. We remain a strong advocate of joint audit, which we believe can contribute to enhanced audit quality.

Last year, you told us the implementation of GDPR* would be a good test for Mazars' processes for data management and security. Would you now say the test was passed? More generally, what progress has been made in the fight against cyber threats?

The GEB has been overseeing our Group-wide response to GDPR challenges so as to ensure that we are compliant with regulations. There is no doubt that IT / cyber / data security remain high up our risk register. We have encouraged both the GEB and our central teams to be increasingly vigorous in ensuring that all country executives have a similar level of focus on this issue.

As a group, it is critical that we continue to maintain risk awareness and provide appropriate training and support to all teams so as to help reduce the risks.

*General Data Protection Regulation. It became enforceable in all EU member states as of 25 May 2018.

With diversity being one of the GGC's top priorities, how do you see the changes that are occurring in Mazars' Group Executive Board?

We have had, and continue to have, a constructive dialogue with the GEB on Mazars' progress on the diversity front. On this topic, it is important to keep in mind that diversity is to be taken in its widest sense, not only gender diversity. The changes to the GEB composition, approved by the partners, are very welcome.

We also notice increasing diversity in wider leadership teams, which is encouraging. On the other hand, both the GGC and the GEB acknowledge that there is still much work to do so as to ensure greater diversity in the partnership as a whole and in the leadership teams in particular

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH IFRS

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

2017/2018 financial year ended on August 31, 2018

In thousands of euros	Notes	2016/2017	2017/2018
Revenue	4.1	1,463,295	1,551,633
Rebillable costs	4.1	-54,345	-60,291
FEE INCOME	4.1	**1,408,950**	**1,491,342**
Cost of technical staff		-728,999	-778,241
GROSS MARGIN	4.3	**679,951**	**713,100**
Cost of administrative staff	4.4	-109,006	-114,258
Other costs	4.4	-268,194	-276,071
Depreciation, amortisation and impairment	4.4, 6.2 and 6.3	-26,580	-24,332
SURPLUS OF OPERATIONS	4.4	**276,171**	**298,439**
Amortisation of client relationships and goodwill	6.1	-7,341	-7,039
Financing costs		-4,974	-4,982
TOTAL SURPLUS	4.5	**263,856**	**286,418**
SURPLUS ALLOCATED TO PARTNERS		**-263,720**	**-281,295**
PRE-TAX RESULT		**136**	**5,122**
Corporate income tax	11	-25	-1 741
POST-TAX RESULT		**112**	**3 381**

Consolidated statement of comprehensive income

2017/2018 financial year ended on August 31, 2018

In thousands of euros	Notes	2016/2017	2017/2018
Post-tax result	1.2.3	112	3,381
OTHER COMPREHENSIVE INCOME			
Remeasurement of defined benefit schemes		-3,856	-368
Exchange rate adjustments		-85	5,726
Attribution of OCI to Partners		3,941	-5,358
COMPREHENSIVE INCOME		**112**	**3,381**

Consolidated statement of financial position

2017/2018 financial year ended on August 31, 2018

In thousands of euros	Notes	August 31, 2017	August 31, 2018
ASSETS			
Intangible assets	6.1	161,250	188,246
Property, plant and equipment	6.2	51,389	51,219
Other non-current assets	7.4	18,695	20,566
TOTAL NON CURRENT ASSETS		**231,334**	**260,031**
Trade accounts receivables and accrued income	4.2	398,285	441,900
Other current assets	10.1	78,787	86,354
Cash and cash equivalents	7.3	89,232	101,682
TOTAL CURRENT ASSETS		**566,304**	**629,936**
TOTAL ASSETS		**797,638**	**889,967**

In thousands of euros	Notes	August 31, 2017	August 31, 2018
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	8.1	**1,354**	**4,844**
Partnership financing - non-current		188,873	206,880
Partnership financing - current		112,061	126,904
TOTAL PARTNERSHIP FINANCING	8.2	**300,934**	**333,784**
Long-term borrowings - non-current	7.3	64,406	83,048
Long-term provisions	9.1	54,709	56,941
TOTAL OTHER NON-CURRENT LIABILITIES		**119,115**	**139,988**
Long-term borrowings - current	7.3	31,569	30,216
Current bank financing	7.3	23,914	25,233
Trade and other payables	10.2	294,873	329,949
Current provisions	9.1	25,878	25,953
TOTAL OTHER CURRENT LIABILITIES		**376,234**	**411,350**
TOTAL EQUITY AND LIABILITIES		**797,638**	**889,967**

Consolidated statement of changes in equity

2017/2018 financial year ended on August 31, 2018

In thousands of euros	Capital	Reserves	Sharehol-ders' equity
SHAREHOLDERS' EQUITY AS AT SEPTEMBER 1, 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**
Movements in share capital	22	87	109
Other movements			
TRANSACTIONS WITH SHAREHOLDERS	**22**	**87**	**109**
Comprehensive income for the period		3,381	3,381
COMPREHENSIVE INCOME		**3,381**	**3,381**
SHAREHOLDERS' EQUITY AS AT AUGUST 31, 2018	**460**	**4,384**	**4,844**

Consolidated statement of cash flows

2017/2018 financial year ended on August 31, 2018

In thousands of euros	Notes	2016/2017	2017/2018
I-OPERATING ACTIVITIES			
NET RESULT		**112**	**3,381**
Depreciation and amortisation		30,732	21,358
Gains and losses on disposal		63	-1,122
SELF-FINANCING CAPACITY		**30,907**	**23,618**
Changes in currents assets	12.1	-34,213	-41,588
Changes in other current liabilities	12.1	33,185	24,202
CHANGES IN WORKING CAPITAL REQUIREMENTS	12.1	**-1,028**	**-17,386**
NET CASH GENERATED BY OPERATING ACTIVITIES		**29,879**	**6,231**
II-INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets	6.1/6.2	-43,131	-35,102
Disposals of property, plant and equipment and intangible assets		527	2,675
Purchases ot other non-current assets	7.4	-681	-2,564
Disposals of other non-current assets		3,663	1,153
Net cash flows from acquisition and disposal of subsidiaries		-6,713	-12,004
NET CASH USED IN INVESTING ACTIVITIES	12.2	**-46,335**	**-45,843**
III-FINANCING ACTIVITIES			
Capital increase		15	109
Changes in non-current partnership financing	8.2	3,738	24,863
Changes in current partnership financing	8.2	4,313	17,555
Issuance or subscription, of long-term debt	7,3	32,156	41,474
Repayment of long-terme debt	7,3	-18,027	-30,228
NET CASH FROM FINANCING ACTIVITIES	12.3	**22,195**	**53,774**
NON CASH VARIATION		**5,739**	**14,163**
Impact of exchange rate changes		-1,574	-3,032
TECHNICAL VARIATION OF CASH		**4,165**	**11,131**
Cash and cash equivalents at the beginnoing of the year		61,153	65,318
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**65,318**	**76,449**
Cash and cash equivalents		89,232	101,682
Current bank financing		-23,914	-25,233
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**65,318**	**76,449**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Group Executive Board on November 21, 2018 and submitted for review to the Group Governance Council. They were submitted for approval at the General Assembly of Mazars SCRL on December 15, 2018.

NOTE 1: ACCOUNTING POLICIES

1.1 Accounting framework

The consolidated financial statements together with the attached notes for the financial year ended August 31, 2018 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 2017/2018 financial year

The Group has applied all the new or amended standards and interpretations mandatory for the 2017/2018 financial year, as follows:

- The amendments to IAS 7, "Statement of Cash Flows", providing for additional disclosure in respect of the change in financial liabilities in the consolidated statement of financial position;
- The amendments to IAS 12, "Income Taxes", on the recognition of deferred tax assets for unrealised losses.

These amendments have had no significant impact on the Group's 2017/2018 consolidated financial statements except for the evolution of the presentation of the liabilities associated with financing activities introduced by the amendment to IAS 7. A reconciliation between the opening and closing balances for the Group's main financial liabilities, distinguishing between the changes resulting from cash transactions and those not requiring the use of cash, has been provided in note 7.3.

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). **Based on its preliminary analysis and given the nature of its transactions, the Group does not anticipate any significant impact on its consolidated financial statements.** *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 standard modifies the pattern of revenue recognition. Thus, revenue recognition over time is no longer automatic but depends on whether transfer of control of the services sold to the customer happens over time. Based on our preliminary analysis, conducted by typology of the Group 's main contracts for each of its various activities, we do not anticipate any significant impact from this standard. The Group has decided to apply the modified retrospective method.** *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. The identification of contracts containing a lease as defined by IFRS 16 is in progress and initial financial estimates are awaited during the coming financial year. **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.*

The Group has not made early application of the standards, interpretations and amendments listed below the application of which as at September 1, 2017 was not mandatory:

- The amendments to IAS 19 on "Plan Amendment, Curtailment or Settlement";
- The improvements to IFRS for 2015-2017;
- IFRIC 22, "Foreign Currency Transactions and Advance Consideration".

Other new and amended Standards and Interpretations are not expected to have a significant impact on future financial statements.

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;
- The calculation of post-employment benefit obligations.

The main assets and liabilities as at August 31, 2018 subject to material potential adjustment, because of their bases of measurement, are as follows:

- Provisions for contingencies and future costs including €4,229 thousands relating to professional exposures and €4,345 thousands for other risks (see note 9.1);
- 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

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 2017/2018 financial year has been marked by sustained growth in the Group's activity in Europe and more particularly in France, Netherlands and Ireland.

The change in the Group's scope of consolidation is presented in note 2.2.

Venezuela has been subject to hyperinflation for several months. Mazars Venezuela continues to meet the criteria for consolidation but, given the impossibility of assessing the value in euro of the financial data reported, we have retained a nil value for the entity.

Following the departure of former Italian partners in 2015, Mazars engaged two arbitration procedures before the International Chamber of Commerce. The ICC's decisions were pronounced in March and May 2017 for the first procedure and in November 2017 for the second. In both arbitrations, all counterclaims against Mazars were fully rejected. The Italian entities and partners were sentenced to pay a total of €19.3 million to Mazars, all which amounts had been paid by August 31, 2018. Considering the accounting entries made in the two previous financial years, the impact on the Group's result for the 2017/2018 financial year amount to €9.4 million.

1.2.5 Events after the financial year closing

No significant event occurred after the year-end.

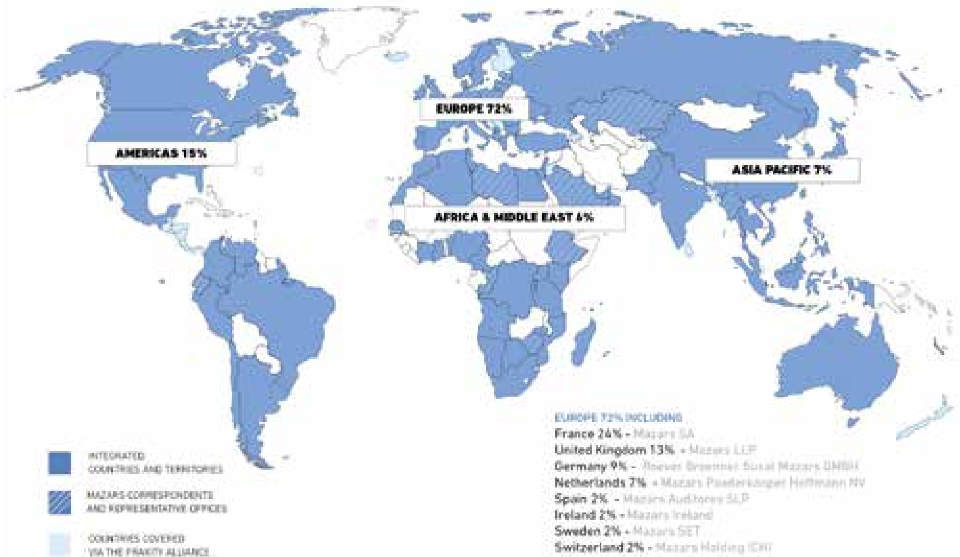
NOTE 2: SCOPE OF CONSOLIDATION

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 86 countries and territories (including 3 territories not separately identified as at August 31, 2017).

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



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 2017/2018 financial year has included:

- The integration of new countries (Colombia and Uganda);
- The integration of three French member firms and one Italian member firm.

The following table presents the main impact for 2017/2018, at the level of the Group's main line items and aggregates, of the changes in scope of consolidation.

Consolidated income statement

2017/2018 financial year ended on August 31, 2018

In thousands of euros	Uganda	Colombia	Italy	France	Total
Fee income	241	1,060	667	3,581	5,549
Gross margin	120	484	545	1,300	2,449
Total Surplus	53	131	437	-606	15

Consolidated statement of financial position

2017/2018 financial year ended on August 31, 2018

In thousands of euros	Uganda	Colombia	Italy	France	Total
Total non current assets	21	75	3	8,940	9,040
Total current assets	69	530	487	5,194	6,280
TOTAL ASSETS	**90**	**606**	**491**	**14,135**	**15,321**
Shareholders' equity		0			0
Total partnership financing	10	184	375	1,615	2,184
Total other non-current liabilities				943	943
Total other current liabilities	80	422	116	11,577	12,194
TOTAL EQUITY AND LIABILITIES	**90**	**606**	**491**	**14,135**	**15,321**

Weighted average full-time equivalent employees

	Uganda	Colombia	Italy	France	Total
Partners	1	1	1		3
Technical staff	26	43	4	25	98
Administratif staff	1	9		6	15
TOTAL	**28**	**52**	**6**	**31**	**116**

Acquisitions have also taken place in Ireland, Netherlands, Sweden and the USA.

The contribution of the Group's Chinese firm ZhongShen ZhongHuan has not been included within the consolidated financial statements because the requirements of IFRS 10 have not yet been fully met, given:

- The effective implementation of the governance structure for the new Chinese entity which was still in progress at August 31, 2018;
- The progressive implementation of the terms and conditions of the merger agreement.

Nevertheless, developing cooperation between ZhongShen ZhongHuan and other Group entities has been in place since 2016. The Chinese entity has thus contributed to the Group's performance during 2017/2018, 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 based on 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

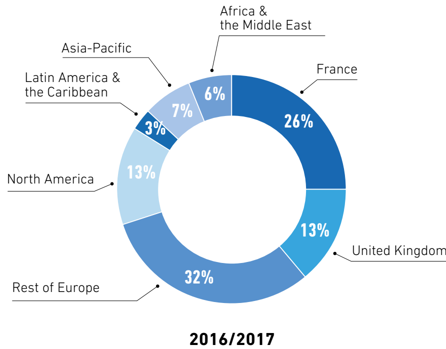
The seven operating segments monitored by the Group Executive Board are as follows:

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

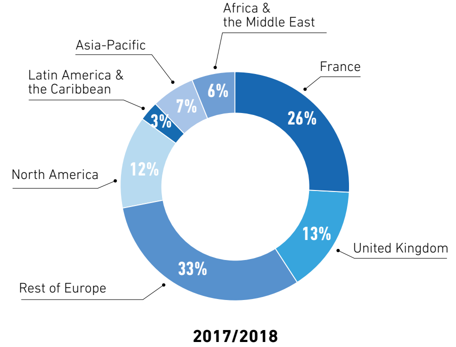
The three indicators applicable to segment reporting are fee income, gross margin and employees.

Fee income by operating segment

In thousands of euros	2016/2017	2017/2018	Variation
France	359,484	383,599	6.7%
United Kingdom	184,241	190,733	3.5%
Rest of Europe	450,534	500,344	11.1%
North America	185,033	183,860	-0.6%
Latin America & the Caribbean	43,886	40,352	-8.1%
Asia-Pacific	98,397	103,413	5.1%
Africa & the Middle East	87,375	89,040	1.9%
TOTAL	**1,408,950**	**1,491,342**	**5.8%**



2016/2017



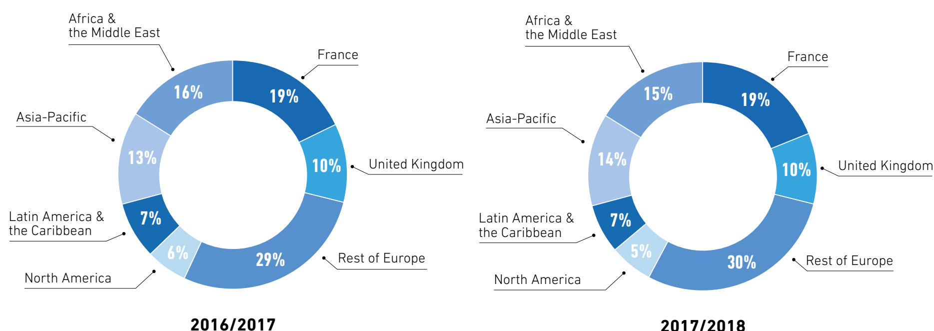
2017/2018

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

	2016/2017		2017/2018	
In thousands of euros	Gross margin	Gross margin rate	Gross margin	Gross margin rate
France	170,789	47.5%	177,860	46.4%
United Kingdom	91,144	49.5%	91,478	48.0%
Rest of Europe	217,193	48.2%	237,604	47.5%
North America	84,434	45.6%	90,789	49.4%
Latin America & the Caribbean	19,681	44.8%	16,689	41.4%
Asia-Pacific	49,061	49.9%	51,666	50.0%
Africa & the Middle East	47,650	54.5%	47,015	52.8%
TOTAL	**679,951**	**48.3%**	**713,100**	**47.8%**

Weighted average full-time equivalent employees by operating segment

	2016/2017	2017/2018
France	3,249	3,509
United Kingdom	1,837	1,906
Rest of Europe	5,095	5,609
North America	1,022	1,006
Latin America & the Caribbean	1,186	1,388
Asia-Pacific	2,305	2,488
Africa & the Middle East	2,749	2,825
TOTAL	**17,444**	**18,731**



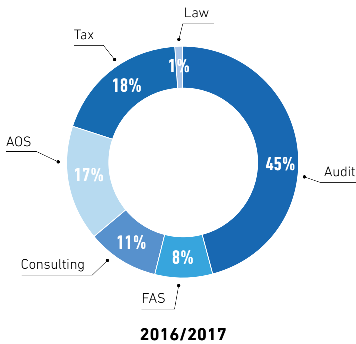
3.2 Information on service lines

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

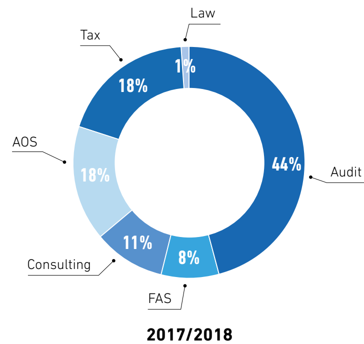
- **Audit,** i.e. those services designed to provide the assurance of reliable and relevant financial reporting;
- **Financial Advisory Services** (FAS), consisting in providing financial diagnosis for business operations, valuation and transmission, as well as support for the resolution of financial 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	Notes	2016/2017	2017/2018
Audit		630,595	658,529
FAS		114,896	116,530
Consulting		150,570	162,048
AOS		241,960	269,311
Tax		250,250	263,315
Law		20,679	21,608
TOTAL	4.1	**1,408,950**	**1,491,342**



2016/2017



2017/2018

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

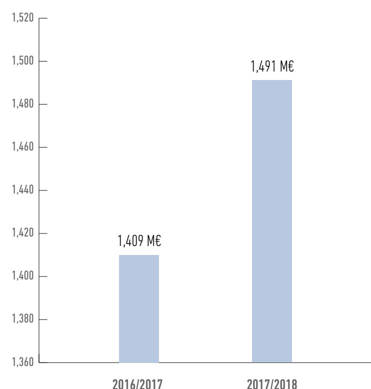
Fee income represents the fair value of payments received or receivable for services rendered to clients over the course of the year, after considering changes in accrued income. To better assess the level of gross margin, rebillable costs related to the provision of services (notably travel and accommodation)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

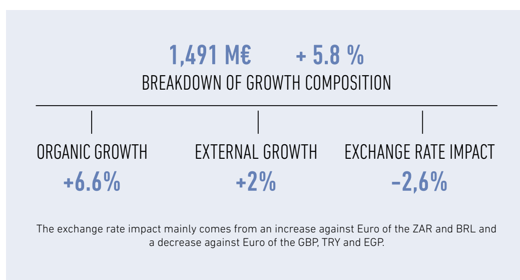
Fee income is recognised based on the percentage of completion (see note 4.2).

Fee income may be broken down as follows:

In thousands of euros	2016/2017	2017/2018
Fee notes rendered	1,455,680	1,540,867
Change in accrued income	7,616	10,765
REVENUE	**1,463,295**	**1,551,633**
Rebillable costs	-54,345	-60,291
FEE INCOME	**1,408,950**	**1,491,342**

Evolution of fee income





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 except for:

- 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).

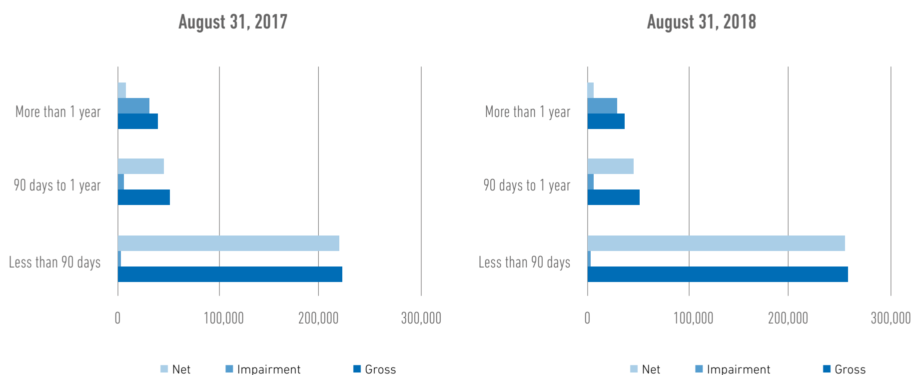
At August 31, 2018, trade accounts receivable and accrued income may be broken down as follows:

	August 31, 2017	August 31, 2018		
In thousands of euros	Net	Gross	Impairment	Net
Client debtors	302,494	390,006	-45,130	344,876
Accrued income	123,980	155,859	-22,472	133,387
Payments on account	-17,020	-25,504		-25,504
Deferred income	-11,170	-10,860		-10,860
CLIENT DEBTORS AND ACCRUED INCOME	**398,285**	**509,501**	**-67,602**	**441,900**
RATIO OF TRADE ACCOUNTS RECEIVABLE AND ACCRUED INCOME TO REVENUE	**27.2%**			**28.5%**

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

	August 31, 2017			August 31, 2018		
In thousands of euros	Gross	Impairment	Net	Gross	Impairment	Net
Less than 90 days	260,053	-5,817	254,236	279,021	-3,711	275,311
90 days to 1 year	50,646	-7,831	42,815	67,588	-6,461	61,127
More than 1 year	34,142	-28,698	5,444	43,397	-34,959	8,438
TOTAL	**344,840**	**-42,346**	**302,494**	**390,006**	**-45,130**	**344,876**

As at August 31, 2018, 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	2016/2017	Average FTE 2016/2017	2017/2018	Average FTE 2017/2018
FEE INCOME	**1,408,950**		**1,491,342**	
Cost of technical staff	-703,264	14,187	-751,127	15,379
Cost of technical subcontracting	-25,735		-27,114	
GROSS MARGIN	**679,951**		**713,100**	
GROSS MARGIN RATE	**48.3%**		**47.8%**	

The cost of technical staff increased by 6.9% in 2017/2018, in line with the fee income increase (5.8%).

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	2016/2017	2017/2018
GROSS MARGIN	**679,951**	**713,100**
Cost of administrative staff	-109,006	-114,258
Other costs	-268,194	-276,071
Depreciation, amortisation and impairment	-26,580	-24,332
SURPLUS OF OPERATIONS	**276,171**	**298,439**
RATIO OF SURPLUS OF OPERATIONS TO FEE INCOME	**19.6%**	**20.0%**

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

In thousands of euros	2016/2017	2017/2018
Property costs	82,463	82,230
Tax, Insurance and professional contributions	32,253	29,872
General services	44,883	45,325
Other	108,595	118,644
OTHER COSTS	**268,194**	**276,071**

The year has been marked by an increase in overheads reflecting the development of new audit software as well as significant investment in training associated with regulatory developments.

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	2016/2017	2017/2018
SURPLUS OF OPERATIONS	**276,171**	**298,439**
Amortisation of client relationships and goodwill	-7,341	-7,039
Financing costs	-4,974	-4,982
TOTAL SURPLUS	**263,856**	**286,418**
RATIO OF TOTAL SURPLUS TO FEE INCOME	**18.7%**	**19.2%**

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.

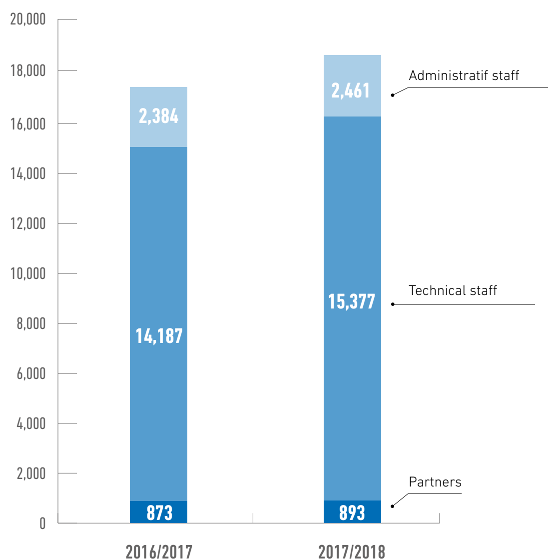
Post-employment benefits

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 17,444 for 2016/2017 to 18,731 for 2017/2018 (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 considers 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 , 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, 2018
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Present value of benefit obligations	53,452	10,695	33,660	17,944	2,249	118,000
Fair value of plan assets		-3,572	-35,667	-14,224	-182	-53,644
Asset ceiling			2,007			2,007
OPENING LIABILITY (ASSET)	**53,452**	**7,123**		**3,721**	**2,067**	**66,363**
Costs of the period	5,714	619		1,257	-143	7,447
Actuarial gains and losses recognised in OCI	-288	183	680	301	54	930
Effect of Asset ceiling			55			55
Benefits&Contributions paid	-4,075	-1,083	-735	-1,143	-125	-7,161
Change in consolidation scope		10,097				10,097
Foreign exchange impact						
CLOSING LIABILITY (ASSET)	**54,803**	**16,939**	**0**	**4,135**	**1,854**	**77,732**
of which : Partners						19,185
of which : staff						58,548
Present value of benefit obligations	54,803	20,492	32,952	26,228	2,033	136,508
Fair value of plan assets		-3,553	-35,014	-22,092	-179	-60,838
Asset ceiling			2,062			2,062

						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)	**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 recognised 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)	**53,452**	**7,123**		**3,721**	**2,067**	**66,363**
of which : Partners						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

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 2017/2018 financial year may be broken down as follows:

						2017/2018
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Cost of services rendered	2,748	323		1,166	128	4,365
Interest expense	1,997	294	868	119	149	3,427
Expected return on plan assets		-72	-868	-99	-13	-1,051
Change in consolidation scope		74				74
Amortisation of actuarial (gains) and losses					-168	-168
Impact of curtailments and settlements					35	35
NET EXPENSE FOR THE PERIOD	**4,744**	**619**		**1,186**	**131**	**6,681**
FOREX IMPACT	**970**			**71**	**-274**	**767**

						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
Amortisation 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**

5.2.3 Actuarial gains and losses

Actuarial gains and losses for the 2017/2018 financial year amounted to a net loss of €.1 million and may be broken down as follows:

						2017/2018
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
ACTUARIAL (GAINS) & LOSSES ON THE DBO	**-288**	**189**	**-703**	**2,529**	**-113**	**1,614**
Experience loss (gain)	1,016	189	137	3,201	-131	4,411
Actuarial loss (gain) due to change in financial assumptions	-1,304		-626	-672	-73	-2,674
Actuarial loss (gain) due to change in demographic assumptions			-214		91	-123
ACTUARIAL (GAINS) & LOSSES ON PLAN ASSETS		**-6**	**1,382**	**-2,229**	**-1**	**-853**
Actuarial gains (losses) on defined benefit plans					-168	-168
REMEASUREMENTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	**-288**	**183**	**680**	**301**	**54**	**930**
EFFECT OF ASSET CEILING			**55**			**55**
TOTAL REMEASUREMENTS INCLUDED IN OCI	**-288**	**183**	**735**	**301**	**54**	**985**

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, 2017					August 31, 2018				
	Equities	Bonds	Deriva-tives	Real Estate	Cash	Equities	Bonds	Deriva-tives	Real Estate	Cash
France	30%	70%				30%	70%			
United Kingdom	69%		29%		2%	70%		22%		8%
Switzerland	50%	25%	5%	20%		25%	41%	6%	28%	

5.2.5 Applicable assumptions and sensitivity analysis

As August 31, 2018, the financial assumptions retained for the benefit plans applicable to each of the Group's geographical zones were as follows:

	Discount rates 2017	Discount rates 2018	Inflation rate 2017	Inflation rate 2018
United States	3.75%	4.10%	2.50%	2.50%
Euro Zone	1.50%	1.50%	2.00%	2.00%
United Kingdom	2.50%	2.60%	2.90%	3.10%
Switzerland	0.70%	1.00%	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, 2018
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Obligation as at August 31, 2018	54,803	20,492	32,952	26,228	2,033	136,508
Impact of an increase of 0.50%	-1,752	-1,166	-2,028	-928	-98	-5,972
Impact of a decrease of 0.50%	1,908	1,312	3,363	1,040	82	7,705
Weighted duration (in years)	7	12	16	8	9	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, 2017	Acquisitions		Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	August 31, 2018
GROSS VALUES								
Client relationships	88,818	9,815		-3,083	16,222	1,730	572	114,073
Goodwill	96,247			40	6,516	1,474	1,793	106,070
Other intangible assets	54,027	8,144		-1,533	1,716	-2,508	-1,286	58,560
TOTAL	**239,092**	**17,959**		**-4,576**	**24,454**	**696**	**1,079**	**278,704**

In thousands of euros	August 31, 2017		Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	August 31, 2018
AMORTISATIONS AND PROVISIONS								
Client relationships	-48,973		-6,994	2,062	-2,051	19	-323	-56,261
Goodwill	140		-45	-2	-1,498	0	4	-1,402
Other intangible assets	-29,009		-4,062	1,276	-1,193	-264	457	-32,794
TOTAL	**-77,842**		**-11,101**	**3,336**	**-4,742**	**-245**	**137**	**-90,457**

In thousands of euros	August 31, 2017	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	August 31, 2018
NET VALUES								
Client relationships	39,845	9,815	-6,994	-1,021	14,171	1,749	248	57,812
Goodwill	96,387		-45	37	5,018	1,474	1,797	104,668
Other intangible assets	25,018	8,144	-4,062	-257	523	-2,772	-829	25,766
TOTAL	**161,250**	**17,959**	**-11,101**	**-1,240**	**19,712**	**451**	**1,216**	**188,246**

The acquisitions of client relationships mainly relate to the USA, France and the Netherlands.

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

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

Acquisitions of intangible assets have essentially related to software for internal use, such as the new ERP system in France, and to intangibles developed internally such as new audit software.

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

	August 31, 2017		August 31, 2018	
In thousands of euros	Client relationships	Goodwill	Client relationships	Goodwill
France	15,381	34,283	23,668	34,168
United Kingdom	3,921	5,032	4,722	5,168
Rest of Europe	10,410	3,686	16,939	3,708
North America	9,795	45,527	12,142	51,559
Latin America & the Caribbean		960		3,347
Asia-Pacific	337	5,323	340	5,391
Africa & the Middle East	0	1,574	0	1,327
TOTAL	**39,845**	**96,387**	**57,812**	**104,668**

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, 2017	Acquisi-tions		Disposals	Changes in consolida-tion scope	Others	Foreign currency gains and losses	August 31, 2018
GROSS VALUES								
Fixtures and fittings	71,213	5,100		-6,363	1,379	298	-464	71,163
Vehicles and other items	5,819	881		-1,180	-7	16	-53	5,476
Furniture and office equipment	85,847	11,162		-6,551	1,233	-1,477	-769	89,444
TOTAL	**162,879**	**17,143**		**-14,094**	**2,605**	**-1,163**	**-1,286**	**166,083**

In thousands of euros	August 31, 2017		Deprecia-tions	Disposals	Changes in consolida-tion scope	Others	Foreign currency gains and losses	August 31, 2018
AMORTISATIONS AND PROVISIONS								
Fixtures and fittings	-48,871		-6,141	6,344	-994	1,506	471	-47,684
Vehicles and other items	-3,862		-662	1,017	17	-19	23	-3,486
Furniture and office equipment	-58,756		-11,019	6,490	-752	-152	495	-63,694
TOTAL	**-111,489**		**-17,822**	**13,851**	**-1,729**	**1,335**	**989**	**-114,865**

In thousands of euros	August 31, 2017	Acquisi-tions	Deprecia-tions	Disposals	Changes in consolida-tion scope	Others	Foreign currency gains and losses	August 31, 2018
NET VALUES								
Fixtures and fittings	22,342	5,100	-6,141	-19	385	1,804	7	23,478
Vehicles and other items	1,956	881	-662	-163	10	-3	-30	1,990
Furniture and office equipment	27,091	11,162	-11,019	-61	481	-1,629	-274	25,750
TOTAL	**51,389**	**17,143**	**-17,822**	**-243**	**876**	**172**	**-297**	**51,219**

Acquisitions of property, plant and equipment have essentially related to the purchase of computer equipment and the partial renewal of existing computer infrastructure, as well as to the renovation and refurbishment of office premises.

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 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 considers 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, considering 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, 2017	August 31, 2018
Less than 1 year	57,132	60,638
1 to 5 years	154,211	173,889
More than 5 years	65,956	67,071
MINIMUM RENT	**277,299**	**301,599**

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 many 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 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, 2017	August 31, 2018
Long-term borrowings - current	31,569	30,216
Long-term borrowings - non-current	64,406	83,048
FINANCIAL DEBTS	**95,975**	**113,264**
Cash and cash equivalents	-89,232	-101,682
Current bank financing	23,914	25,233
NET CASH	**-65,318**	**-76,449**
NET BORROWINGS	**30,657**	**36,814**

Financial debts have increased by €17 million and net borrowings by €6 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, 2017	August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017	August 31, 2018
EUR	75,417	88,620	-45,556	-56,516	6,861	9,183	36,722	41,287
USD	7,756	12,050	-4,800	-5,519	81	101	3,036	6,632
GBP			-2,096	-2,106	13,994	12,464	11,898	10,358
SGD	825	815	-2,281	-2,581			-1,456	-1,767
ZAR	1,842	2,138	-1,296	-704	1,477	1,712	2,023	3,146
Others currencies	10,135	9,641	-33,203	-34,256	1,502	1,773	-21,566	-22,842
Total	**95,975**	**113,264**	**-89,232**	**-101,682**	**23,914**	**25,233**	**30,657**	**36,814**

By flow

In thousands of euros	August 31, 2017	Cash from loans	Debt redemp-tion	Variations in cash	Change in conso-lidation scope	Others	Foreign currency gains and losses	August 31, 2018
Long-term borrowings - current	31,569	3,652	-26,873		7,298	15,770	898	30,216
Long-term borrowings - non-current	64,406	37,823	-3,354		667	-16,190	-304	83,048
FINANCIAL DEBTS	**95,975**	**41,474**	**-30,228**		**7,965**	**-420**	**594**	**113,264**
Cash and cash equivalents	-89,232			-12,939	-1,383	-141	2,014	-101,682
Current bank financing	23,914			-611	1,745		185	25,233
NET CASH	**-65,318**			**-13,551**	**362**	**-141**	**2,199**	**-76,449**
NET BORROWINGS	**30,657**	**41,474**	**-30,228**	**-13,551**	**8,327**	**-561**	**2,793**	**36,814**

The €38 million increase in “Long-term borrowings” is due mainly to:

- Long-term borrowings contracted by Mazars SA (France):
  - A €12 million fixed interest loan from Société Générale;
  - A €8 million fixed interest loan from Banque Palatine;
- A €4 million loan subscribed by Mazars USA.

By operating segment

In thousands of euros	August 31, 2017	August 31, 2018
France	47,524	53,028
United Kingdom	11,898	10,358
Rest of Europe	-19,450	-21,878
North America	5,748	11,188
Latin America & the Caribbean	-1,726	-35
Asia-Pacific	-9,913	-13,426
Africa & the Middle East	-3,423	-2,421
NET BORROWINGS	**30,657**	**36,814**

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, 2017	Acquisi-tions		Disposals	Reimbur-sements	Changes in conso-lidation scope	Others	Foreign currency gains and losses	August 31, 2018
GROSS VALUES									
Shares in non consolidated companies	1,357	11,642		-136		-11,166	-120	-5	1,572
Loans	89	64			15	20	-188	0	0
Deposits & guarantees	2,504	644			-202		26	-14	2,957
Other long-term investments	16,018	1,856			-911	227	333	-164	17,359
TOTAL	**19,967**	**14,206**		**-136**	**-1,098**	**-10,920**	**51**	**-183**	**21,888**

In thousands of euros	August 31, 2017		Amortisa-tions	Disposals		Changes in conso-lidation scope	Others	Foreign currency gains and losses	August 31, 2018
DEPRECIA-TIONS									
Shares in non consolidated companies	-440		-10	4		-1	0		-447
Loans									
Deposits & guarantees	-6			6					
Other long-term investments	-827		-70	7			12	2	-875
TOTAL	**-1,273**		**-79**	**17**		**-1**	**12**	**2**	**-1,322**

In thousands of euros	August 31, 2017	Acquisi-tions	Amortisa-tions	Disposals	Reimbur-sements	Changes in conso-lidation scope	Others	Foreign currency gains and losses	August 31, 2018
NET VALUES									
Shares in non consolidated companies	918	11,642	-10	-132		-11,167	-120	-5	1,125
Loans	89	64			15	20	-188	0	0
Deposits & guarantees	2,498	644		6	-202		26	-14	2,957
Other long-term investments	15,191	1,856	-70	7	-911	227	345	-162	16,484
TOTAL	**18,695**	**14,206**	**-79**	**-119**	**-1,098**	**-10,921**	**63**	**-181**	**20,566**

The acquisitions of investments mainly relate to transactions by consolidated entities in France and in the Netherlands.

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, 2017	Increases	De- creases	Amorti- sations	Changes in conso- lidation scope	Recycling to profit and loss	Others	Foreign currency gains and losses	August 31, 2018
Sharedolder's equity of operating entities	73,580		-1,127		7,375		-7,831	-1,543	70,454
Blocked cur- rent account balances	75,057	14,176					3,031	-979	91,286
Bond issues	27,458	2,629					228	-93	30,222
Other com- prehensive income	-14,107					368	3,886	34	-9,819
Currency translation adjustments	2,628				-5,415	-311		2,987	-111
PARTNERSHIP FINANCING	**164,616**	**16,806**	**-1,127**		**1,960**	**57**	**-686**	**406**	**182,031**
Provisions for post-employ- ment benefits	32,435	466		2,183		-1,037	-4,655	246	29,637
Deferred tax (net)	-8,176			-1,184	3,004		1,412	156	-4,788
PARTNERSHIP FINANCING - NON-CURRENT	**188,873**	**17,272**	**-1,127**	**999**	**4,964**	**-980**	**-3,929**	**808**	**206,880**
PARTNERSHIP FINANCING - CURRENT	**112,061**	**55,475**	**-37,920**		**-1,496**	**1,611**	**-672**	**-2,156**	**126,904**
TOTAL PARTNERSHIP FINANCING	**300,934**	**72,746**	**-39,047**	**999**	**3,468**	**632**	**-4,600**	**-1,348**	**333,784**

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 €-1 million and to staff for €1,4 million, taken respectively to “Provisions for post-employment benefits” for partners and “Provisions” for staff.

As at August 31, 2018, “post-employment benefits due to partners” include €10.4 million of lump-sum benefits payable at the date of retirement.

Debts from former retired partners in the United States have been reclassified as other liabilities (€ 7.6 million).

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, 2017	Additions	Reversals	Changes in consolida-tion scope	Revalua-tion	Others	Foreign currency gains and losses	August 31, 2018
Professional risks	5,542	458	-1,725	53		-150	50	4,229
Post-employment benefit liabilit. except partners	54,502	5,634	-8,910	1,186	1,405	4,666	584	59,067
Vacant properties	1,164	232	-101			339	28	1,662
Other risks	19,379	2,183	-3,906	277		81	-78	17,935
TOTAL	**80,587**	**8,507**	**-14,642**	**1,517**	**1,405**	**4,936**	**584**	**82,893**

Post-employment benefit liabilities (except for partners) include €59 million of lump-sum benefits payable at the date of retirement.

At August 31, 2018, a reclassification was made between provisions for post-employment benefits from CARL partners to other employees for €4 million.

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

In thousands of euros	August 31, 2018	Current portion	Non-current portion
Professional risks	4,229	4,066	163
Post-employment benefit liabilit. except partners	59,067	6,131	52,936
Vacant properties	1,662	481	1,181
Other risks	17,935	15,274	2,661
TOTAL	**82,893**	**25,953**	**56,941**

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 mitigating those risks, the entities subscribe insurance cover.

As at August 31, 2018, 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, 2018 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, 2017	August 31, 2018
Social security receivables	2,205	2,290
Tax receivables	27,578	30,267
Current accounts and other receivables	24,930	23,161
Prepaid expenses	24,048	30,611
Unrealised foreign exchange losses	27	25
TOTAL	**78,787**	**86,354**

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, 2017	August 31, 2018
Trade and other payables	109,979	128,552
Payroll liabilities	109,523	115,827
Tax payable	75,371	85,570
TOTAL	**294,873**	**329,949**

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 "Surplus allocated to partners" 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, and the deferred tax related to the surplus not allocated to the partners.

11.1 Current tax

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

In thousands of euros	2016/2017	2017/2018
Tax payable by partners	8,091	7,192
Tax payable by the Group	3,284	2,288
Tax payable by Mazars SCRL	25	
TOTAL	**11,400**	**9,480**

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, 2017	August 31, 2018
Deferred tax assets	11,950	10,100
Deferred tax liabilities	-3,773	-5,312
TOTAL	**8,176**	**4,788**

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, and the deferred tax related to the surplus not allocated to 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 Net cash generated by operating activities

Net cash generated by operating activities amounted to €6.4 million (compared with €29.9 million as at August 31, 2017) and reflected:

- +€23.6 million of self-financing capacity;
- -€17.3 million of increased working capital requirements mainly reflecting:
  - Business organic growth generates an increase in receivables of €23 million;
  - In addition, there has been an increase in trade receivables above revenue growth of €20 million, mainly due to delays in billings and reminders related to the introduction of new IT tools;
  - The increase in social security and tax receivables of €35 million can be broken down in cash flow by €24 million, the balance of €11 million comes from consolidation scope entries, reclassifications and foreign exchange impact.

12.2 Net cash used in investing activities

The main components of the net cash outflows of €45.8 million (2017: €46.3 million) for investment comprised:

- The acquisition of intangible assets mainly in the form of computer software purchased or developed internally and of client relationships (see note 6.1);
- The acquisition of property, plant and equipment mainly in the form of computer equipment, partial renewal of computer infrastructure and the renovation and refurbishment of office premises (see note 6.2);
- The acquisition of non-current financial assets in the form of deposits and guarantees (see note 7.4);
- The net cash outflow for business combinations (excluding any cash acquired) amounting to €12 million (see note 7.4).

In thousands of euros	2017/2018
Acquisition of financial assets	-11,642
Cash acquired subsidiaries	-362
NET CASH / ACQUISITION & SALE OF SUBSIDIARIES	**-12,004**

12.3 Net cash from financing activities

The main components of the net cash inflows of €53.8 million (2017: net outflows of €22.2 million) for financing activities comprised:

- €24.9 million of long-term additional partnership financing and €17.5 million of additional partnership financing in the form of deferred remuneration (see note 8.2);
- €41.5 million of new borrowings financing both development and investment and €30.2 million of repayment of bank loans (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 nine members of the Group Executive Board, the executive body of Mazars SCRL, and to the eleven members of the Group Governance Council amounted to €12 million for the 2017/2018 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 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, 2017	August 31, 2018
GUARANTEES PROVIDED	**13,312**	**8,014**

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 2017/2018.

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

2017/2018 financial year ended on August 31, 2018

In thousands of euros	2016/2017 Pro forma	2017/2018 Consolidated	ZhongShen ZhongHuan	2017/2018 Pro forma
Revenue	1,569,374	1,551,633	110,709	1,662,342
Rebillable costs	-54,345	-60,291		-60,291
FEE INCOME	**1,515,028**	**1,491,342**	**110,709**	**1,602,051**
Cost of technical staff	-786,568	-778,241	-54,669	-778,241
GROSS MARGIN	**728,461**	**713,100**	**56,040**	**769,140**
Cost of administrative staff	-114,346	-114,258	-5,070	-119,328
Other costs	-291,193	-282,176	-24,456	-306,632
Depreciation, amortisation and impairment	-26,580	-18,228		-18,228
SURPLUS OF OPERATIONS	**296,342**	**298,439**	**26,514**	**324,953**
Amortisation of client relationships and goodwill	-7,341	-7,039		-7,039
Financing costs	-4,974	-4,982		-4,982
TOTAL SURPLUS	**284,027**	**286,418**	**26,514**	**312,932**
SURPLUS ALLOCATED TO PARTNERS	**-283,891**	**-281,295**	**-26,514**	**-307,809**
PRE-TAX RESULT	**136**	**5,122**	**0**	**5,122**
Corporate income tax	-25	-1,741		-1,741
POST-TAX RESULT	**112**	**3,381**	**0**	**3,381**

Pro forma weighted average full-time equivalent employees

2017/2018 financial year ended on August 31, 2018

	2016/2017 Pro forma	2017/2018 Consolidated	ZhongShen ZhongHuan	2017/2018 Pro forma
Partners	935	893	61	954
Technical staff and administratif staff	19,451	17,838	3,596	21,434
TOTAL	**20,385**	**18,731**	**3,657**	**22,388**

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 2018, 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 2018, 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 Auditors' 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 auditors' 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, 7 December 2018

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CREDITS

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Mazars Group's 2017-2018 Annual Report
(including the 2018 Yearbook) is also available online
www.annualreport.mazars.com

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