BREAKING NEW GROUND

2013/2014 ANNUAL REPORT

The Group Executive Board comprises six members elected in 2012 for a four-year term:

Philippe Castagnac
Group CEO, Chairman of the Group Executive Board

Antonio Bover
Co-CEO, Sponsor of the Tax and Law Global Business Unit, Senior Partner of Mazars in Spain

Hervé Hélias
Co-CEO, Sponsor of the Public-Interest Entity Global Business Unit, Senior Partner of Mazars in France

Hilton Saven
Co-CEO, Sponsor of Emerging Markets, Senior Partner of Mazars in South Africa

Phil Verity
Co-CEO, Sponsor of the Owner-Managed Business Global Business Unit, Senior Partner of Mazars in the United Kingdom

Victor Wahba
Co-CEO, Member of the Executive Committee of WeiserMazars in the United States

The Group Governance Council is made up of 14 members elected in 2012 for a four-year term:

Patrick de Cambourg
Group Chairman, Chairman of the Group Governance Council (France)

Kenneth Morrison
Vice Chairman of the Group Governance Council (China, Hong Kong)

Douglas A. Phillips
Vice Chairman of the Group Governance Council (United States)

Thierry Blanchetier
(France)

Kathryn Byrne
(United States)

François de Carbonnel*

Anita de Casparis
(Netherlands)

Simone Del Bianco
(Italy)

Mohamed Ali Elaouani Cherif
(Tunisia)

Denise K. Fletcher*

Patrice de Folleville
(Germany)

Tim Hudson
(United Kingdom)

Kathleen Robison
(South Africa)

Jean-Louis Simon
(France)

* External members

This Annual Report marks Mazars' first step in its move towards Integrated Reporting. It contains forward-looking information including our strategic vision and our ambitions as well as market analysis. The Group Executive Board was actively involved in preparing and validating the information contained in this Annual Report.

The consolidated financial statements of Mazars SCRL and the entities that form the Mazars organization are jointly audited by independent auditors: BDO and Crowe Clark Whitehill LLP.

ABOUT US

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

Mazars and its correspondents operate throughout 87 countries*. Seventy-two of these countries are part of Mazars' integrated partnership and draw on the expertise of over 14,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development.

The Praxity Alliance offers Mazars operating capacity via professional teams in 19 additional countries.

Efficient, trusted and innovative companies and communities are those that are capable of lending a common purpose to what they do, of shining a light on the current complexities and committing to a vision in which each individual can make a difference and contribute more broadly to the collective dynamic that results.

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

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

Mazars – more collective and more transparent – to drive progress together.

*As of August 31, 2014

CONTENTS

EMBARKING ON THE INTEGRATED REPORTING JOURNEY WITH OUR STAKEHOLDERS 02
DEFINING MATERIAL INFORMATION 04

MAZARS AT A GLANCE 06
SERVING OUR CLIENTS WORLDWIDE 08
OUR VALUE CHAIN 10
HIGHLIGHTS OF THE YEAR 12
OUR 2013/2014 KEY PERFORMANCE INDICATORS 14

RAISING THE BAR 16
EXTERNAL INSIGHT – THOMAS GOMART 18
CEO REVIEW – PHILIPPE CASTAGNAC 20
GROUP GOVERNANCE COUNCIL STATEMENT – TIM HUDSON 22
HONORARY PRESIDENT STATEMENT – PATRICK DE CAMBOURG 23

FOSTERING TRUST AND QUALITY 24
EXTERNAL INSIGHT – MERVYN KING 26
PROMOTING CONFIDENCE IN BUSINESS 28
RELIABLE PARTNERSHIPS FOR COMPLIANCE 30
DATA PROTECTION AND BRAND REPUTATION 32
BETTER PRACTICES FOR BETTER ETHICS 34

ADDING VALUE FOR CLIENTS 36
EXTERNAL INSIGHT – LENA YANG AND BRUNO ROUSSET 38
THE NEW CHALLENGES OF LONG-TERM VALUE CREATION 40
TALENT TO BETTER SERVE OUR CLIENTS 42
GLOBAL OUTREACH AND NEW FRONTIERS 44
DIALOGUE WITH BUSINESS COMMUNITIES 46

PREPARING THE FUTURE 48
EXTERNAL INSIGHT – NATHALIE BERGER 50
CONNECTING BUSINESS WITH SOCIETY 52
STAYING AHEAD OF THE GAME 54
SOUND SOLUTIONS FOR CLIENTS AND SOCIETY 56
MAKING AN IMPACT ON OUR COMMUNITIES 58

GOVERNANCE AND PERFORMANCE REVIEW 60
OUR GOVERNANCE: TRANSPARENCY AND INDEPENDENCE 62
GROUP EXECUTIVE BOARD REPORT 66
GROUP GOVERNANCE COUNCIL REPORT 72
CONSOLIDATED FINANCIAL STATEMENTS 74
INDEPENDENT AUDITORS' REPORT 103
TRANSPARENCY REPORT 104

You can read and download all the Annual Reports that we have published since 2004/2005 at
annualreport.mazars.com

The pictures in this Annual Report feature Mazars' staff. Special thanks to them for their cooperation.

WHY ARE WE MOVING TOWARDS AN INTEGRATED REPORTING APPROACH?

NINE YEARS AGO, MAZARS WAS THE FIRST GLOBAL AUDIT AND ADVISORY FIRM TO PUBLISH CONSOLIDATED FINANCIAL STATEMENTS. TODAY, WE HAVE DECIDED TO GO ONE STEP FURTHER AND START PRESENTING OUR FINANCIAL AND NON-FINANCIAL INFORMATION IN ACCORDANCE WITH THE FRAMEWORK SET OUT BY THE INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC).

An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects – in the context of its external environment – lead to the creation of value in the short, medium and long term.

We have embarked on a three-year journey to start our Integrated Reporting process. Applying the principles of Integrated Reporting will allow us to even better explain who we are at Mazars, and how we serve our clients, our communities and the public interest wherever we operate worldwide. We are now focusing on making an ever-clearer connection between how we use our resources and how we create value.

This process has offered us an opportunity to start a conversation with our external stakeholders, as we have done with our employees and alumni for several years. It has made it possible to develop new ways of understanding our business environment using a holistic approach.

The benefits are already clear, and integrated thinking is taking hold at Mazars. We have been able to rethink how we explain our business model and our value creation process. Our goal is to provide the business community and all our stakeholders with comprehensive, accurate and clear information so they can understand how we create, deliver and share value.

Our challenge for the next two years will be to develop and deploy new key performance indicators (KPIs). We will select new additional KPIs, in line with the material issues we have defined in this report. At the same time, we will improve our existing indicators to measure our progress.

Contributing to the progress of Integrated Reporting
Over the past two years and in line with our long-standing commitment to transparency, we have been active contributors to the IIRC, helping the organization establish the framework for this new form of reporting.

Integrated Reporting focuses on how an organization creates value and how it uses and affects six capitals:

- **Financial**
- **Human**
- **Manufactured**
- **Social & Relationship**
- **Intellectual**
- **Natural**

To find out more about Integrated Reporting, please visit the IIRC's website: www.theiirc.org

EMBARKING ON THE INTEGRATED REPORTING JOURNEY WITH OUR STAKEHOLDERS

AS WE MOVE TO INTEGRATED REPORTING, THIS ANNUAL REPORT OFFERS A NEW APPROACH TO ASSESSING THE MATERIAL ISSUES RELATED TO OUR VALUE CREATION PROCESS AND OUR BUSINESS MODEL. WE HAVE REORGANIZED THE CONTENT OF OUR ANNUAL REPORT TO TAKE INTO ACCOUNT THE EXPECTATIONS OF BOTH OUR INTERNAL AND EXTERNAL STAKEHOLDERS.

We started the process by mapping out who our stakeholders are. At Mazars, we know that our staff, clients and business partners all form part of the complex ecosystem in which we evolve as a professional services firm focused on fostering financial transparency and performance.

Our main stakeholders

International organizations: OECD, G20, B20, etc.
Professional associations and institutes: IFAC, FEE, etc.
European Commission
EU Parliament
National parliaments and governments
Lobby groups
"Best friends"
Competitors

Existing clients – Assurance
Existing clients – Non-Assurance
Other businesses

Regulators
Standard-setters
Oversight bodies
Market partners
Users of audited information

MAZARS

Subcontractors
Suppliers
Banks
Other investors

CARL Partners
Local Partners
Technical staff
Support staff
Praxity Partners
Mazarians' friends and family

Civil society
Research institutions
Universities/Business schools
Think tanks
Social networks
Alumni
Media
Non-governmental organizations

We started a conversation with our stakeholders last year when we asked our staff and alumni to help us develop the content for our Annual Report. We created an open, online Collective Intelligence 2.0 platform that allowed them to post their questions. This dialogue reaffirmed how much they care about strategy and want to have a clearer vision of Mazars' future.

Our goal now is to foster ongoing dialogue. We have thus expanded our platform this year to include all our stakeholders – from the aspiring intern to the audit regulator. Our platform will remain open throughout the year and will serve as a powerful tool to open up a dialogue about how we report – in terms of the information provided, the material issues covered, our governance structure, etc.

We encourage all our stakeholders to give us feedback on our Annual Report.

GO ONLINE TO FIND OUT MORE:
WWW.COLLECTIVEINTELLIGENCE20.COM

AMONG THE MANY QUESTIONS ASKED ON OUR COLLECTIVE INTELLIGENCE 2.0 PLATFORM, WE DECIDED TO FOCUS ON THE FIVE THAT BEST REFLECT THE MATERIAL ISSUES TO BE ADDRESSED IN THIS REPORT. ALL OTHER QUESTIONS WILL BE ANSWERED ON A REGULAR BASIS DIRECTLY ON OUR WEBSITE.

Raising the Bar P16

Q: What are the three main focal points of Mazars' strategy to help the organization enhance its competitive advantage in changing local and global environments?
Stanislav Spano, Slovakia, Mazars

Fostering Trust and Quality P24

Q: How does Mazars apply the transparency it expects from its clients and stakeholders to itself? How does this help build relationships based on trust?
Felix Gloor, Switzerland, Mazars

Adding Value for Clients P36

Q: As Mazars' clients continue to globalize, how can Mazars help its staff and Partners increase their international experience and skills given the growing need for cross-border assignments?
Athanasios Konstantakis, Greece, Mazars

Preparing the Future P48

Q: What can a professional services firm like Mazars do to show its commitment to promoting social and environmental issues? How can its progress be measured?
Belety Ngounou, Cameroon, external stakeholder

Governance and Performance Review P60

Q: As the regulatory audit and tax landscapes are fast-changing, with increasing risks of conflicts of interest, isn't there a need for Mazars to adopt a new model and appoint somebody who's not a services professional to its Supervisory Board?
Sander van Kreijl, Netherlands, Mazars

OUR MATERIALITY MATRIX IS DESIGNED TO DETERMINE WHAT THE KEY CHALLENGES IMPACTING OUR BUSINESS MODEL ARE AND HOW MUCH THEY MATTER TO BOTH OUR INTERNAL AND EXTERNAL STAKEHOLDERS.

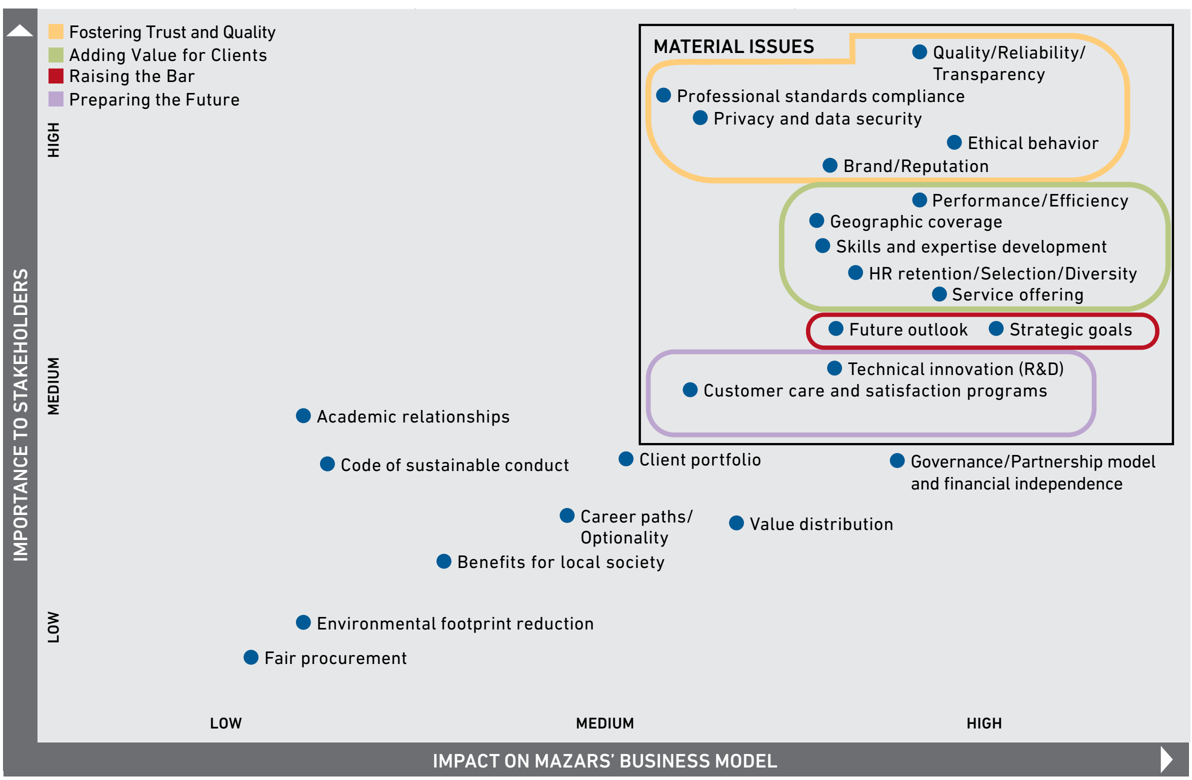
We conducted analysis through various workshops and seminars to identify the material issues that will have the greatest impact on our performance and our long-term value creation. By connecting more with the outside world, we have been able to focus on what matters most. Today, we link our activities and business model to how we create, deliver and share value for our people, our clients and our communities.

Our discussions with experts from our service lines, departments and governance bodies allowed us to determine 23 key issues identified as relevant to our business model and important for our stakeholders.

In the course of our discussions, three major themes emerged that truly define who we are and what we stand for: Fostering Trust and Quality, Adding Value for Clients and Preparing the Future.

Next year, our goal is to get external stakeholders involved at an earlier stage in the reporting process through an online survey and our Collective Intelligence 2.0 platform. The idea is to continue to better assess their expectations and analyze to what extent they reflect our vision.

Our materiality matrix



Source: Mazars workshops/June-October 2014

Our report is divided into six sections. Part one – Mazars at a Glance – outlines who we are. Part two – Raising the Bar – highlights our strategy. The next three sections – Fostering Trust and Quality, Adding Value for Clients and Preparing the Future – directly address material issues that are interlinked. The last part – Governance and Performance Review – contains information about our governance and financial performance. This report also features insights from external experts. We applied the IIRC framework recommendations by including information on the future outlook, our risks and opportunities, and our strategy.

1. Mazars at a Glance
Featuring our fundamentals, highlights of the year and key performance indicators.
P06

2. Raising the Bar
Taking advantage of the opportunities arising from the changing market to increase our competitiveness through our international integrated partnership.
P16

3.Fostering Trust and Quality
Ensuring transparency, ethical behavior and compliance to create a climate of trust.
P24

4. Adding Value for Clients
Offering sustainable benefits by providing the right expertise wherever needed.
P36

5. Preparing the Future
Actively contributing to improving the business ecosystem, fostering innovation and developing future generations.
P48

6. Governance and Performance Review
Sharing our decision-making processes and financial performance.
P60

PROGRESS DRIVEN BY COLLECTIVE INTELLIGENCE

"OUR STAKEHOLDERS ARE ENTITLED TO HAVE A CLEAR VISION OF OUR STRATEGY, OUR ORGANIZATIONAL STRUCTURE AND OUR PERFORMANCE".

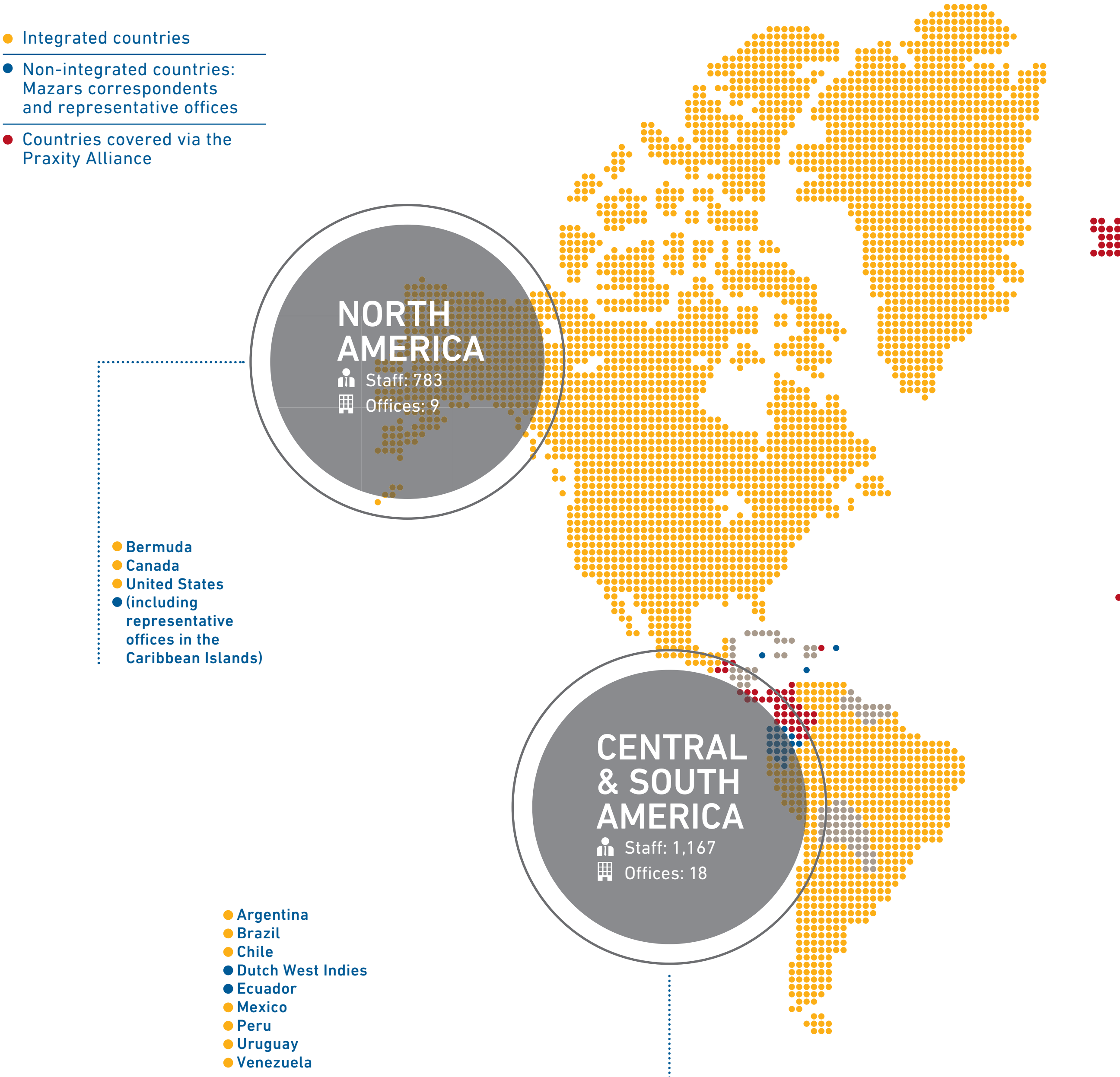
Philippe Castagnac
CEO of the Mazars Group,
Chairman of the Group Executive Board

MAZARS AT A GLANCE	06
SERVING OUR CLIENTS WORLDWIDE	08
OUR VALUE CHAIN	10
HIGHLIGHTS OF THE YEAR	12
OUR 2013/2014 KEY PERFORMANCE INDICATORS	14

SERVING OUR CLIENTS WORLDWIDE

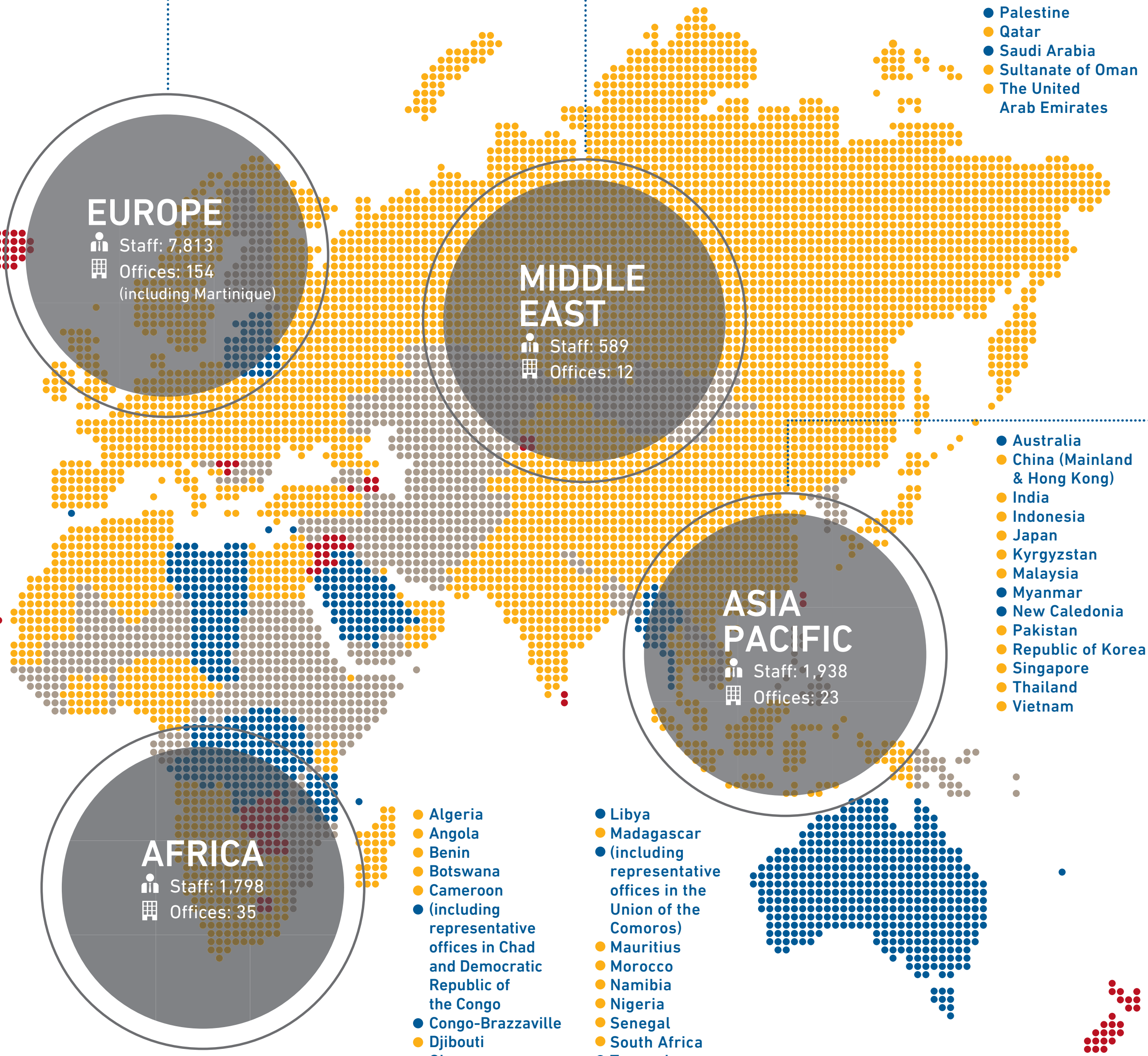
Geographic coverage as of January 1, 2015

WE ARE CONSTANTLY EXPANDING OUR GEOGRAPHIC COVERAGE AND STRENGTHENING OUR INTERNATIONAL TEAMS TO SERVE ALL OUR CLIENTS WHEREVER THEY OPERATE ACROSS THE GLOBE, WITHOUT EVER COMPROMISING ON OUR STANDARDS OF EXCELLENCE.



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

- Bahrain
- Egypt
- Israel
- Kuwait
- Lebanon
- Palestine
- Qatar
- Saudi Arabia
- Sultanate of Oman
- The United Arab Emirates



- Australia
- China (Mainland & Hong Kong)
- India
- Indonesia
- Japan
- Kyrgyzstan
- Malaysia
- Myanmar
- New Caledonia
- Pakistan
- Republic of Korea
- Singapore
- Thailand
- Vietnam

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

Staff: average full-time equivalents for 2013/2014
Offices: number of integrated offices

OUR VALUE CHAIN

FOSTERING ACCOUNTABILITY, PERFORMANCE AND TRANSPARENCY FOR OUR CLIENTS AND THE MARKETPLACE

HOW WE CREATE VALUE

Developing skills and expertise

– Attracting the right people
– Training and fostering companionship
– Developing a solution-minded attitude
– Fostering employee engagement

Understanding international regulations and business challenges to protect the public interest

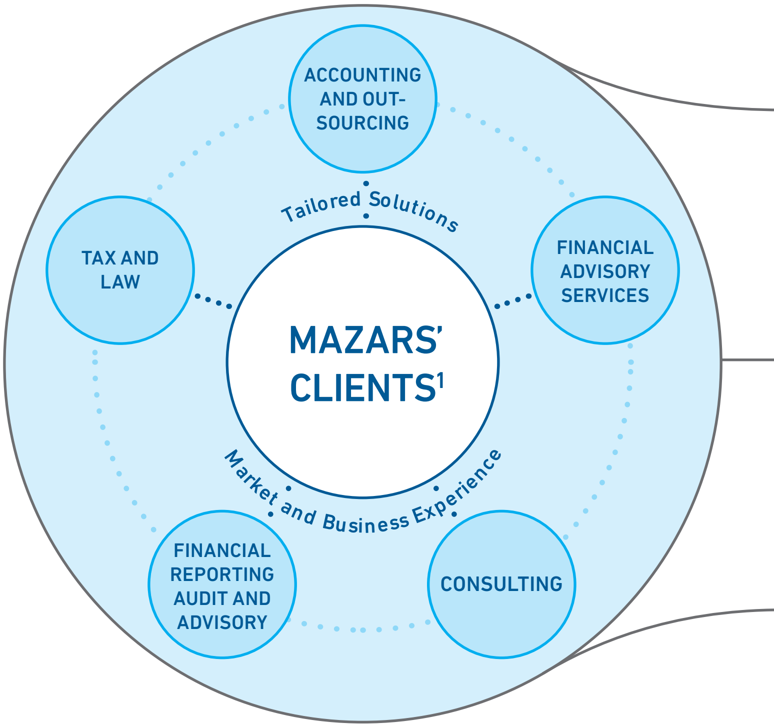
– Developing technical expertise and ensuring ethical behavior
– Incorporating industry specificities
– Sharing high-quality standards in all Mazars offices
– Conducting quality reviews

Contributing to a positive and productive environment

– Being an active player in the evolution of international audit and accounting standards
– Offering innovative solutions in business management
– Driving corporate social responsibility

HOW WE DELIVER VALUE

We provide assurance and expertise on a broad range of

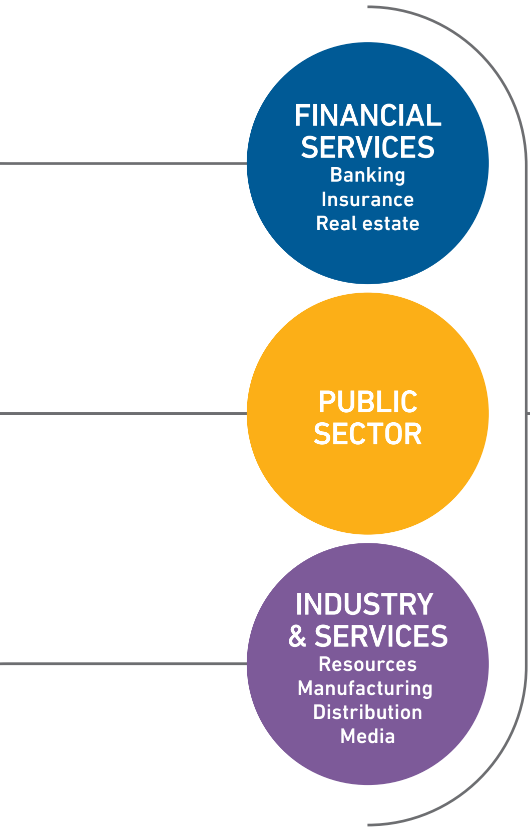


[1] Public-interest entities, small and large corporations, owner-managed businesses and high net-worth individuals.

With skilled people and a high level of:

– **Quality, reliability, transparency**
– **Efficiency**
– **Client comprehension**

activities in various industries.



OUTCOMES

HOW WE SHARE VALUE

With clients

Client decision-making is made easier and strengthened by providing financial, tax, legal and management insights, and auditing financial and non-financial information.

We have published 21 "Doing Business In" country studies since 2011 and dozens of industry surveys are available to our clients.

With employees and partners

Professional development and personal fulfillment are enhanced through high-performance working practices – challenging opportunities, training for soft and technical skills and entrepreneurial spirit. The right balance is achieved by distributing revenue between employees, investments and profits.

Eighteen international and regional training programs and seminars were updated in 2013/2014.

With professionals in the field and standard-setters

Expertise and insights are shared to enhance business ethics and to improve the efficiency and quality of our profession.

All offices that underwent external inspections on audit quality in 2013/2014 received approval.

With regulators and public organizations

Greater confidence in financial and non-financial information contributes to financial, economic and social stability.

We share our insights for the OECD's consultations related to the Base Erosion and Profit Shifting (BEPS) measures.

With business partners

Fairness and long-term relationships are fostered for mutual benefit.

Our Mazars' Lab program develops win-win solutions with startups.

With civil society

Transparent, sustained and inclusive growth is promoted for the public good.

Fifty projects have been funded by the Mazars Foundation since 2010.

HIGHLIGHTS OF THE YEAR*

*These highlights are presented using the six capitals of Integrated Reporting.

Manufactured

Extending our coverage

We expanded our global partnership with new offices in Zagreb and Tirana. Our correspondents in Croatia became fully-integrated members of the Mazars Group on September 1, 2013. Our correspondents in Albania will join the Group by the end of 2014. Mazars also extended its service capacity by signing new correspondent agreements in Uganda, Tanzania and all three Baltic States.

Intellectual

Opening our executive MBA to external talent

The Next MBA pioneered by Mazars has taken another step forward by welcoming a new intake of 22 participants from a consortium of seven companies: Areva, AXA, L'Oréal, Manpower, Mazars, Saint-Gobain and SBT. This innovative program aims to foster thoughtful leadership and offer superior networking, while allowing future leaders to hone their skills in an ecosystem promoting cross-industry learning.

Social & Relationship

Sponsoring innovative debate

Some 400 participants gathered in Aix-en-Provence, France, in May 2014 at the TEDx Conference on Disruptive Leadership Education sponsored by Mazars in collaboration with the EDHEC Business School and Manpower. The day was designed as a catalyst for ideas, to rethink practices and implement them on an individual, organizational and societal level – offering a moment for networking and meaningful discussions with experts such as Jeff Sutherland, Michel Noir, Idriss J. Aberkane, Ann Lund Wahlberg, Eric Cornuel and Ben Chang.

Financial

Strengthening our practices

We are strengthening our partnership both in key countries and where opportunities have to be seized. Several practices joined Mazars in 2013/2014, primarily in the United States with the integration of practices specializing in the healthcare sector, and in France. We also integrated two additional boutique firms – one in Sweden and one in Italy.

Natural

Harmonizing and structuring our environmental policies

We have developed Group-wide guidelines that are deployed in three major countries in our partnership – the United Kingdom, the Netherlands and France. These countries, among others in our partnership, have established and implemented an environmental charter. The Group will capitalize on this experience to develop a comprehensive environmental policy to be used for all offices worldwide.

Human

Making the partnership a talent factory for future needs

Did you know that five years ago 57% of our Partners had not yet been co-opted? The partnership is constantly evolving to integrate top-notch professionals – developing new offers and increasing our presence where our clients need us. Over the past 10 years, 66% of our new partners have come from Mazars' ranks, demonstrating our ability to develop talent over time.

Welcome to the Women's planet!

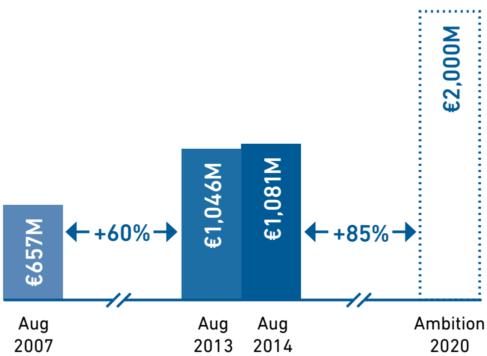
Following the success of its previous studies, Mazars and the French United Nations Women's Committee invite you to step into the daily lives of some 2,400 women from three different generations – Generation W born between 1945 and 1960, Generation X born between 1961 and 1980, and Generation Y born between 1981 and 1995 – in 108 countries (annualreport.mazars.com/mazars-onu).

OUR 2013/2014 KEY PERFORMANCE INDICATORS

OUR BUSINESS EXPERIENCED SOLID GROWTH ONCE AGAIN OVER 2013/2014, DESPITE CHALLENGING ECONOMIC CONDITIONS. WE CONTINUED TO WIN NEW ASSIGNMENTS, ADD VALUE FOR OUR CLIENTS AND INVEST TO EXPAND OUR ORGANIZATION AND MAINTAIN THE SAME LEVEL OF QUALITY.

Turnover

€1,081M +5.8%



Breakdown of growth composition

Organic growth 2013/2014

+3.9% €40M

External growth 2013/2014

+1.9% €19M

Currency impact 2013/2014

-2.4% €-24M

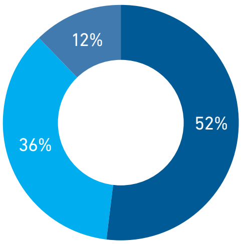
The euro started falling against currencies in some of our large markets such as the United States and China at the end of July and against the Swedish krona in mid-June, but is still today appreciated against the South African rand and the Turkish lira.

Consolidated income statement

(€ thousand)

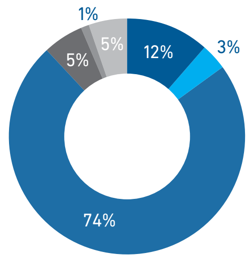
	2013/2014	2012/2013
Turnover	1,080,817	1,045,610
Cost of technical staff	-545,384	-522,898
GROSS MARGIN	535,433	522,712
Cost of administrative staff	-84,596	-82,395
Other costs	-223,733	-225,495
Depreciation and provisions	-18,243	-16,565
OPERATING SURPLUS	208,861	198,257
Amortisation of client relationships and impairment of goodwill	-4,994	-4,560
Financing costs	-3,188	-5,092
SURPLUS BEFORE PARTNERS' REMUNERATION	200,679	188,604
Partners' remuneration	-200,538	-188,562
PRE-TAX RESULT	141	42
Corporate income tax	-68	-13
POST-TAX RESULT	73	29

Turnover per Global Business Unit
(€ million)



Public Interest Entities	€560
Owner Managed Business	€394
Tax and Law	€127

Turnover per Region
(€ million)



North America	€126
Central & South America	€37
Europe	€791
Africa	€59
Middle East	€11
Asia Pacific	€57
Total	€1,081

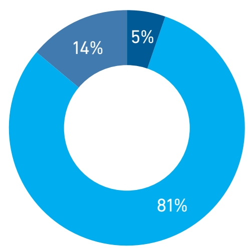
Develop the highest performing teams in an international environment

Average age of our staff
28 years

Average age for the co-option of our Partners
42 years

Average age of our Partners
49 years

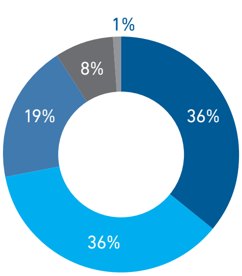
Breakdown of staff
(full-time equivalents)



	2013/ 2014
Partners	748
Technical staff	11,401
Administrative staff	1,939

A mix between companionship and formal education

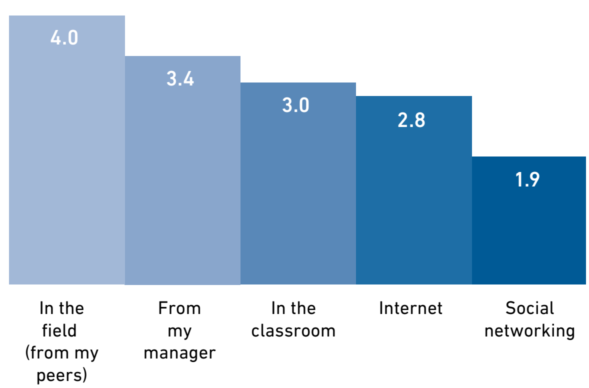
"When I don't know something technical, I usually ask..."

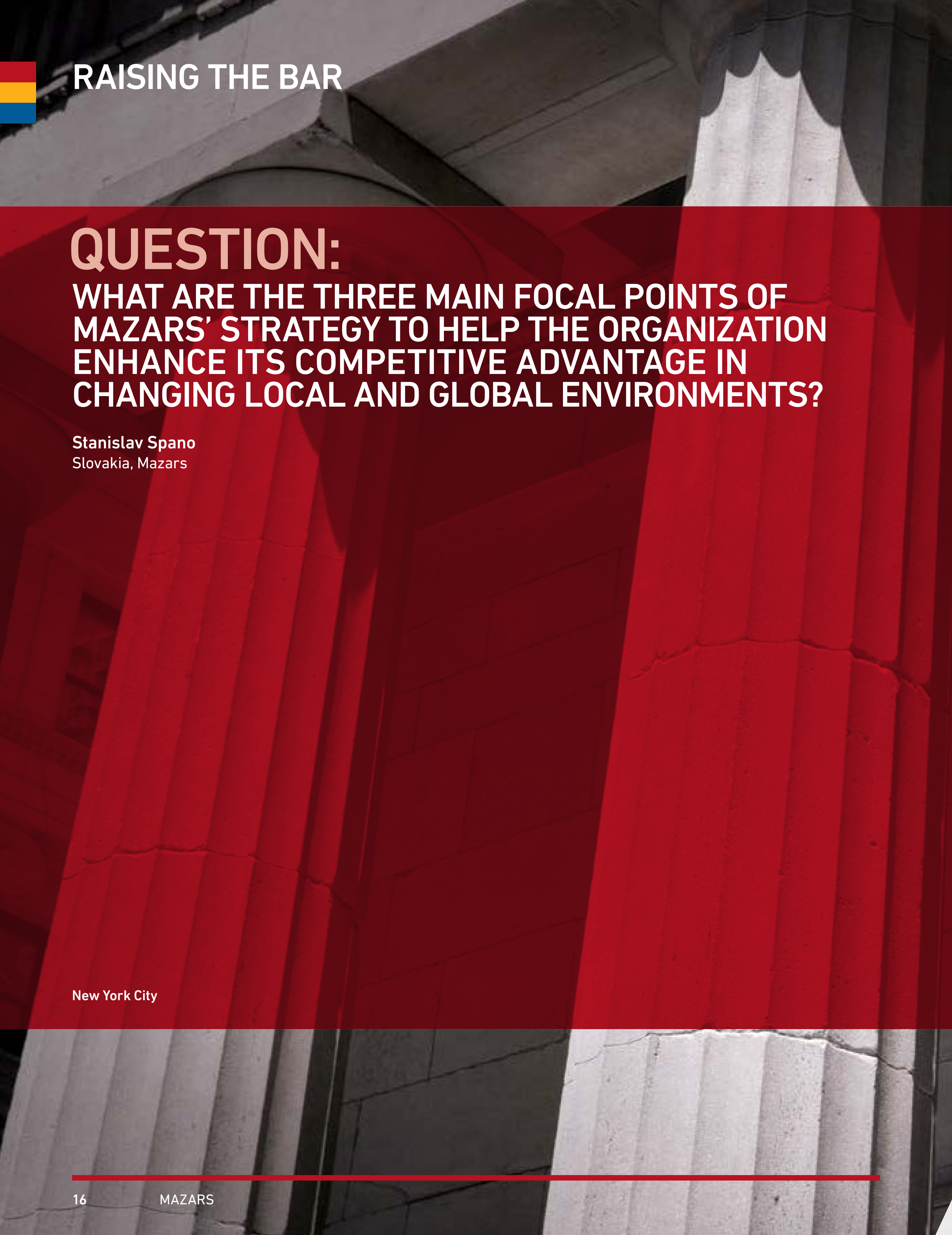


My manager	36%
My peer	36%
I don't ask, I find the answer myself	19%
The partner	8%
The client	1%

Global survey of 3,000 Mazars Gen Y-ers worldwide

"My preferences for learning are..."
(Average ranking – 1 to 5)





QUESTION:

WHAT ARE THE THREE MAIN FOCAL POINTS OF MAZARS' STRATEGY TO HELP THE ORGANIZATION ENHANCE ITS COMPETITIVE ADVANTAGE IN CHANGING LOCAL AND GLOBAL ENVIRONMENTS?

Stanislav Spano
Slovakia, Mazars

New York City

ANSWER:

IN ORDER TO BOLSTER OUR COMPETITIVE EDGE IN OUR CURRENT ECOSYSTEM, WE MUST CONTINUE TO SERVE OUR CLIENTS BY FOCUSING ON INCREASING OUR GEOGRAPHIC COVERAGE, ENHANCING OUR SECTOR EXPERTISE, AND IMPROVING OUR ABILITY TO RESPOND AND DELIVER SEAMLESS SERVICES WORLDWIDE.

RAISING THE BAR

EXTERNAL INSIGHT – THOMAS GOMART	18
CEO REVIEW – PHILIPPE CASTAGNAC	20
GROUP GOVERNANCE COUNCIL STATEMENT – TIM HUDSON	22
HONORARY PRESIDENT STATEMENT – PATRICK DE CAMBOURG	23

EXTERNAL INSIGHT – THOMAS GOMART

THE MACROECONOMIC AND POLITICAL SITUATION HAS A DIRECT IMPACT ON THE WAY WE DO BUSINESS. LIKE OUR STAKEHOLDERS, WE SEEK TO GAIN A GREATER UNDERSTANDING OF THE WORLD WE LIVE IN AND HOW IT IS CHANGING. WE SPOKE WITH THOMAS GOMART OF THE FRENCH INSTITUTE OF INTERNATIONAL RELATIONS TO GET HIS INSIGHT ON THE TRENDS THAT HAVE HAD AN IMPACT ON THE ECONOMY OVER THE LAST 12 MONTHS AND THOSE THAT WILL SHAPE THE INTERNATIONAL ENVIRONMENT IN THE YEARS TO COME.

"There is cause for hope with the collaborative model – between states, companies and civil society."

Thomas Gomart
Vice President for Strategic Development,
French Institute of International Relations (IFRI)

IFRI is a major think tank for independent research and debate dedicated to international issues and global governance.

How would you describe the main trends that have affected the world economy over the last 12 months?
The year 2014 can be summed up in two words: deceleration and disparity. Global growth has slowed, to a greater or lesser extent from one region to the next. While the European Union and Japan continue to waver between stagnation and recession, the United States is experiencing a recovery, driven in particular by its energy revolution. The production of unconventional oil and gas is having a direct impact on the country's reindustrialization.

If we look at the emerging markets, a sort of divide is forming between China and India where growth remains high (7% and 5%, respectively) – and the other three BRICS (Brazil, Russia and South Africa) – where growth is now lagging behind that of the G7 countries.

Finally, there is one last category of countries with strong growth, particularly in Africa. Countries such as Ghana, Kenya, Tanzania and Nigeria are showing strong progress and promising prospects for growth. This improvement is being seen in nearly all sub-Saharan African countries.

The question is whether there is a link between these economic trends and political changes.
The international system has suffered several blows that have weakened it and may call into question some of the foundations of globalization. Three events in particular merit close attention. First, there is the Ukrainian conflict, which is inflicting lasting damage on relations between Russia and the West, while changing the equilibrium with China and Japan. Second, there is the war in Syria and Iraq with the sudden emergence of Daesh. It is still unclear how this war will impact the viability of the Levant countries. The consequences are manifold at the regional level, particularly for Turkey and Jordan, and at the transnational level, with the jihadists arriving from Europe. Third, there are the rising territorial tensions between China and Japan, and the equilibrium in the China Seas. Again, if the situation deteriorates between two of the three leading global economies, and the US gets involved, as it inevitably would, there will clearly be international consequences.

Despite the disparities that you mention, emerging countries' rise to power is a strong trend...

Yes, this is certainly a fundamental trend. But among these emerging powers, there are those that only have aims of economic development and those that have ambitions of power at the regional or international level. Changes in military spending are an excellent indicator of this. It then becomes very clear that China and Russia, whose defense budgets are growing significantly, are looking not only to assert themselves as key economic players, but also to change the way the international system operates. This is much less the case in India or Brazil, where political ambitions remain regional, or in South Africa. These three countries also have structural weaknesses that raise questions as to the sustainability of their growth.

However, and despite their differences, the BRICS countries are starting to get organized and, in particular, to establish their own specific financial mechanisms.

In this new state of affairs, what role might "traditional" powers play?

Europe is experiencing a crisis that appears to be dragging on. The apparent paradox is that, at the same time, it is accelerating its integration – at least in the euro area – with the creation of the banking union, for example. The formation of the Juncker Commission has highlighted the enhanced role of the European Parliament and new balances between member states.

The United States, on the other hand, is experiencing a true economic recovery. It is revitalizing its industrial sector and, as I mentioned earlier, is heading towards energy independence thanks to the exploitation of shale gas. It is worth noting that this phenomenon will have a strong impact on its relations not only with the Middle East but also with Europe.

Any decline remains relative. While it could be said that American political leadership has been weakened, in terms of military spending the United States remains by far the world's leading military power. It also still holds center stage in international trade negotiations, as demonstrated by the two treaties currently in negotiation: the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP). It should be noted that China, Brazil and Russia have been excluded from these mega-deals. The outcome of these negotiations represents the crux of the relationship between politics and the economy. It will reflect the structuring power of the United States and its principal partners.

From a forward-looking standpoint, what are the main risks currently surrounding the international environment, and, conversely, the main opportunities that are emerging?

As I mentioned earlier, in recent months the international system has suffered several major blows. These blows, which are becoming increasingly regular, are putting its resilience to the test. Does this mean that we're heading towards the end of globalization? Towards a return to some form of regionalization and unabashed protectionism?

The Ukrainian crisis, which is weakening a Europe that was until now considered a pillar of stability, is one example of this risk of fragmentation. If the conflict persists, as it likely will, the issue of EU-Russia relations is going to require substantial political resources. It is a decisive issue for both Russia, despite Moscow's denials, and Europe, which needs Russia's energy supplies. The sanctions are weighing on both sides.

The war in Syria and Iraq, for its part, is a factor in the redrawing of territorial boundaries in the Middle East, and has already had measurable consequences for our societies.

Finally, the rising hostility between China and Japan, which account for 75% of trade in the Pacific, is a source of concern for countries in the region, including South Korea, India and Australia, which are beginning to strengthen ties with each other and with Japan. This could push the United States to take a stand in the event China makes a move.

In terms of opportunities, I believe there is cause for hope with the collaborative model – between states, companies and civil society – that is being put in place with a view to global Internet governance, and with the growing awareness of the need for a concerted and collective commitment to combating global warming, illustrated in particular by the recent agreement between China and the US. In late 2015, the Paris Climate Conference will test the state of world governance.

SETTING THE RIGHT AMBITION

PHILIPPE CASTAGNAC – CEO OF THE MAZARS GROUP, CHAIRMAN OF THE GROUP EXECUTIVE BOARD

Once again, Mazars has delivered solid performance this year, despite a sluggish international economic environment, increased market pressure and major regulatory changes affecting our work practices.

As of August 31, 2014, our consolidated revenue totaled €1.08 billion, representing a 5.8% increase over last year at constant exchange rates, or 3.4% after taking into account a negative foreign exchange impact of 2.4%. This increase was primarily organic (3.9%), with acquisitions accounting for 1.9% of revenue growth.

Our performance illustrates the relevance of our business model as well as the confidence of the market in our expertise and our service offering.

At Mazars, our commitment to transparency sets us apart. The services we provide serve the general interest, and we believe that our stakeholders are entitled to have a clear vision of our strategy, our organizational structure and our performance. Nine years ago, we were the first audit and advisory group to publish its consolidated financial statements. Today, in an effort to provide our business ecosystem with a complete and comprehensive overview of our Group and our value chain, we have decided to take another step forward by preparing our 2013/2014 Annual Report, drawing our inspiration from the principles of Integrated Reporting.

Pursuing growth while staying true to our model

Like all the companies we serve, Mazars is operating in a fast-paced, ever-changing world. With the emergence of new international players, the veil of uncertainty surrounding the global economic landscape, and the proliferation of real-time communication channels, maintaining the status quo is not an option.

We welcome this need for change, as evidenced by our transformation over the last decade. Between 2005 and 2014, we virtually doubled our geographic presence – from 38 to 72 countries – and more than doubled our revenue. By relying on organic growth and bringing on board local players who share our values, we became a European – and then a truly international – organization. Throughout this process, we have stayed true to our model, our founding principles and our guiding philosophies.

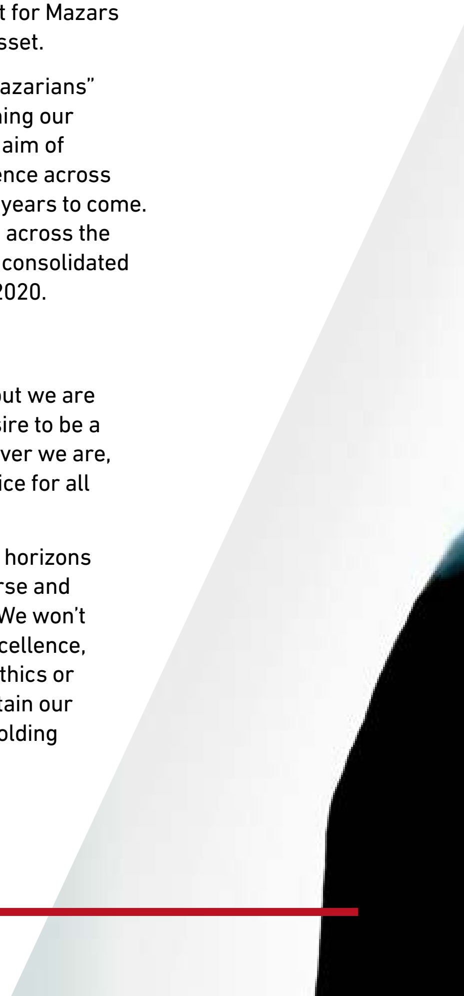
We intend to expand our growth by continuing to focus on our competitive edge and invest in training and career development for Mazars employees, our most valuable asset.

Today, the new generation of "Mazarians" must concentrate on strengthening our operational integration with the aim of expanding our geographic presence across a hundred countries or so in the years to come. As the reach of our firm extends across the globe, we expect our worldwide consolidated revenue to exceed €2 billion by 2020.

Enhancing our agility and our performance

At Mazars, we may be growing but we are still young and driven by our desire to be a challenger in the market. Wherever we are, we want to be the preferred choice for all the organizations we serve.

It is important for us to keep our horizons broad. We have charted our course and are guided by sound principles. We won't compromise on our technical excellence, the quality of our services, our ethics or our independence. We will maintain our unwavering commitment to upholding compliance requirements.



We will also continue to actively promote cultural diversity, which is a source of enrichment for all.

In the past, we have demonstrated our ability to think boldly, by astutely analyzing market developments and our clients' expectations, and using this as a basis for our business model. Today, our commitment to Integrated Reporting provides us with a means of further explaining our model and developing our strategies for creating sustainable shared value.

We will now push our organization's agility and performance to the next level, so that we can take full advantage of the opportunities that arise. The challenges we face are numerous. In Europe, the recent audit market reform opens the door for new audit market players. In the United States, economic recovery holds promise, while emerging markets are showing very strong potential for growth.

In pursuing our goals, it is to our great advantage that we have confidently ensured and anticipated a smooth transition and transfer of governance responsibilities from one team and one generation to the next. In 2011, we started preparing Patrick de Cambourg's succession as CEO, and in 2014, he passed the torch as Chairman of the Group Governance Council. This process ensures a smooth transition and enables us to continue our collective adventure.

We are ready to pursue accelerated development. We intend to move forward, innovate, and even amaze, all while remaining steadfast in our commitment to serving the general interest.

Philippe Castagnac
CEO of the Mazars Group,
Chairman of the Group Executive Board

“THE PUBLIC INTEREST IS AT THE HEART OF EVERYTHING WE DO.”

TIM HUDSON – CHAIRMAN OF THE GROUP GOVERNANCE COUNCIL

What were the main focuses of the Group Governance Council over the year?

Through the work of the four committees, the GGC has continued to exercise its oversight in a thorough way throughout the year. There has been particular focus on the financial performance monitoring as well as regular discussion with the relevant GEB members on external growth projects. We continue to make progress on all the major topics and have also had specific discussions around the Group strategy. We are pleased to be able to report on a year of good progress for Mazars and are looking forward to the prospects and opportunities which look promising.

You have just been chosen as the new Chairman of Mazars’ Governance Council. Can you tell us about the transition?

The Group Governance Council carefully prepared the transition to ensure that it would go smoothly. Everyone played a part in making sure things went according to plan. Our institutions are solid and have been tested over time, so we certainly do not intend to revolutionize the way our governance structure works. What I’m bringing to the table is a certain amount of experience in an oversight role as well as my background which is different to Patrick de Cambourg’s. I’m also pleased to say my election, as the Chairman of the Group Governance Council, is proof that Mazars is truly an international organization.

What do you see as your priorities for the months to come?

We operate in an environment where regulatory pressure is increasing. The public interest is at the heart of everything we do. So we will have to make sure that we remain irreproachable in terms of quality and risk management. This means setting a strong tone at the top and supporting the Group Executive Board in maintaining focus on this. We will also have to lend all our support to our external members, so they can fully play their roles particularly in respect of the public interest oversight.

Furthermore, we will have to pay specific attention to the integration process for any new entities joining our partnership. Our development will depend upon our ability to strengthen our presence and operations in the world’s largest economies, especially in Germany and China. So it is crucial to ensure that these integration processes go as smoothly as possible.

More broadly, we will have to keep challenging the Group Executive Board on both how we execute our strategy and how we communicate about our strategy internally and externally. All our partners must be adequately informed. They need to know where we are going as a Group and in each country. And it is critical as well, from a management standpoint, to make sure that we have given ourselves the means to deliver on our strategic objectives.

Do you still believe Mazars’ integrated model is the most relevant to meet the challenges of today and tomorrow?

Our global partnership is our strength. It is the core reason why those who want to join us actually do so. We have to keep it. There is obviously a need to innovate, but we should not deviate from our core model unless there is a clear strategic benefit.

Is innovation a concept that the Group Governance Council will also have to focus on?

The question of the speed of innovation within our organization is key. Our markets are changing at a very fast pace. We have to be responsive, and proactive. If we aren’t, we might find ourselves left behind. As a supervisory body, it will be our duty to challenge the Group Executive Board to make sure we are investing in and delivering innovation fast enough.

The Group Governance Council plays a key role in co-opting new partners and passing responsibilities to a new generation. How do you see this role evolving in the coming years?

We will have to ensure smooth transition and succession processes for the leaders in our partnership. It is our duty to make it easier for those who will steer Mazars tomorrow to take over the reins of our organization. This is how we will create the conditions for Mazars’ ongoing growth.

"LEADERS WILL DRAW ON HISTORY TO FREELY INVENT THE FUTURE"

PATRICK DE CAMBOURG – HONORARY PRESIDENT OF THE MAZARS GROUP

Truly passionate

Passion is a key driver. At Mazars, we are passionate about what we do. From the very beginning, as professionals, entrepreneurs and citizens, we have always wanted to make a measurable contribution to the ecosystem in which we operate and to the communities in which we live.

We do not see providing technical excellence and the highest level of client service just as a way to generate profit or as a source of pride. We do believe that, by offering outstanding client service, we also work towards contributing to the development of the organizations we serve and improving our markets, for the benefit of all stakeholders. We are convinced that this is what is expected of us as a leading professional services firm in today's world of fast-changing regulations, economies and societies, where all need to innovate and form a vision of what is ahead.

Mazars' professionals must be technically and ethically irreproachable. At the same time, we want them to be able to fully understand that their mission is to work for the business community as a whole and to act as independent-minded and principle-based auditors and advisors. True added value does not come only from rules and regulations. It also comes from the men and women who lend their intelligence, knowledge and judgement to work towards collective progress.

Truly independent

Free thinking and consistency are crucial. Our integrated model makes it possible for our professionals to apply their independence and sense of responsibility wherever we operate in accordance with a clear and common framework. Our partnership responds to the needs of today's multi-polar world, where no community can in fact make it on its own. It provides the freedom that is so important to maintain and enhance the exceptional wealth stemming from cultural diversity. Mazars' origins are deeply rooted in values that promote at the same time full openness and principle-based and tolerant universality and oppose the dominance of one cultural model.

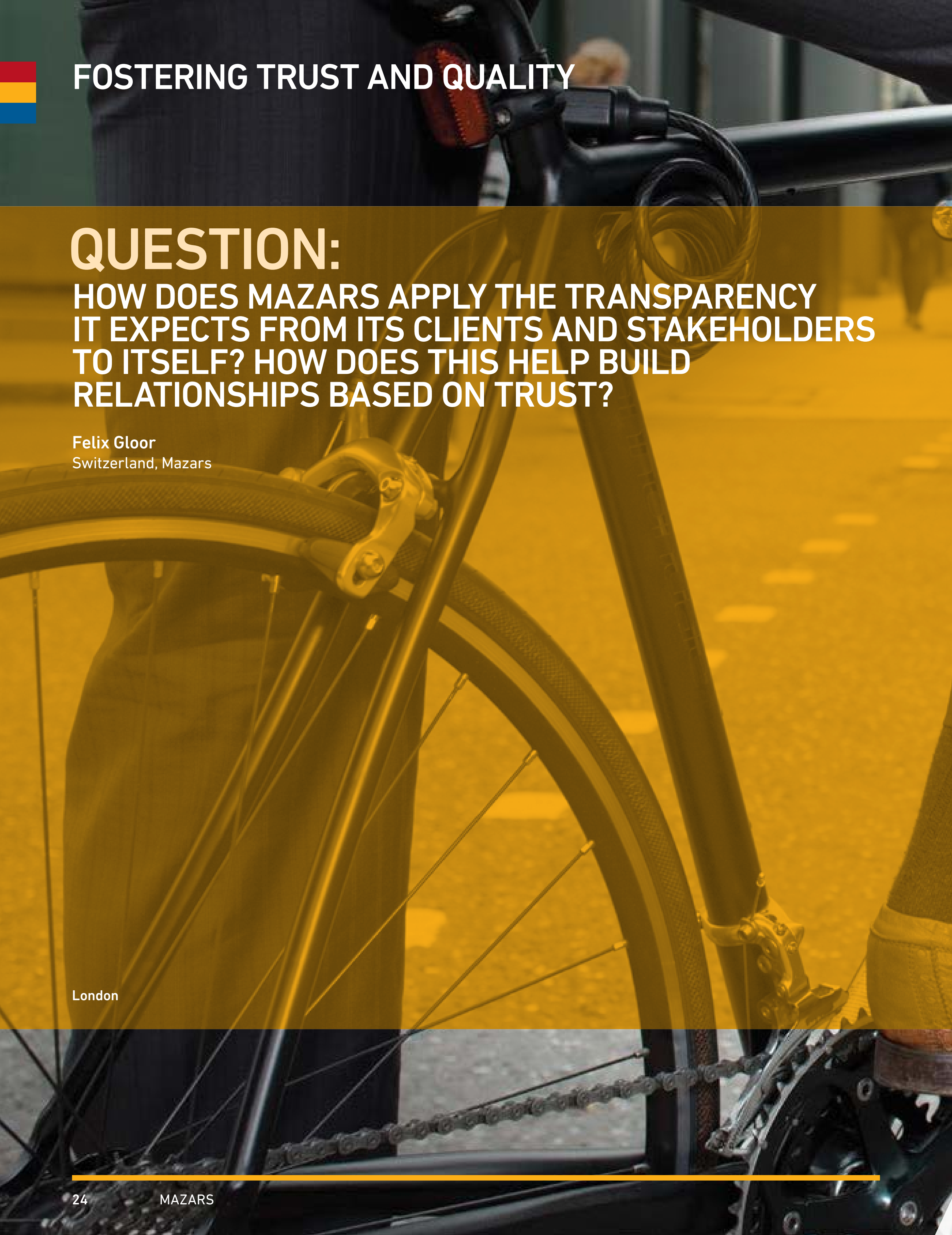
Independence is at the heart of our development model. In the coming years, we will have to further capitalize on our independence and find the right balance – both from a management standpoint and from a geopolitical standpoint – for our development within North America, China and... also Europe.

Serving the common good

Business and public good are intertwined. Companies and communities cannot hope to grow and prosper over time if they forget where they come from and if they do not form and express a clear view of where they intend to go. Full transparency and accountability are key. In our professions, as auditors and advisors, we have to keep in mind that first and foremost we ultimately serve the common good. The recent audit reform in Europe has strongly reaffirmed the role we must play in fostering trust for all market players. We welcome this move to increase the quality of audits and provide greater transparency. We are convinced that renewed trust will help drive economic development and sustainable growth.

New horizons, innovation and transmission

Coherence of trajectory creates consistency and wealth. We have built a unique client-centric, public interest-centric and people-centric organization, which is able to serve locally and globally organizations of all sizes, from startups to multinationals and public bodies. However, the Mazars adventure is just beginning. We are a young, fast-evolving and agile group of highly motivated individuals. Tomorrow we will be even more international, more integrated and more diverse. Innovation will be crucial, but will benefit from existing pillars. We will be inter-generational, with transmission of experience and responsibilities at every stage of the evolution of our professionals, from the youngest staff members to the most experienced Partners in leadership positions. We know that everyone at Mazars, in particular our current and future leaders, will draw on our history to freely invent the future.



QUESTION:

HOW DOES MAZARS APPLY THE TRANSPARENCY IT EXPECTS FROM ITS CLIENTS AND STAKEHOLDERS TO ITSELF? HOW DOES THIS HELP BUILD RELATIONSHIPS BASED ON TRUST?

Felix Gloor
Switzerland, Mazars

London

ANSWER:

SINCE 2005, WE HAVE BEEN THE ONLY GLOBAL PROFESSIONAL SERVICES FIRM TO DISCLOSE BOTH ITS JOINTLY AUDITED FINANCIAL STATEMENTS AND ITS NON-FINANCIAL INFORMATION ON A YEARLY BASIS. NOW WE ARE GOING ONE STEP FURTHER AS WE START TO IMPLEMENT OUR APPROACH TOWARDS INTEGRATED REPORTING. THIS, AS WELL AS OUR COMMITMENT TO QUALITY AND ETHICAL BEHAVIOR, FOSTERS THE TRUST AND TRANSPARENCY WE DECIDED TO FOCUS ON AS WE FORGE STRONGER RELATIONSHIPS WITH ALL OUR STAKEHOLDERS.

FOSTERING TRUST AND QUALITY

EXTERNAL INSIGHT – MERVYN KING	26
PROMOTING CONFIDENCE IN BUSINESS	28
RELIABLE PARTNERSHIPS FOR COMPLIANCE	30
DATA PROTECTION AND BRAND REPUTATION	32
BETTER PRACTICES FOR BETTER ETHICS	34

EXTERNAL INSIGHT – MERVYN KING

AS THIS SECTION OF OUR REPORT EXPLORES THE IMPORTANCE OF TRUST AND QUALITY, WE DECIDED TO GATHER INSIGHT FROM IIRC CHAIRMAN MERVYN KING – ALSO KNOWN FOR HIS WORK ON CORPORATE GOVERNANCE IN SOUTH AFRICA – TO GAIN A GREATER UNDERSTANDING OF HOW ACCOUNTABILITY SERVES THE ECONOMY AND SOCIETY WORLDWIDE.

"To be accountable you have to be understandable."

Mervyn King
Chairman of the International Integrated Reporting Council (IIRC)

Close-up on the IIRC

2009 Key players in sustainable reporting took part in the St. James's Palace Meeting, organized under the auspices of the Prince of Wales.

2010 The IIRC – a global coalition of regulators, investors, businesses, standard setters, the accounting profession and non-governmental organizations – was launched.

2011 The IIRC put in place a working group and set up two pilot programs with multinationals and investors to develop the International Integrated Reporting Framework.

2013 The IIRC issued a consultation draft of the Integrated Reporting framework, which then led to the finalization of the framework.

2014 After three years of successful work, the pilot program came to an end.

How would you characterize the Integrated Reporting approach? And why do you believe it is the key driver to create value for businesses?

To understand where we are today with Integrated Reporting, it's important to take a look back. Financial reporting has been mandatory since the 1930s. And while I wouldn't say that financial reporting is broken in the 21st century, it isn't sufficient. Because financial reporting doesn't give a clear understanding of the business model and a full picture of the value of a company. We all know that market capitalization does not equal book value. We have to dig deeper to understand the intangibles behind the market value of a company.

Over the last 10 years, we have seen how non-financial factors can destroy financial value for companies. When a world-renowned garment brand is exposed for using child labor, that can translate into a loss of over half of its market capitalization. That's because the non-financial and financial are interconnected and interdependent.

Reporting does influence behavior. When companies start analyzing megatrends, they begin to rethink the idea of what sustained value creation really means for them. This, in turn, changes behavior. So a beverage maker, for example, can't look at how it sources water as a short-term issue.

Water conservation has to be part and parcel of its long-term manufacturing cycle. That's when sustainability issues have to be embedded in long-term strategy.

Do you feel there's a worldwide need to restore public trust in companies? Do you believe Integrated Reporting will truly help build a firewall against Enron-type wrongdoing?

First and foremost, dishonesty can't be controlled by legislation, frameworks, codes or standards. Intellectual honesty must be at the base of all business relationships. It is crucial for boards, management and other stakeholders to have access to accurate and understandable information in order to foster ongoing dialogue. Neither Sarbanes-Oxley nor similar legislation create a firewall against dishonesty. One can't legislate for honesty.

Since Mark Carney took over as Governor of the Bank of England in 2013, he has addressed the importance of restoring public trust. When society sees that companies use transfer pricing practices to lower their tax burden, or when there is outright tax evasion, people lose trust. In this sense, the global financial crisis had a real impact on the public's trust in banks and corporations. So how can we really restore public trust?

While honesty and ethical practices are key, above all, we must focus on using understandable language that can be understood by the average person on the street. In a nutshell, to be accountable you have to be understandable. And by being understandable, we will help regain public trust.

Is Integrated Reporting the end of the road or do companies need to go further? Is integrated thinking the next step?

Integrated thinking isn't the next step. It's the first step. For far too long, boards and management have been thinking in silos. They need to realize that everything is interrelated. They have to adopt integrated thinking if they want to create sustained value. And stability and sustainability go hand-in-hand when it comes to long-term value creation.

Integrated thinking is a real revolution. Many companies are adopting it without doing an integrated report. The IIRC left the model for Integrated Reporting very open. In fact, there are no ABCs to create an integrated report. The idea is to let each company analyze the six capitals – financial, manufactured, human, intellectual, natural and social – in terms of their impact. A food and beverage company has to understand how its products impact all the capitals and the community at large. This goes beyond just financial and manufactured capitals. If a certain type of product is known to contribute significantly to obesity among young people, the company needs to assess its social impact and use integrated thinking to make improvements, for example by not targeting children under 12 with advertisements.

How can accounting and advisory firms help develop integrated thinking?

Accounting firms have a moral duty to help clients start using integrated thinking. The profession has a crucial role to play. Business people turn first to their accountants for support. Accounting and advisory firms must help clients change their thinking to change behavior. This is important today in the 21st century, but we also have to think about the 22nd century for our children's children.

I'm as guilty as anyone else. For many years, I was preparing incomprehensible reports. And let's face it; financial reporting is incomprehensible to most people. No single auditor – no matter how experienced he or she may be – can understand all the nuances of IFRS (International Financial Reporting Standards). It takes a full-scale team of advisors to keep up to date.

Has Integrated Reporting gained enough momentum internationally? And what's next?

We've come a long way with Integrated Reporting, especially over the last three years. We have achieved incredible uptake and traction. Integrated Reporting is gaining ground within international organizations such as the OECD, and the B20 Group recently issued a recommendation to the G20 in favor of Integrated Reporting in order to promote long-term investment and raise capital for infrastructure projects. A long list of countries in Asia is turning to Integrated Reporting including Singapore, Malaysia, China, India and Japan. And in Africa, Botswana and Kenya have come on board. Academics are also adopting Integrated Reporting. MBA programs around the world – for example Harvard, HEC, Oxford and ESSEC in Paris and Singapore – are including Integrated Reporting in their curricula. The model has indeed received a great deal of international recognition. The next challenge will be the international adoption of IR in the public and private sectors.

TRUST LIES AT THE HEART OF VALUE CREATION. TODAY, THE MARKET NEEDS TO BE ABLE TO RELY ON TRUSTED PLAYERS. STRONG COMPLIANCE AND RISK MANAGEMENT IMPROVE THE QUALITY OF SERVICES, WHICH IN TURN CREATES A CLIMATE OF TRUST FOR ALL PLAYERS – INVESTORS, BUSINESSES, REGULATORS AND GOVERNMENTAL BODIES.

It seems self-evident that the crises that have struck the world since the turn of the century have considerably undermined public confidence in economic agents. In an environment where companies must meet the demands of an increasing number of stakeholders, pointed questions have been raised about short-term performance and ethics, and about the ways companies create long-term value.

Trust to secure access to resources

Trust in the information provided by companies is crucial to secure access to the resources needed to foster sustainable growth. There is a recognized need to promote business stability and sustainable development to secure social wellbeing. In 2014, research from Harvard Business School led by George Serafeim drew data from 1,066 US companies practicing degrees of Integrated Reporting and showed that more effective capital allocation decisions lead to better long-term investment returns.

Access to and retention of investor capital will pose major challenges in the coming years, with investors confronted with a bewildering amount of company news often on a daily basis. The financial crisis only heightened the desire for better information. This desire for a truer picture of an organization's ability to generate value over time – its ability to adapt and change to the external environment and manage its intangible assets – has been a real driver behind the evolution of corporate reporting.

Trust also has a significant impact on social and relationship capital, for example on brand reputation in a fast-moving culture of open data, social media and digitalization. Technology certainly offers a wonderful opportunity to better serve clients and communities, but the associated risks should not be undermined. Strong data security greatly helps protect a company from breaking privacy laws, jeopardizing intellectual property rights, and losing prestige and reputation.

Regarding the supply of human capital, which is crucial to stay competitive, companies need to develop new ways to manage their talent in order to deal with three big trends: the need for employees to feel in control of their future, Millennials in the workforce and globalization.

We are entering a new era of full accountability. Today, businesses not only have to say they are ethical, but they have to demonstrate that ethical values are embedded within their organization. Having a code of ethics means nothing if the underlying behaviors in an enterprise are not consistent with its values. Both society and business partners expect ethical sensitivity – an understanding of fairness, transparency, responsibility towards others and the ability to recognize conflicts of interest.

Greater responsibility for auditors and advisors

The new challenges companies are facing are also clearly changing the role of audit and advisory firms. With regard to both the quality of the information they publish and the prevention of corruption, stakeholders will expect professional services firms to be more fully engaged in terms of the support they provide to companies and their certification of corporate information and procedures.

Professional services firms must also be able to sound out the market, to anticipate and provide clear support for the changing demands of investors. In this dual role, it is more important than ever for these firms to take a proactive approach to restoring the confidence required for well-functioning markets, with the aim of achieving a common goal of growth and progress.

At Mazars, we identify the risks we have to manage and the opportunities that we can seize to achieve our objectives. Below is our analysis of risks and opportunities related to Fostering Trust and Quality as of August 31, 2014.

Analysis of potential risks and opportunities

	Opportunities and risks	Capitals	Stakeholders	Initiatives and/or mitigation measures
O	**Compliance with regulations:** The development and strengthening of regulations impact audit activities – e.g., EU audit reform, mandatory rotation in China and India, and services prohibited to auditors.	Intellectual, Financial, Human	Clients, employees, governments and Partners	We keep up to date with the latest changes in regulations and we inform our clients in a timely manner. We believe that joint audits, which we have practiced for many years, enhance audit quality and help prevent market concentration.
O/R	**Quality:** The audit and assurance market continues to be impacted by tough external conditions, client pressures and intense inter-firm competition.	Intellectual, Human, Social & Relationship	Clients, employees and Partners	For Mazars, fair tendering is a good way to maintain innovative solutions in our profession, and therefore we continuously invest to adapt our methodologies and tools.
O/R	**Confidentiality and data protection:** A situation could arise where business and personal data from clients, clients' personnel, Mazars' employees and third parties may not be adequately protected.	Human, Social & Relationship	Clients, employees and Partners	We implement a Global Data Privacy Policy in our offices and continually strengthen our Information System Security Management to protect personal data of clients, clients' personnel and third parties.
O/R	**Compatibility/Independence:** Significant non-audit services could threaten the perception of the independence of auditors.	Intellectual, Social & Relationship	Clients and Partners	We make sure that our risk management procedures ensure independence and prevent potential conflicts of interest. We stay focused on our core activities.
R	**Reputation:** Significant failure in one Mazars office to comply with legal, ethical or professional requirements could damage our brand and reputation.	Social & Relationship, Financial	Clients, employees and Partners	Our internal quality management systems, which are designed to maintain and enhance quality, include, among other things: • Client engagement and acceptance processes and standards supported by methodologies and tools, • Continuous technical and soft-skill training of staff and Partners, • Quality reviews of Mazars' offices.

Manufactured · Intellectual · Social & Relationship · Natural · Financial · Human

AT MAZARS, WE CONSTANTLY ADAPT AND IMPROVE OUR METHODOLOGIES AND TOOLS TO ENSURE THAT ALL OUR OFFICES OFFER THE SAME LEVEL OF EXCELLENCE WORLDWIDE.

Mazars' clients around the world must adhere to both international and local regulations. This requires following the audit risk approach from the very beginning through to completion of the audit. The Mazars Audit Methodology is deployed at the Group level for compliance monitoring and quality control of audit assignments. We use the same guiding principles to ensure that we provide our clients with the same level of quality wherever they operate. These shared tools and methodologies allow our professionals to develop their judgement and form an opinion.

Compliance worldwide

Our made-to-measure methodology draws strength both from the way we encourage and enhance transnational harmonization – giving our teams a global view of business issues – and from our ability to maintain close ties with our clients and provide up-to-date insight on the specificities of regional economies. This kind of mindset gives us real agility and a valuable capacity to anticipate events, allowing us to continually offer a fresh perspective and respond to the changes affecting our clients' industries. This plays a crucial role when it comes to earning the trust of major multinational listed companies like Haier (see page 31).

BUILDING ON SHARED METHODOLOGIES

The Mazars Audit Methodology has been developed by an international team of professionals that spans the globe. It reinforces our audit process and allows us to monitor compliance with International Standards on Auditing (ISAs). Auditors have easy access to the support they need for the audit approach, especially the risk and cycle approaches, as well as for the documentation of files.

The Mazars Audit Methodology's integrated tool centralizes audit information in one single place, so it is easier to monitor compliance and control the quality of files on an ongoing basis. Corporation and public bodies benefit from the Mazars Audit Methodology when it is deployed at the international level, as it allows Mazars' audit teams to fully monitor group audits worldwide.

With a single point of entry for Mazars' audits, the tool increases efficiency and productivity. The documentation library allows auditors to save time and receive relevant guidance. Fieldwork is automated – making it easier to maintain permanent files and simplifying audit workflow.

The Mazars Audit Methodology tool was first developed in three languages – English, Spanish and French – and has now been localized for our Chinese, Russian and Brazilian teams. "Our goal is to ensure that our professionals feel as comfortable as possible when they use the Mazars Audit Methodology," explains Jean-Luc Barlet, Mazars' Group Chief Compliance Officer. Each country is able to customize the tool to take into account additional requirements at the national level. The methodology is also updated on a regular basis to keep pace with auditing standards and audit-related services, and new releases come out on average once a year.

Annual regional meetings are organized to gather feedback and further improve the methodology. "Different stakeholders – including clients, auditors and oversight bodies – from around the globe are contributing to the permanent enhancement process," notes Jean-Luc Barlet. "And our central technical team is responsible for identifying and capitalizing on best practices, because we believe that quality means more than compliance and just applying standards."

Quality review

Mazars' policy on quality assurance is based on the standards set out by the International Federation of Accountants (IFAC). The management of each member entity is responsible for implementing the quality assurance system. Mazars has a strong internal culture of quality and reinforces this culture with clear, consistent and frequent messages and initiatives. We conduct quality review programs on a rolling basis covering one-third of the 72 countries in our integrated partnership every year.

Each entity promotes the quality assurance system among its professionals and underlines the importance of respecting legal and regulatory obligations, particularly with regard to the professional code of ethics and professional standards of practice when accepting and carrying out new assignments. Our member firms conduct their own annual self-assessment, which is then reviewed. Internal and external quality assurance reviews are also part of our process.

A LONG-TERM STRATEGIC PARTNERSHIP WITH HAIER

Since 1984, Haier has grown from a simple refrigerator factory in Qingdao, China into a major multinational consumer electronics and home appliances company. It leads the market in product categories such as home laundry, refrigeration appliances, freezers and wine cellars. Known for disruptive innovation in its product solutions, Haier creates appliances that make life better, smarter and easier for customers.

With offices in all major areas of operation and regional headquarters in Paris, New York and Singapore, Haier was looking for the right audit firm to provide seamless service worldwide. Today, Mazars serves as the statutory auditor for more than 30 entities in 22 countries in Asia, Africa, the Middle East, North America and Europe.

"We needed to work with a provider who could maintain the same level of quality worldwide," explains Xinzhi Shao, Corporate Accounting & Treasury Director. Mazars achieves this by using unified, homogeneous procedures and adapting these procedures locally as needed. "Mazars' integrated model offers us easier and better coordination," adds Xinzhi Shao. "We hope that Mazars and Haier will be able to grow together so Mazars can provide enhanced management support."

Mazars is proud to be working with Haier and looks forward to becoming a long-term strategic partner for the group both in China and overseas.

ENHANCING TRUST IN THE EUROPEAN BANKING SYSTEM

Before the Single Supervisory Mechanism started overseeing the Eurozone banking system, the European Central Bank submitted the 130 largest banks in the Eurozone that will be subject to its direct supervision to comprehensive assessments. From December 2013 to November 2014, they were required to undergo a three-fold audit: a supervisory risk assessment, an asset quality review and a stress test. All three were conducted by the National Banking Supervisors and the European Central Bank.

Mazars was selected by several European banks and National Banking Supervisors to help prepare or review this comprehensive assessment in eight different countries – the Netherlands, France, Spain, Italy, Belgium, Ireland, Malta and Germany – for more than 19 banks. This clearly positions Mazars as one of the top international professional services providers for the banking industry and could lead to other assignments with major players.

DATA PROTECTION AND BRAND REPUTATION

BUSINESS REPUTATION AND ROBUST INFORMATION MANAGEMENT ARE CRUCIAL IN ORDER TO IMPROVE TRUST, AND A COMPANY'S APPROACH TO DATA PROTECTION AND PRIVACY MUST GO BEYOND LEGAL COMPLIANCE.

Developing, implementing and maintaining technology involve substantial challenges, as well as risks and security threats. The environment in which technology is deployed and data is managed is becoming more and more complex with new technology delivery models, tough compliance and more stringent regulatory obligations – all providing a growing challenge to any computerized organization and any audit committee seeking assurance.

Irreproachable and secure

To mitigate data risk, Mazars starts with a thorough examination of the ways in which data is processed and exchanged between the client and Mazars, as well as within Mazars' team. We hold our professionals to the applicable professional standards and require strict adherence to our global code of conduct. Information security assessments are a core part of our annual compliance and review programs.

Educating our professionals in reputational risks

Mazars is very conscious of the importance of integrity, ethics and competence. We understand that any issues that may arise in these areas could damage our brand reputation and, in the long run, negatively impact the trust the market places in our firm. This is why we have a thorough risk management process in place to react promptly to any sensitive issues that may arise.

For example, we observed two isolated and unrelated cases in Europe over the past year, when mistakes were made by two of our Partners. In both cases, we acknowledged the mistakes, learned from them and adapted our procedures and processes accordingly. We also communicated in a transparent and timely manner to key internal and external stakeholders and took appropriate disciplinary measures.

We live in a highly regulated environment and must always demonstrate the highest ethical, professional and technical standards. We believe that the actions of all our staff and Partners determine our reputation and can have an impact on the reputation of our clients.

Mazars also decided to launch a social media literacy program for all senior staff and Partners. Our goal is to maintain and enhance the reputation of our own brand in a global environment in which information is shared by millions in real time. These half-day training sessions have already been offered to over 450 senior staff and Partners.

GLOBAL COMPLIANCE MADE EASY WITH INCONTROL

Mazars launched InControl, an online portal to manage local compliance regulations across different countries. The tool, which was developed in close collaboration with global CFOs from leading international companies, is easy to use and can be set up in a matter of minutes. Users are able to track the progress of all major compliance processes – accounting, financial reporting, tax, VAT & sales tax, and payroll – through up-to-the-minute dashboards. The tool gives users complete oversight of all their compliance activities, which in turn improves transparency.

"Data security was one of the driving forces behind the development of InControl," explains Erick Gillier, Partner and Head of Accounting and Outsourcing Solutions at Mazars. "The portal relies on a tried-and-tested software solution and is not used to record accounting and other transactions." Data is stored in a secure data center that is audited by an external company. The system offers many features to ensure data security. "For example, in the case of VAT reporting, only the final return is accessible through the portal," notes Erick Gillier. "Reports are not transferred via email; instead they are uploaded through the portal, offering more security." User rights are also strictly controlled on a monthly basis to ensure that the right people have access to the right information.

InControl makes it possible to centralize information and customize workflows. "It creates an information hub for regional headquarters so they can identify the compliance requirements for each country and have the perspective they need," adds Erick Gillier. InControl also facilitates project management for both Mazars and its clients. And it serves as a single source of knowledge, which improves continuity when a new CFO comes on board.

With InControl, clients can easily assess Mazars' efficiency. "We work transparently with our clients and open up our processes," says Erick Gillier. "They always know where they stand because they are never left waiting for an email." And no matter where our clients are, they have access to the portal 24 hours a day and 7 days a week via the Internet.

QUALITY AND CONFIDENCE GO HAND-IN-HAND WITH PREVENTING CORRUPTION AND FIGHTING FRAUD.

Corruption poses major risks to companies: hefty financial penalties, exclusion from certain markets, research and development delays, loss of strategic partnerships, and even the destruction of corporate brands, with the economic and social consequences that this entails. Legislative arsenals have been strongly reinforced to combat these risks, which are compounded by an increasingly intense competitive environment. In addition to the United States Foreign Corrupt Practices Act, enacted in 1977, international conventions (established by the Organization for Economic Cooperation and Development, and the United Nations) and national laws (in France, the United Kingdom, Spain and several Latin American countries) have also come into force. Similarly, in recent years emerging powers such as China, India and Brazil have been examining ways to enhance the quality of their anti-corruption policies.

Risk management to promote trust

Mazars' teams always approach non-financial reporting through the angle of risk management, which is at the heart of what we do as auditors and advisors. Companies have understood that poor non-financial performance can have a negative impact on their activities over the long term. Over the last three years, Mazars has been actively involved in an international Anti-corruption Working Group, under the auspices of the G20 and in cooperation with the OECD. At Mazars, we believe that helping our clients secure their processes and be more transparent is a key way to serve society and develop a sustainable economy for the future.

Sharing expertise for the public good

Our role in enhancing trust in business cannot be limited to our ability to mitigate risks for our clients. We must also share our expertise with them. This is what we do in South Africa, for instance, where the Mazars Academy has developed tailored training programs, delivered in association with training partners and supported by innovative learning methodologies and technology. These programs are available to both our staff and our clients to improve financial and non-financial communication.

PROMOTING BEST PRACTICES THROUGH ANTI-CORRUPTION CERTIFICATION

From the time the OECD Anti-Bribery Convention was transposed into French law some 15 years ago, Mazars has led an ongoing initiative to help companies find ways to protect themselves against corruption. Over the years, we have helped several clients – in the defense industry and others – implement measures to fight corruption.

In 2013, we took our services to the next level. "We decided to develop both an advisory offer and a certification offer inspired by anti-corruption best practices and based on a benchmark established in compliance with national and international laws and regulations: French law, the UK Bribery Act, the US Foreign Corrupt Practices Act, the OECD Anti-Bribery Convention, etc.," explains Cédric Haaser, Partner and Head of the Anti-Corruption offer at Mazars. Our benchmark has been approved by an International Advisory Board and the French Justice Ministry's *Service Central de Prévention de la Corruption*.

"Certification hinges on two key factors: implementation and actual application of the benchmark within the audited entity," continues Cédric Haaser. It is based on verification of the anti-corruption program's compliance with our benchmark's 200 control points, as well as interviews with the company's officers, directors and employees, across all relevant sites.

While certification provides only "moderate" assurance, it does offer companies unquestionable credibility both in France and in the eyes of foreign authorities. "It also – and perhaps especially – helps audited entities enhance their in-house procedures. Certification brings clear added value to their approach to compliance, and an added benefit in their communications with all stakeholders," concludes Cédric Haaser.

$1 trillion

The estimated annual cost of worldwide bribery according to the World Bank Institute.

LOCATION
South Africa

CLIENTS AND STAFF DEVELOP SKILLS AT THE MAZARS ACADEMY IN SOUTH AFRICA

Mazars in South Africa has expanded the reach of its learning initiatives, not only for Mazars' employees but also for clients and other players from the public and private sector. Auditors and accountants are known to be among clients' preferred and most trusted advisors. As such, Mazars seeks to enhance this role and derive long-term benefit for both clients and Mazars.

The Mazars Academy offers the Mazars client base access to expertly developed and facilitated programs that are relevant to clients' ongoing business needs. Purpose-designed programs and interventions address a wide array of topics including leadership, governance, ethics, financial management, project management, capacity development, strategy and entrepreneurship. "Clients can also turn to the Mazars Academy when they need to facilitate mission-critical and strategic ideas for their businesses," notes Judy Robison, Learning and Development Director. "Programs are developed to work on strategic planning and change management processes, and carry out objective assessments of challenges and opportunities."

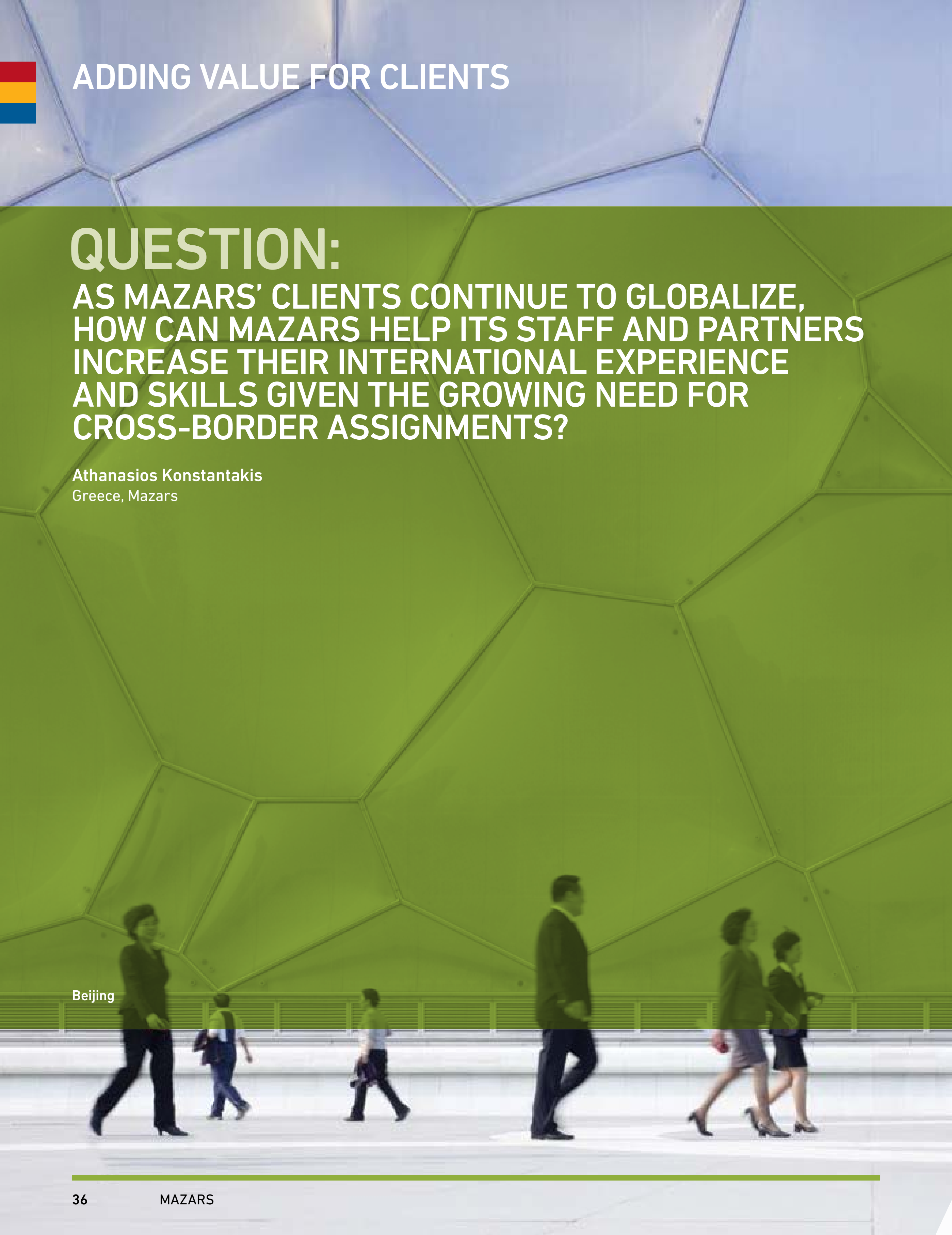
South Africa has special national requirements in terms of skills development. The Mazars Academy allows companies to learn about skills reporting and compliance as they relate to the Workplace Skills Plan, in which South African employers must explain how they will address training and development needs in the workplace. Other capacity-building services include skills audits, research on and implementation of learning technologies, training needs analysis, leadership and team development interventions, and psychometric assessments.

These learning and development services allow clients to focus on the professional expertise they require within their business to achieve their strategic goals. "The Academy's learning management system offers a wonderful opportunity to provide clients with both specially-designed blended learning programs and access to learning or professional development at their own pace," adds Judy Robison. "We are proud to offer our clients an efficient learning offering that truly meets their needs."

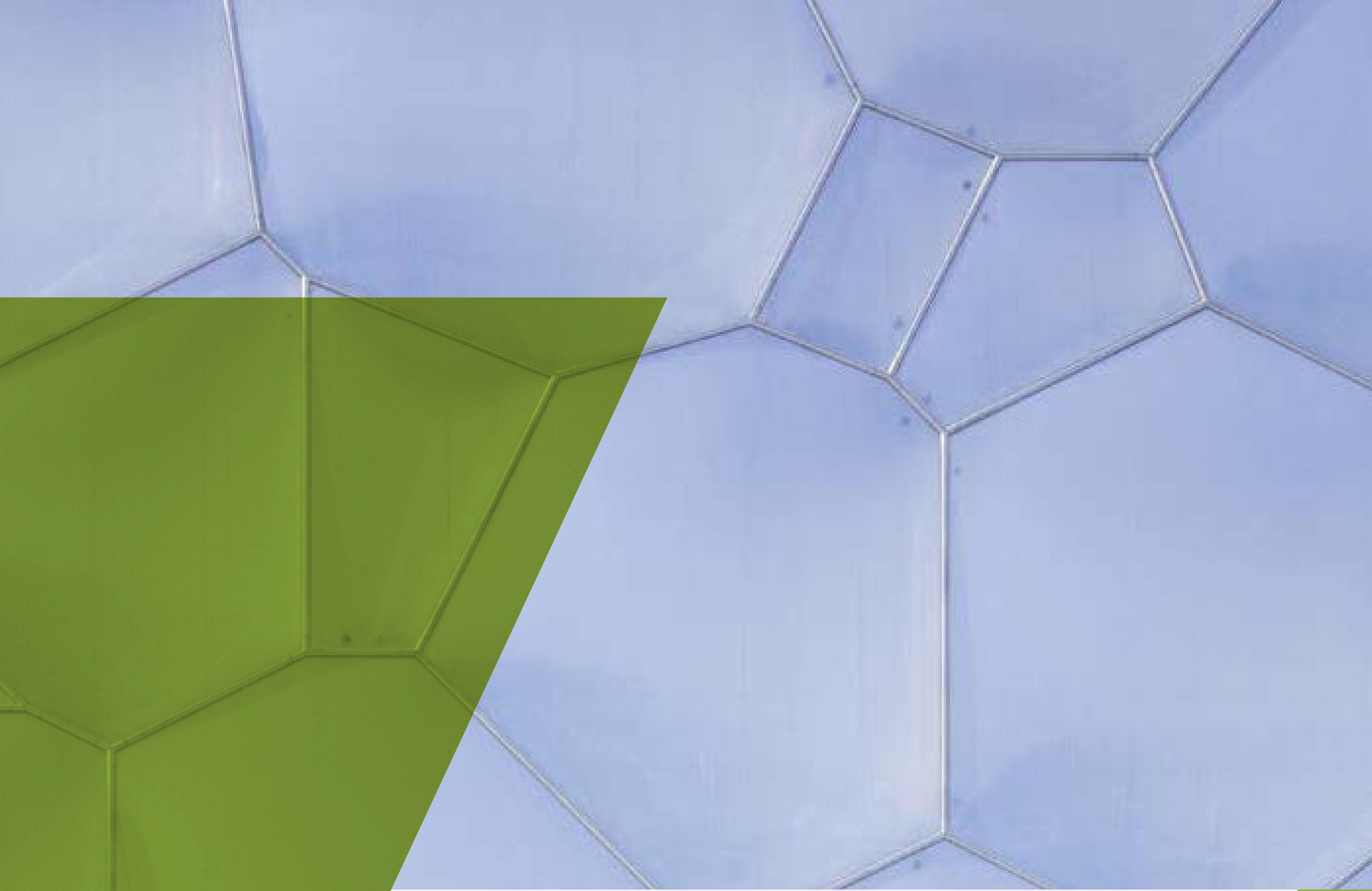
QUESTION:

AS MAZARS' CLIENTS CONTINUE TO GLOBALIZE, HOW CAN MAZARS HELP ITS STAFF AND PARTNERS INCREASE THEIR INTERNATIONAL EXPERIENCE AND SKILLS GIVEN THE GROWING NEED FOR CROSS-BORDER ASSIGNMENTS?

Athanasios Konstantakis
Greece, Mazars



Beijing



ANSWER:

WE REGULARLY BRING TOGETHER STAFF AND PARTNERS FROM ALL OVER THE WORLD TO SHARE MULTI-COUNTRY TRAINING SESSIONS. WE HAVE INTEGRATED IN OUR PARTNER DEVELOPMENT PLANS INTERNATIONAL EXPOSURE THROUGH SHORT- AND LONG-TERM ASSIGNMENTS. MAZARS UNIVERSITY'S PROGRAMS ARE ALSO DESIGNED TO INCREASINGLY EXPOSE OUR PROFESSIONALS TO INTERNATIONAL SITUATIONS.

ADDING VALUE FOR CLIENTS

EXTERNAL INSIGHT – LENA YANG AND BRUNO ROUSSET	38
THE NEW CHALLENGES OF LONG-TERM VALUE CREATION	40
TALENT TO BETTER SERVE OUR CLIENTS	42
GLOBAL OUTREACH AND NEW FRONTIERS	44
DIALOGUE WITH BUSINESS COMMUNITIES	46

EXTERNAL INSIGHT – LENA YANG AND BRUNO ROUSSET

IN TODAY'S CHANGING REGULATORY ENVIRONMENT, MAZARS FOCUSES ON ADDING VALUE FOR CLIENTS THROUGH ITS SERVICE OFFERING. WE SPOKE WITH TWO INTERNATIONAL BUSINESS LEADERS TO GET THEIR PERSPECTIVE ON HOW AUDITORS AND ADVISORS CAN MAKE A DIFFERENCE BOTH LOCALLY AND GLOBALLY.

"We expect our auditors and advisors to serve as more than gatekeepers."

Lena Yang
Managing Director of Hearst Magazines International – China

Hearst Magazines International publishes close to 300 editions in over 80 countries worldwide.

"Above all, the auditors and advisors who work with us need to be able to anticipate changes in the regulatory landscape."

Bruno Rousset
CEO of April

April is an international insurance company based in Lyon, France with over 4,000 staff members and operations in 37 countries.

What do you believe are the major issues and challenges that corporations need to address today in order to remain competitive in an open economy and meet the demands of their clients, consumers, stakeholders and the business community as a whole?

BR: April currently has a presence on three continents, and international expansion is ongoing. Because of this, our first major challenge is gaining understanding of the cultures in the countries into which we are moving. This is a critical issue since we must be able to work with different cultures. And, although mobility within the company is important to us, we make an effort to hire locally and we favor multilingual candidates. This is essential.

The second challenge is keeping up with the digital revolution. The rise of e-commerce has a significant impact on our activities, and insurance account data, for example, can now be digitized.

The third major challenge is ensuring that our teams, auditors and advisors can function as a network at the local level.

Finally, we often need to adapt to changing regulations, which constantly change the rules of the game. At present, this is primarily reflected in increasingly protectionist practices.

LY: As a media group that moved into the Chinese market in 1988, we have seen rapid change over the last 25 years. And since 2010 – with the rapid expansion of smart devices, broadband service, and the move from 3G to 4G – media consumption habits have changed dramatically, posing a major challenge for our industry. Further, the barriers between consumers and brands are disappearing with the increasing use of digital platforms, and today's consumers are also more demanding and expect real-time, 24-hour access to services.

In the fast-moving world of media, we have to be ready to invest in order to address the challenges mentioned above as well as those of rapidly changing technology, and cloud and big data management. We also need to take into account the fact that our business must reach many cultures and, therefore, target our marketing to stay competitive. To move ahead, we will have to embrace change.

In this context, what do companies, particularly those that do business internationally, expect from their auditors and advisors?

BR: What we need the most is for the people we work with to be able to anticipate changes in the regulatory landscape and alert us as to what is on the horizon. We also need them to be responsive and able to address our questions or issues quickly.

I would also stress the importance of high-quality relationships, particularly at the local level. It is essential in any given country that our auditors, for example, have a close working relationship with our local management.

Sector expertise is also a major asset. In a field as technical and highly regulated as ours, this is the only way both auditors and advisors can be relevant and effective. Wherever we have a presence, it is imperative that they be highly knowledgeable about our industry and our professional environment.

LY: We expect our auditors and advisors to serve as more than gatekeepers. We are looking for real business partners who will inform us of risks that may arise and also be proactive so we can stay abreast of changes to regulations.

An ongoing dialogue is necessary if advisors are to provide good, timely advice in local markets and with regard to international compliance. In the media business, we also need to work with advisors who truly understand our industry and how it is evolving.

Do you think these expectations are the same in mature and in emerging markets?

BR: Our industry is regulated everywhere in the world. The kinds of issues we have to deal with depend largely on the local situations. The level of economic development may not even be a major factor. In any type of market, we need auditors and advisors who can anticipate changes, respond rapidly, and who have a deep understanding of the way our industry works.

LY: New technologies are transforming China, even in rural areas, where we see a new generation that lives, consumes and communicates using smart mobile devices, and has no attachment to old media such as newspapers, magazines and TV. These trends are occurring to some degree in both emerging and mature markets.

In the longer term, what do you believe will be the major issues on which auditors and advisors will be required to provide added value?

BR: The primary added value will be related to our compliance obligations when we are dealing with fastidious oversight authorities. This is the case in the United Kingdom, for example, where you often get the sense the authorities are looking for reasons to penalize you.

Secondly, because of our international expansion activities, we need to be able to count on auditors and advisors who are experts in the issues specific to mergers and acquisitions. In my view, this means superior knowledge of the market and its players, and particularly of the quality and value of our potential targets.

LY: The key challenge in China is regulatory change. With the new government's anti-corruption, compliance and control measures, what have been gray areas in the past might now be an issue, and regulations may even apply retroactively, going back for years. We need our auditors and advisors to alert us, to raise red flags, so that we can avoid risk. Auditors should closely monitor governmental regulatory changes and key risk areas with regard to compliance. Again, we also need our auditors and advisors to be proactive.

How far can outsourcing go?

BR: We made the conscious choice to manage most of our activities internally, and to encourage functioning as a network. We only outsource for specific projects as well as our accounting and payroll operations, for example. In fact, we approach outsourcing on a case-by-case basis.

Do you believe corporations increasingly need to focus on their core businesses in order to succeed?

LY: Hearst's activities in the US are quite diversified. Media remains important to the company, but diversification into entertainment, and investment in new digital services companies, may now begin in China as well.

In China, we are looking forward to developing different activities that are linked with media content, such as digital content creation and integrated marketing solutions. The key challenge is to focus on our existing resources to develop a new business format that can respond to the rapid changes of the media landscape. We need to develop new capabilities, stabilize the infrastructures, and seek out new talents and new technologies. This will allow us to embrace the changing information needs of consumers and provide diversified services, while still focusing on our core expertise: content (information, activities, events), creativity and connection.

THE NEW CHALLENGES OF LONG-TERM VALUE CREATION

IN AN ENVIRONMENT MARKED BY GREATER VOLATILITY AND MORE FREQUENT DISRUPTIONS, COMPANIES MUST FORMULATE A LONG-TERM STRATEGY TO PROMOTE STABILITY AND STIMULATE SUSTAINABLE GROWTH.

According to the International Monetary Fund, global growth is projected to increase to 3.9% in 2015. The question is how businesses will take advantage of the economic recovery to invest in innovative solutions in the medium and long term. The 2014 CEO Challenge study conducted by the Conference Board involving more than 1,000 business leaders worldwide revealed five major challenges faced by organizations: human capital, i.e, the capacity to increase employee responsibility and commitment; customer relationships, which require personal investment; innovation, through the creation of a culture of risk-taking; operational excellence, thanks to more flexible and responsive organization of work; and the protection of brands and reputation.

For those in charge of business development or who provide advice and support in that area, these fast-emerging challenges have to be taken into account. Auditors and advisors actually need to rethink their roles in the chain of sustainable value creation. This means refusing any form of commoditization and focusing on core competencies in order to develop and offer custom-made solutions.

The best talent to support clients

These new expectations make recruiting and training even more critical today. A recent study published by the Association of Chartered Certified Accountants clearly demonstrated that in both mature economies such as Europe, and emerging countries such as those in Asia or Africa, demand for highly qualified professionals will continue to rise. These professionals will increasingly be expected to fully grasp risk management challenges, adopt business-focused approaches and take part in strategic thinking – in other words, they will be expected to form a solid link in the chain of sustainable and shared value creation.

To provide clients with real added value, knowledge of their business sector is essential. This involves understanding their competitive environment and staying abreast of regulatory developments, trends in market concentration/fragmentation, and changes in consumer behavior as well as stakeholder expectations. Business sector expertise makes it possible to provide relevant recommendations and develop successful projects.

Ongoing global support

It is also of vital importance to be present wherever your clients go. With the exception of a few niche markets, business expansion takes place at the international level. Not only does an increasing proportion of companies' revenue come from outside their country of origin, but through organic growth or acquisitions they are also expanding abroad. It is thus imperative for the firms that audit or advise them to be able to provide support for their geographic expansion. In concrete terms, firms need to be able to offer the same services everywhere, with the same level of quality in terms of client relationships and technical aspects. They need to be able to adapt to local cultures, understand them, be familiar with applicable regulations and anticipate regulatory changes.

Collaboration is key

Rigid approaches and readymade solutions are not plausible options. It is key to have a collaborative approach that combines the expertise of a number of professionals and makes it possible to offer made-to-order solutions. This enhanced collaboration, which yields the most stimulating and pertinent ideas, also relies on a notion of teamwork, bringing together those who offer services and those who receive them. Moreover, it presupposes a relationship of mutual trust at all levels (local, regional, international), which encourages dialogue and debate. Finally, it requires a shared belief that each party has something to gain from the process: for an audit or advisory firm to improve its performance, it must also improve the performance of its clients.

At Mazars, we identify the risks we have to manage and the opportunities that we can seize to achieve our objectives. Below is our analysis of risks and opportunities related to Adding Value for Clients as of August 31, 2014.

Analysis of potential risks and opportunities

Opportunities and risks		Capitals	Stakeholders	Initiatives and/or mitigation measures
O	**International network:** The development of new integrated networks promotes innovation and reduces the systemic risk related to the failure of one global network.		Clients, employees, institutions and Partners	Over the last 10 years, Mazars has regularly invested to develop its international integrated partnership. Our partnership covers 72 countries, and with our correspondents and alliances we provide services in over 110 countries.
O	**Service offering:** Specialty services are in higher demand.		Clients, employees and Partners	We provide innovative, tailored and global solutions to our clients. Combining the reliability of our methodologies with our ability to think "outside the box," we deliver value to our clients and our communities.
O/R	**Reputation:** The influence of alumni on the market and on regulatory and professional bodies could either harm the profession and impede competition or contribute to improving business sustainability.		Alumni, clients, communities, institutions and Partners	While maintaining its independence, Mazars is actively engaged with its alumni to share insights and review business needs. Through a better use of social networks, we are improving our commitment to dialogue with our alumni.
R	**Talent:** Skilled people, especially in economically vibrant areas, are increasingly difficult to attract and retain.		Clients, employees and Partners	As a professional services firm, we develop a dynamic human resources policy valuing excellence and a strong sense of ethics. We invest in our people to make their years with Mazars a profitable experience and prepare them to be future leaders inside or outside our firm.
R	**Performance and efficiency:** Volatile, negative or uncertain economic conditions could affect our ability to provide high quality services.		Clients, employees and Partners	The quality standards of our services are not negotiable. Our teams work together with the aim of creating synergies to develop perfectly integrated solutions based on a thorough understanding of our clients' markets and our ability to anticipate changes.

Manufactured Intellectual Social & Relationship Natural Financial Human

TALENT TO BETTER SERVE OUR CLIENTS

THE SERVICES WE PROVIDE AT MAZARS ARE NOT COMMODITIES, AND WE ARE CONVINCED THAT "ONE SIZE FITS ALL" IS NOT THE WAY TO CREATE ADDED VALUE. WE BELIEVE IN WORKING HAND-IN-HAND WITH OUR CLIENTS, IN UNDERSTANDING THEIR BUSINESS ENVIRONMENT AND IN OFFERING CUSTOMIZED SOLUTIONS THAT FOSTER GROWTH OVER TIME.

This is why we recruit the best talent, and we train and develop committed, client-oriented and open-minded professionals. This is also why we have set up an agile international organization that allows us to mobilize the right resources on the ground in order to address the specific needs of our clients wherever they operate.

Our people are truly the driving force of business success. To face the challenge of finding and retaining the right human resources, we have developed a human resources policy, designed to help us to invest in professionals who will not only achieve technical excellence, but will also be able to challenge preconceived ideas and remain uncompromising on ethical business practices.

Each year, we dedicate up to 12% of payroll to learning and development initiatives, which emphasize the sharing of professional knowledge and best practices. We blend local, regional and Group-wide training to create well-rounded programs for professionals.

Innovative working practices

Within our organization, the average age is 28. Our teams are very Gen Y-focused, and some of our Millennials have already reached management positions. So we have excellent reasons for staying ahead of the game and adapting our working practices to the expectations of this new generation.

We understand that people have a great deal more to offer when they work in a safe and reassuring environment that fosters active contribution. From the very beginning, our junior staff members have access to supportive and approachable leaders and colleagues who have in-depth market skills and expertise.

They are also encouraged to develop their own ways of thinking and are nurtured to become independent-minded and principle-based professionals. One of our recruiting campaigns is a web series that highlights how "Mazarians always need to do things differently!" (http://www.mazarsrecrute.fr/).

Whenever our people join, however long they stay, the impact of their Mazars years will last a lifetime. We empower them while they are with us and stay connected to those who leave. This is the concept underlying our global employee branding campaign called "My Years with Mazars".

Global reach through knowledge-sharing

Sector expertise is a must, and we have developed international, sector-specific teams that allow us to combine in-depth knowledge of the local and global issues that our clients face in their industries.

This is what has been done in the automotive sector, for example, under the leadership of David Chaudat, Mazars' Partner who serves as the Global Head of the Industry sector. The international team involved in the automotive sector uses a brand-new digital tool developed by Mazars that allows enhanced and faster knowledge sharing and management across the Group. David Chaudat is also working hand-in-hand with Mazars University leaders to build a business development program aimed at helping create other core-business development teams and champions.

EDUCATION AT THE HEART OF OUR MODEL

Mazars University is dedicated to providing top-notch technical and soft-skills training for staff around the world. Our portfolio covers 12 key programs on leadership, strategy, business development, innovation and management.

Mazars University is built around six main objectives:

- **Connecting people:** Mazars University brings our people together to think, learn, grow, connect, and challenge themselves and their peers.
- **Boosting global performance:** Mazars University ensures first-class technical training for staff around the world, while focusing on improving business acumen across a wide range of subjects.
- **Sharing knowledge:** Mazars University makes available a selection of multimedia resources, access to best-in-class faculty and trainers (both internal and external), and collaborative spaces to build, exchange and share knowledge.
- **Catalyzing innovation:** Our industry and markets are evolving quickly and we cannot afford to stand still. Mazars University raises awareness of the importance of innovation for continued growth, and supports pioneering projects and pilots.
- **Investigating new resources:** We attract thought and industry leaders, as well as rising stars in the academic world, to join our debates as faculty or guest speakers.
- **Enhancing our brand:** The learning experience is a critical component for attracting our young recruits, inspiring our fast-tracked talent and adding value to our clients. Mazars University seeks to position Mazars as an innovative contributor in the field of business education.

CLIP accreditation

In the world of business schools, the top international accreditation is granted by the European Foundation for Management Development (EFMD) under the name EQUIS. EFMD also accredits best-in-class corporate universities under the label CLIP. So far, only 16 blue-chip companies like Allianz, Santander, Novartis, RBS and Siemens have been awarded this prestigious label. Mazars has gone through the process of CLIP accreditation in December 2014.

SHARING FOOD AND BEVERAGE EXPERTISE

To better serve our international clients, we rely on our best experts who share their knowledge and insight with their peers and create high-level practices worldwide. Our Food & Beverage Group, led from our US offices, offers a fitting example of this pragmatic approach.

The WeiserMazars United States team has developed the perfect mixture of knowledge, experience, trust and independence for the food and beverage industry. Every year, we organize the Food and Beverage Industry CEO Best Practices Forums in New York, New Jersey and Pennsylvania, where hundreds of CEOs and C-level executives representing the entire supply chain – manufacturers, processors, packaging experts, importers, distributors, retailers and restaurants – come together to share their expertise.

Our Food & Beverage Group helps clients improve processes and product lines, increase cash flow and reduce inventory levels, identify the most profitable products/customers, and develop costing models and analyses. Louis J. Biscotti, National Director of Food & Beverage, understands the nuances of the business. He is a firm believer in the importance of connecting people in the industry. "We work closely with a wide range of industry experts who present the latest food and beverage trends at our events," says Lou Biscotti. "And we always provide ample time for networking."

Some 20 US-based Partners specialize in serving the food and beverage industry, working hand-in-hand with Mazars' offices internationally. "When a US beverage company needs to audit a plant in Ireland, for instance, you have to have feet on the ground," notes Lou Biscotti. "Clients are looking for multidisciplinary knowledge and assurance that we can offer them the support they need wherever they operate worldwide."

We have developed solid relationships with thousands of food and beverage companies, and work with some 500 companies internationally.

For more information about Mazars' Food & Beverage Group:

GLOBAL OUTREACH AND NEW FRONTIERS

93.3%
Percentage of worldwide GDP covered by Mazars' geographical presence.

WHILE IT TAKES THE RIGHT PEOPLE WITH THE RIGHT EXPERTISE TO MEET THE NEEDS OF OUR CLIENTS, WE ALSO HAVE TO PROVIDE THE RIGHT ORGANIZATION TO BETTER SERVE BOTH PUBLIC AND PRIVATE ENTITIES AND ACT AS A CATALYST FOR THEIR TRANSFORMATION AND GROWTH. AT MAZARS, WE CONSTANTLY STRIVE TO ADAPT OUR EXPERTISE TO THE EVER-CHANGING AND INCREASINGLY DEMANDING MARKET.

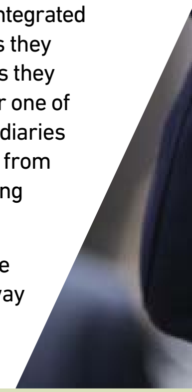
Over the 2013/2014 fiscal year, we continued to expand the reach of our global partnership, which covers 72 countries, with the integration of a firm in Croatia. We also strengthened our regional hubs in Asia, Latin America, Africa/Middle East and Europe. Regional hubs are established to ensure sustainable development in areas where we detect potential for significant growth. They play a crucial role in allowing us to share knowledge, provide efficient and lean services, and offer the same level of quality in all our 250 offices worldwide.

Long-term international growth

Mazars' long-term development strategy focuses on expanding internationally to integrate existing entities that have local teams on the ground, and creating international centers of expertise to offer a full range of tax, legal, accounting, audit and advisory services. The advantage of integrating existing companies worldwide is that we are able to mobilize the right players who have a clear understanding of local regulations and the specificities of the local market.

We believe that we have a key role to play in developing local and regional economies. This creates a win-win situation, where both our partnership and our local integrated entities benefit. At the same time our clients gain as they have access to the local and international resources they need. In Africa, for example, we make it possible for one of our Moroccan banking clients to develop new subsidiaries in sub-Saharan countries by pooling our resources from Europe, Morocco and other African offices – fostering dialogue and adding value across the board.

At Mazars, the two cornerstones of our success are the way we value people and their ideas, and the way we work as one single team across borders.



TEAMING UP IN MOROCCO FOR CROSS-BORDER PROJECTS

Banque Populaire du Maroc, a leading bank in Morocco, appointed Mazars to perform financial due diligence on Atlantic Insurance, a large insurance group that operates in West Africa. The scope of our work covered financial, legal, tax, actuarial and IT aspects of four life and non-life companies in Côte d'Ivoire and Togo.

"We have an excellent relationship with Banque Populaire's management team," explains Kamal Mokdad, Mazars' Managing Partner in Morocco. "And this was a key factor for this win." Today, Banque Populaire is Mazars Morocco's largest client in the financial services market.

More than 15 staff members from our offices in France, Côte d'Ivoire and Morocco joined forces to handle this large-scale, transnational project. "Mazars' international coverage allows us to offer the highest standards of quality to companies that are seeking external growth opportunities in Africa," notes Kamal Mokdad.

LOCATION
Morocco

SERVING THE BRAZILIAN MARKET

Our development in Brazil is a good example of how we invest in order to put together the resources and teams that best meet the needs of our clients within this market.

Since 2011, Mazars has strengthened its presence in Brazil to meet the needs of European clients seeking Financial Advisory Services (FAS) in one of the fastest-growing BRICS economies. A team of four professionals was transferred to Brazil to handle projects involving transaction services, valuation and project finance. The team has grown to approximately 20 professionals in three years, and has worked on over 150 projects, 60% of which involved European or US investors.

In addition to advising international clients, we strengthened our footprint in Brazil by advising local private equity funds on more than 10 deals and "have demonstrated our ability to provide critical support to listed Brazilian large corporates on strategic investments," explains Firas Abou Merhi, Mazars' Partner in charge of financial advisory services in Brazil. This capacity is also recognized by US clients and by one of the leading European business services groups, listed on the London Stock Exchange, that has used our transaction services team for assessing financial performance, risks and opportunities in all its deals in Brazil since 2012.

The FAS team draws on the expertise of international professionals who have experience with both the US and European markets, as well as local specialists who understand what makes the Brazilian market unique.

Several large-scale projects have been led jointly with FAS teams in São Paulo, Paris, London or New York, one of them involving Asian investors in a multi-billion dollar greenfield industrial project where we provided model audit and tax and accounting advisory services related to the financial modeling used to support the investment.

US firms are also investing significantly in South America, and we work closely with our US-based teams to help US clients expand their business in Brazil. "Over the coming year, we will also be expanding our tax advisory practice to provide a complete range of services on complex transaction structures involving Brazil," adds Firas Abou Merhi.

To find out more: http://www.mazars.com.br

LOCATION
Brazil

WE ARE COMMITTED TO FOSTERING SUSTAINABLE GROWTH IN AREAS WHERE WE CAN HAVE THE GREATEST IMPACT. THROUGH ONGOING DEBATES WITH MARKET EXPERTS AND KEY DECISION MAKERS, WE INVESTIGATE THE FACTORS DRIVING PERFORMANCE, AND SHAPE AND SHARE BEST PRACTICES IN OUR FIELD OF EXPERTISE.

We seek to make a tangible, lasting contribution to the industry stakeholders we work with. Mazars' involvement in industry discussions is motivated by our desire to improve business and social conditions. We have the expertise that can make a difference, and we are inspired to work with organizations to make an impact at the local and international levels. We are firmly convinced that together we can achieve more than any of us could individually.

Thought leadership for business

Mazars supports professional organizations in various industries by applying our talents, expertise and insights in the accounting and advisory services we provide. This work challenges us intellectually, helps us develop professionally, and fulfills us personally. Helping leaders in the commercial, public and social sectors allows us to develop a deeper understanding of the evolution of the global economy, and provides a fact base that contributes to decision-making on critical management and policy issues.

We play an active role in professional think tanks and associations. For example, Mazars takes part in the work organized by the European Capital Markets Institute, which is chaired by Fabrice Demarigny, Mazars' Partner in charge of Financial Advisory Services. We are also members of the International Federation of Accountants, the Federation of European Accountants, the European Confederation of Directors' Associations, etc.

Mazars conducts industry surveys in areas such as construction, automobiles and the media – allowing our experts to get to the heart of the issues that matter most to business leaders and society. We focus on analyzing the latest developments in all fields and exploring the trends that are essential to business development in today's rapidly changing competitive environment.

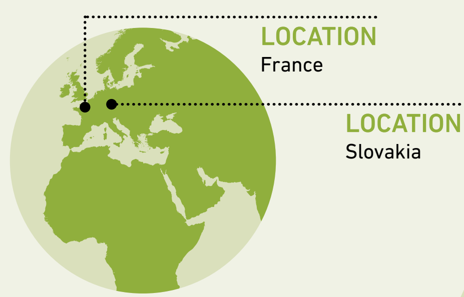
CREATING ECOSYSTEMS OF PROBLEM-SOLVERS

Mazars works as a business accelerator for startups, SMEs, mid-caps and large caps. We join forces with them and provide guidance and advice based on our specific experience, creating ecosystems that allow companies to thrive and develop.

In France, Mazars has just launched Mazars' Lab, an open innovation program aimed at co-building cutting-edge solutions with and for startups. Mazars' Lab acts as both an incubator and a common platform on which in-house experts and startuppers work together in order to develop specific services to help startups grow into PMEs and beyond.

In Slovakia, Mazars has created the Ideashop initiative, to offer startups an innovative way to generate ideas and come up with smart solutions for the issues they face. Mazars' Ideashop brings together players from the startup community to take part in workshops and help our clients and our business partners solve pre-defined problems.

Through facilitated brainstorming, Ideashop fosters synergy between Mazars' clients and the startup community – adding value for our clients and giving creative opportunities to local startups.



BUILDING THE FUTURE WITH INDUSTRY STAKEHOLDERS

Many players in the aerospace and defense industry – including SMEs, mid-caps, and large industrial groups – turn to Mazars for audit and advisory services. “We are passionate observers of the challenges faced by the sector and are fully committed to providing assistance to manufacturers,” explains Gaël Lamant, Mazars’ Partner in charge of aerospace and defense.

In 2009, Mazars launched the Aero Club, an initiative by Mazars Partners specializing in the aerospace and defense industries in Toulouse and Paris. The Aero Club holds regular conferences and debates, drawing on Mazars’ ability to bring together speakers on current topics from a variety of backgrounds, to exchange complementary and innovative points of view.

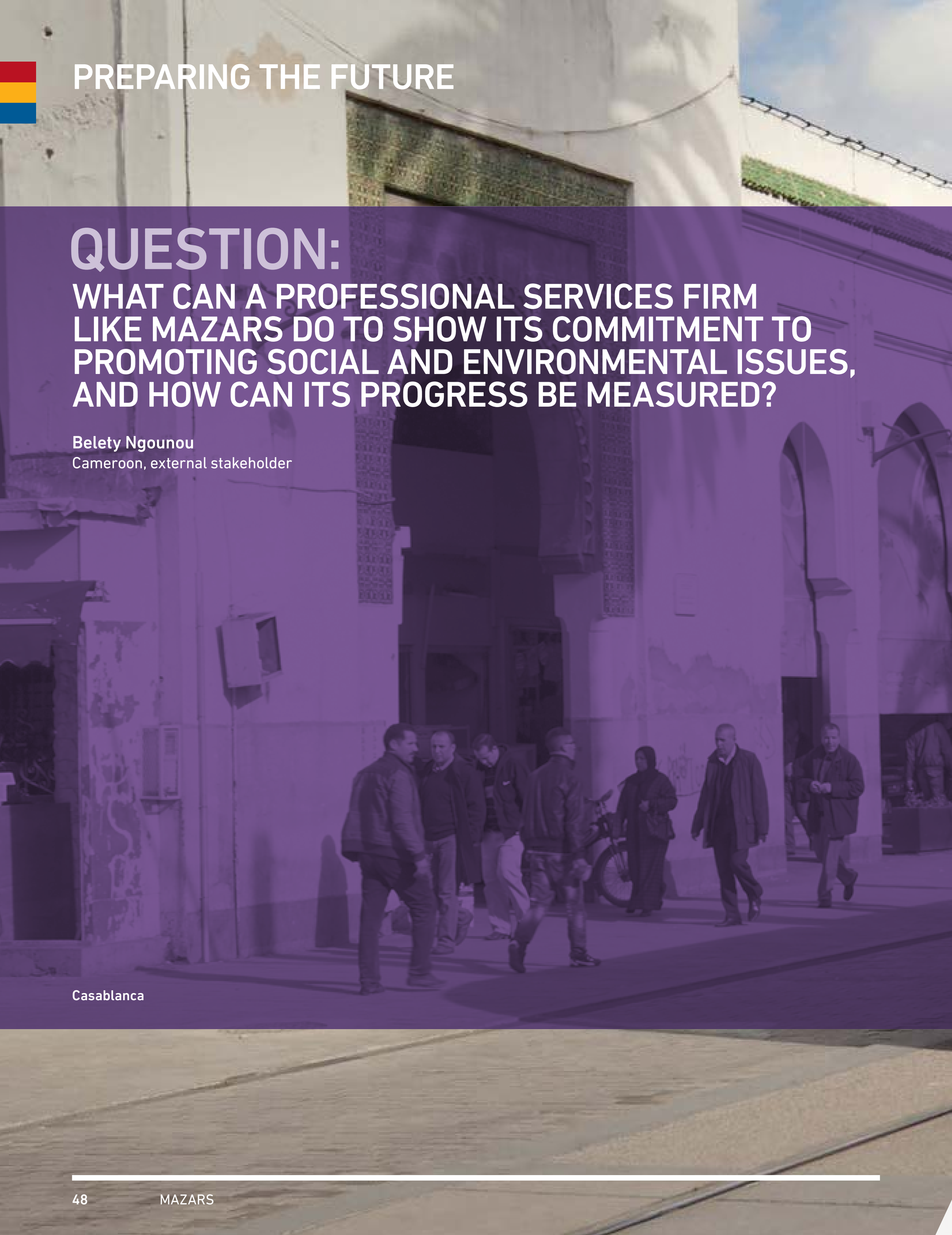
In 2013, the Aero Club’s work focused on Aerofund, a venture capital fund led by the French government and co-funded by the Caisse des Dépôts, major industrial groups and local governments. “The fund provides capital for cutting-edge SMEs and mid-caps to help them expand their business,” notes Gaël Lamant. “Investors – which include Airbus, Safran, EADS, Eurocopter, Bpifrance, and local governments – have already made it possible to raise €150 million.” The fund seeks to raise a total of €300 million.

Mazars works with five of the top 10 aerospace and defense groups in Europe. “We are key partners for many major French players, including Dassault Aviation, Thales and Safran, and we audit their activities across the globe in France, the US, the UK, Brazil, Morocco, Mexico and other countries,” adds Gaël Lamant.

QUESTION:

WHAT CAN A PROFESSIONAL SERVICES FIRM LIKE MAZARS DO TO SHOW ITS COMMITMENT TO PROMOTING SOCIAL AND ENVIRONMENTAL ISSUES, AND HOW CAN ITS PROGRESS BE MEASURED?

Belety Ngounou
Cameroon, external stakeholder



Casablanca

ANSWER:

WE PARTICIPATE IN DEBATES THAT SHAPE THE MARKET, WE DEPLOY NEW SERVICE OFFERINGS TO MAKE IT EASIER TO IMPLEMENT NEW REGULATIONS, AND WE PREPARE FUTURE GENERATIONS OF LEADERS. WE ALSO PROVIDE PARTNERSHIP SOCIAL RESPONSIBILITY GUIDELINES AT THE GROUP LEVEL AND PROMOTE LOCAL INITIATIVES, WHICH ARE REPORTED IN OUR YEARLY COMMUNICATION ON PROGRESS TO THE UNITED NATIONS GLOBAL COMPACT.

PREPARING THE FUTURE

EXTERNAL INSIGHT – NATHALIE BERGER	50
CONNECTING BUSINESS WITH SOCIETY	52
STAYING AHEAD OF THE GAME	54
SOUND SOLUTIONS FOR CLIENTS AND SOCIETY	56
MAKING AN IMPACT ON OUR COMMUNITIES	58

THE EU AUDIT MARKET REFORM WAS ADOPTED BY THE EUROPEAN PARLIAMENT AND THE COUNCIL OF MINISTERS OF THE EUROPEAN UNION IN APRIL 2014. FOR NATHALIE BERGER, IT WILL HELP STRENGTHEN THE INDEPENDENCE OF AUDITORS, ENHANCE OVERSIGHT AT THE EU LEVEL AND CONTRIBUTE TO A MORE DYNAMIC AUDIT MARKET. IT ALSO AIMS TO CONSOLIDATE THE EU'S POSITION AS A LEADER IN TRANSPARENCY AND SOUND FINANCIAL REPORTING.

"Improving audit quality in the EU to help drive economic recovery."

Nathalie Berger
Head of the Audit and Credit Rating Agencies Unit at the Directorate-General for Financial Stability, Financial Services and Capital Markets Union

The reform of the EU audit market has now entered the transposition phase. In your opinion, what are the main challenges to the reform's implementation in Member States? What role will the European Commission play during the transition period and beyond?

The EU audit market reform, which was adopted and took effect in 2014, must be implemented in the Member States by mid-June 2016. States will have two years to transpose the EU legislation into national law or regulations. The reform is also expected to provide national supervisory authorities in each Member State with the resources they need to fully perform their new, more expanded role.

The European Commission will assist Member States with implementation of the reform. Our primary objective is to ensure that legislation is implemented in a consistent and uniform manner. To this end, we have set up "transposition workshops" to answer questions from national authorities and provide legal insight or details on specific points.

In the next phase, after June 2016, the Commission will fully assume its role as guardian of the Treaties. In that capacity, it will ensure that the EU legislation is transposed in accordance with its objectives and that it benefits all of the economic stakeholders concerned – auditors, investors and companies.

What advice would you give to Member States for a smooth transposition process and the successful creation of a homogenous audit market in the European Union?

Creating a homogenous market will first require enhanced cooperation among Member States. To this end, oversight will be coordinated at the EU level by the CEAOB, the Committee of European Auditing Oversight Bodies. Its role will also be to facilitate the implementation of new rules by organizing and encouraging communication among the national oversight authorities.

One important innovation should also be noted. Each oversight authority, working closely with the European Competition Network, will be required to publish monitoring reports on the national audit market.

In your opinion, what are the key factors for ensuring that a homogenous audit market is also well-functioning?

In my view, there are four essential factors.

The first is auditors' independence. As I mentioned earlier, this is one of the goals of the reform. Auditors perform a public-interest mission that is essential for ensuring investor awareness and market confidence. It is thus vital for them to be able to maintain their professional skepticism with complete independence.

The second factor involves increasing the scope of audit reports. To this end, we introduced a requirement for auditors auditing public-interest entities (listed companies and financial institutions) to provide the entities' audit committees with an additional confidential report expressing any concerns they may have about issues noted while performing their audit. This special report will provide auditors with a privileged channel of communication within the entities they audit. Auditors will also have access to an alert procedure to inform the supervisor of the audited entity.

The third factor involves enhancing oversight at the EU level, with a wide range of reinforced sanctions imposed by national oversight authorities.

Finally, effective improvement of the audit market will require diversification, and we believe that joint audits are an essential component of this. The way we see it, joint responsibility for the entire audit process offers a real means of ensuring audit quality. This is why the reform provides for an extension of the mandatory audit firm rotation period for entities whose financial statements are certified by two audit firms under a joint audit. We hope that this "bonus" will help encourage the development of joint audits in EU Member States.

How do you view the European audit market today, in comparison with the audit market in the United States or the major emerging countries?

This audit market reform has provided the EU with a state-of-the-art regulatory framework. The European Union is a global leader in producing new measures to improve audit quality. Since its inception, the EU audit market reform has been closely scrutinized by our international partners. We are delighted that our model stands as an example.

It is very important to keep in mind that the aim of creating a homogenous, top-quality audit market is to drive growth in the EU. A market with these characteristics will help convince and attract investors from outside the EU.

Are any other changes anticipated following the completion of the EU statutory audit market reform? If so, in what areas and timeframes?

Over the last five years, several regulatory measures were taken in response to the crisis. Today, our priority is to work towards the successful implementation of the audit market reform and exercise vigilance regarding the spirit and substance of transposed measures. This is of vital importance for everyone!

In this context, combined with the fact that the newly-elected Commission recently took office, it is unlikely that any major projects will be introduced in the near future. This doesn't rule out the possibility of forward planning, but at this stage it is too early to make any announcements. And again, in the coming months our priority will be to ensure the successful implementation of the statutory audit market reform.

What advice or key messages would you like to extend to economic players in the EU?

Above all, it is important for all economic players to understand that the successful implementation of the reform will be a collective effort: everyone will have a role to play. Member States, with our support, will be responsible for ensuring that transposed measures respect the spirit and the letter of EU legislation.

Auditors must be given the legal certainty they need to exercise their new prerogatives and fulfill their new obligations. Starting in June 2016, auditors will have the opportunity to further demonstrate their commitment to transparency and work towards this goal in closer collaboration with companies' boards of directors and audit committees.

Oversight authorities will be responsible for ensuring that companies cooperate, answer auditors' questions and give auditors access to all the information they need to fulfill their public interest mission.

Investors will have access to more complete and reliable audit reports, and will play a key role in ensuring that the reform produces its full effects.

CORPORATIONS CAN NO LONGER LIVE IN THE SHADOWS. THEY WILL BE EXPECTED TO PARTICIPATE DIRECTLY IN THE DEBATES THAT IMPACT THE FUTURE OF THE COMMUNITIES IN WHICH THEY OPERATE AND BE FULLY AWARE OF THEIR ECONOMIC AND SOCIAL RESPONSIBILITIES.

Leadership in the 21st century requires responsibility towards people and the societies in which the company operates and stewardship of the natural resources on which it relies. Today's new expectations will change the operating environment of the players that audit or provide support to companies. This situation calls for the emergence of new global service providers that will be able to turn their focus to serving the common good. This is how the European Union audit reform should be interpreted, as it strengthens the role of auditors by guaranteeing their independence, placing greater importance on their reports, and ensuring more effective supervision. The goal is to improve audit quality and open up the audit market, in order to restore investor confidence and foster dynamic growth in the European Union.

Promoting ethical behavior and providing meaning

In a world that is still shaken by the 2008 crisis and certainly lacks visibility, market players are expected to show they have learned their lessons. They are expected to pay fair taxes and act as exemplary corporate citizens.

Professional services firms obviously have a major role to play in promoting ethical behavior. They have to raise awareness, share insights and educate, in order to make sure corporations and the market are able to meet stakeholders' expectations.

Leadership for the long term

Corporations are not likely to return to the era of living in a hidden world. Those who will manage and lead tomorrow will not just have to be able to steer through foggy weather. They will be expected to embrace innovation, manage multiple horizons and geographies, be part of a community and provide a value-based approach to meet long-term expectations from stakeholders.

In order to make sure leaders for the future can emerge, the market needs to set up the right educational approaches. We know that there is a growing need for executive/management education, and corporate universities can play a large role in the future of education. Today, executives are interested in exploring new formats including massive open online courses (MOOCs), serious games and immersive learning. While it is crucial to address the need for lifelong education, we must also recognize that Gen Y-ers take a different approach to learning.

At Mazars, we identify the risks we have to manage and the opportunities that we can seize to achieve our objectives. Below is our analysis of risks and opportunities related to Preparing the Future as of August 31, 2014.

Analysis of potential risks and opportunities

	Opportunities and risks	Capitals	Stakeholders	Initiatives and/or mitigation measures
O	**Innovation:** Serving the public interest goes beyond providing outstanding services to clients.	Intellectual, Financial, Human	Communities, employees and Partners	Our continued investment in targeted initiatives and our global contribution to shaping the market will help improve the public good.
O	**Ethical behavior:** Our stakeholders expect us to demonstrate responsible behavior with regard to our employment practices, our investments, the taxes we pay and our relations with our suppliers.	Human, Social & Relationship	All stakeholders	Mazars' code of conduct is shared at the international level. It clearly defines our policy to promote ethical behavior and avoid disputes with our clients, suppliers or local communities. All issues raised by Mazars' professionals or other parties are analyzed to improve our practices.
R	**Talent:** A perceived lack of attractiveness in our profession and inability to manage Millennials' expectations could impact our future.	Social & Relationship, Human	Employees	We have to be responsive and give these young people the input they need to feel fully engaged in their careers. At Mazars, we are developing a human resources approach to maintain an adequate balance between these new aspirations and the market's constraints.
R	**Misunderstanding:** A potential failure to respond in a transparent manner to issues raised by our main stakeholders could negatively impact our reputation.	Social & Relationship	All stakeholders	We strongly believe that our partnership's social responsibility initiatives must be linked to our business model and value creation process. This year, we also extended our dialogue with our communities on a dedicated website: www.collectiveintelligence20.com.

Manufactured · Intellectual · Social & Relationship · Natural · Financial · Human

AS TECHNOLOGY AND FAST-EVOLVING REGULATIONS ARE CHANGING THE RULES OF THE GAME, OUR ROLE IS TO UNDERSTAND AND ANTICIPATE THESE CHANGES.

Companies face serious compliance challenges, as they have to deal with complex legislation on critical issues such as transfer pricing or value-added tax. It is our role to make sure that our experts can tailor their assignments to offer the right level of expertise and allow companies to be sure that their operations do not put them at risk. Our international centers of expertise allow us to develop the solutions and services to meet the market's needs in the coming years.

Globalization and disruptive technologies are transforming everything we do. As audit and accounting professionals, we need to take responsibility for responding to these changes. Our role is to help create new models for reporting and assurance in the 21st century.

Helping open up the audit market

As a genuine international player with a strong European legacy, Mazars played an active role in the debate leading to the reform of the European audit market. We worked to ensure that the changes would enhance the overall quality of audits and help open up the market in order to better serve the public interest. Encouraging the use of joint audits is one of the highlights of the reform that we believe will contribute to a more balanced audit landscape in Europe for all stakeholders.

GREATER INDEPENDENCE, QUALITY AND OPENNESS: THE ADVANTAGES OF JOINT AUDITS

In France, companies that issue consolidated financial statements are required to have their statements audited by at least two auditors from different firms. This requirement, which was reiterated in the 2003 French Financial Security Act (*Loi de Sécurité Financière*), covers three key objectives.

First, it bolsters auditors' independence with respect to the entities they audit, which are often very large. Second, the requirement helps enhance auditing efficiency and quality, as it provides auditors with a broader and more complementary scope of work. A dual professional perspective on a company's financial statements provides additional reassurance for shareholders, investors, regulators and the market as a whole. Joint audits thus form an integral part of the general interest mission of statutory audits.

Finally, joint audits help open up the public-interest entity market to allow new players to emerge and gain a foothold. With this three-pronged ambition in mind – improved quality, greater independence of audit professionals, and a more open market – the European Union has made the promotion of joint audits one of the focal points of its recent audit market reform. In relation to the mandatory rotation of audit firms, companies that implement joint audits will have the opportunity to retain their auditors for 14 additional years, without having to launch a new request for proposals.

For more information about Mazars' publications on joint audit and the EU audit reform:

SOUND SOLUTIONS FOR CLIENTS AND SOCIETY

WHETHER WE ARE PROVIDING ADVISORY, ACCOUNTING OR AUDIT SERVICES, WE ARE DEVELOPING INNOVATIVE AND WISE SOLUTIONS FOR A DEMANDING MARKET.

The economic crisis has changed the way our clients operate. They have greater needs in terms of tax services, but they have learned that assurance takes precedence over an aggressive approach. At Mazars, we offer a prudent, risk-based approach that focuses on efficient management in full compliance with the local regulations. These values speak to our clients because companies understand the importance of developing a long-term strategy and not just finding a quick fix that can lead to greater risk down the line. For example, our tax experts combine a sound understanding of cross-border tax issues with detailed knowledge of tax structures and solutions in each country.

Working towards integrated thinking

We are convinced that the notion of performance goes beyond pure financial results and that including all stakeholders and showcasing a full range of indicators – not only financial information – are key to assessing the long-term success and health of companies.

Sharing our expertise with all market players

The introduction of International Financial Reporting Standards (IFRS) and more recently the European audit reform do not simply impact the European Union. They have a direct influence on the way global companies operate, as they have to adapt to new legal environments to remain in full compliance with national laws. Part of our duty is thus to help companies, those that are our clients as well as those that are not, prepare for such changes – for example, through our IFRS research and studies, which are published on the Insights pages of our website. This is not simply about securing our activity; it is about taking responsibility for ensuring that the global economic environment is able to move towards more global transparency and is ready for upcoming regulations.

DEVELOPING INNOVATIVE SOLUTIONS

Clients' fast-changing expectations, combined with new technological capabilities, and a necessity to be able to quickly scale up and perform innovative services across a wide geographic spectrum are three key drivers that are pushing Mazars to roll out innovative service lines. These include human rights audit, anti-corruption audit, supply chain audit, long-term contract audit, forensic IT audit and corporate social responsibility assurance. Internal teams have been working to design and create a responsible roll-out of innovative, expert-oriented services, for example, with the burgeoning Human Rights team, which is prototyping the methodology for this offer.

NEW TAX SERVICES TO MEET NEW REQUIREMENTS

In September 2014, the Organization for Economic Cooperation and Development (OECD) Action Plan on Base Erosion and Profit Shifting (BEPS) marked its first turning point in the history of international cooperation on taxation. In the last 18 months, the OECD has taken a decisive step in a coordinated international approach to combating tax avoidance by multinational corporations, with the launch of the OECD/G20 BEPS Project. The BEPS program is designed to create a set of international tax rules to tackle tax avoidance, aggressive tax planning and, moreover, to end the erosion of tax bases and the artificial shifting of profits to virtually tax-free jurisdictions. The seven deliverables out of the 15 Action Points were published in September 2014, and the remaining BEPS Action Points are scheduled to be approved by G20 Governments by the end of 2015.

The proposed changes will receive constant attention from the media and face intense public pressure. Paying fair tax and being transparent are now seen as an integral part of the social responsibility of corporations, and many businesses are acting ahead of the deadlines.

BEPS is a global issue that requires a global solution, and Mazars has been taking part in public discussions and actively campaigning to raise awareness about these new and upcoming regulations. We have set up meetings with clients and prospects, held roundtable discussions, seminars, and thought leadership programs, in order to create platforms for open and transparent discussion for our clients and prospects and to support businesses to revisit their existing tax policy and tax structures, for example, involving intellectual property and transfer pricing.

We have established academic partnerships with universities in the United States, the United Kingdom and the Netherlands, so our tax partners can guide and touch base with future generations of industry leaders and keep them up to date with the latest BEPS regulations. Mazars Tax Policy teams are providing their input on the OECD's Public Discussion papers related to the BEPS action plan on permanent establishment, preventing treaty abuse and transfer pricing issues.

In addition, Mazars is getting involved in the unique and very complex design of tax solutions for the digital economy. We are also advising companies with subsidiaries or headquarters in developing countries that face significant challenges, for example in connection with transfer pricing.

AT MAZARS, WE WANT TO SERVE NOT JUST OUR CLIENTS AND THE MARKET, BUT OUR COMMUNITIES AS A WHOLE. WE BELIEVE THAT IN EVERYTHING WE DO – IN EVERY SERVICE WE PROVIDE, TO OUR CLIENTS OR OTHER STAKEHOLDERS – WE ARE WORKING FOR THE PUBLIC INTEREST. WE STRIVE TO BE AN ACTIVE PLAYER IN IMPROVING BUSINESS AND SOCIAL CONDITIONS, AND PREPARING FUTURE LEADERS.

We believe that the most innovative solutions for common progress will emerge from collective intelligence. We are investing time and resources in supporting and playing an active role in organizations and activities that help regional and local communities achieve their full potential.

Constructive debate for today and tomorrow

We sponsor studies and call upon widely recognized experts, specialists and scholars, to generate informed and constructive debate – above and beyond the core topics related to our profession. Over the last few years we have reflected in particular on diversity and the role of women in the workplace. In 2014, in conjunction with the French United Nations Women's Committee, we published a comprehensive study, based on interviews with 2,400 women born between 1945 and 1995 in 108 countries about the expectations of three generations of women globally.

Mazars participates in the works of selected think tanks, such as the Institut Montaigne in France, that bring together corporate leaders, academics and high-level civil servants to propose solutions for major economic and social issues. Partners from Mazars recently contributed to the book *Et la confiance, bordel ?* (*What's Up With Trust?*), co-developed under the leadership of Clara Gaymard, Chair and CEO of GE France.

Since 2009, Mazars has been actively involved in the Peter Drucker Global Forum, which takes place every year in Vienna and brings together CEOs and HR leaders from major international corporations to address economic, social and management issues. At the 2014 edition, which revolved around the topic of transformation, Laurent Choain, Mazars' Chief Talent and Communications Officer, chaired a roundtable with Richard Goings, CEO of Tupperware Brands, Nancy A. Tennant, VP for Innovation at Whirlpool Corporation, and Vineet Nayar, former HCL Technologies CEO and founder of the Sampark Foundation.

We also encourage our Partners to nurture clients and the market place and act as thought providers on social media such as Twitter and LinkedIn. Our CEO, Philippe Castagnac, has been selected as one of LinkedIn's top influencers and regularly shares his thoughts on economic, social and societal trends and events. One of his latest contributions focused on *Taking the leap: when audacity becomes your first asset* (annualreport.mazars.com/pcastagnac-influencer).

Bring better professionals to the market

Our up-or-out model – in which only 5% of those who start their careers with us will make it to Partner – means that employability, not retention, is our key focus. Our role is to develop our staff for success in-house, while preparing the large majority to thrive externally. This is how we bring better professionals to the market. This is our duty to the communities we work in.

The professionals who join our organization – whether they stay with us for three years or 30 years – experience their time at Mazars as successful years for a successful career. The "My Years with Mazars" video series is available on YouTube.

Preparing future leaders

In Asia, we have launched an innovative international mentoring program, pairing high potentials with Managing Partners and Country Executives from other countries to work together for one year. In South Africa, we have designed a thought leadership program to cascade the messages down from Mazars' executive MBA, The Next MBA, to the local Executive Board. In Central and Eastern Europe, Mazars has created a business developer course for Managers and Senior Managers that is now in its second year, and will be pushed out to other regions, in particular French-speaking Africa.

THE NEXT MBA AND BEYOND

We created an innovative program, The Next MBA, which brings together top-notch faculty members from all over the world and best-in-class learning methodologies: action learning, community building, facilitated peer coaching, digital engagement, and other educational experiences. This six-week program, which is spread out over two years, is open to top executives both within Mazars and from other companies. The aim of The Next MBA is to offer the ultimate deliverable: the "Next Leader."

As a complement to this flagship program, we implement alternative methods of creating the high-touch, high-impact experience in a slightly different way to different internal audiences. Through mentoring, coaching, peer coaching and digital learning, we can engage with participants for even longer periods of time to support their development.

"BUSINESS. FOR GOOD"

Our commitment to engaging stakeholders

Every year, Mazars introduces a global business theme to engage internal and external stakeholders in a timely topic. In 2013, we sponsored The Good Bank program, an international initiative sponsored by The Economist Group to create a new model for banking. In 2014, Mazars introduced "Business. For Good," which encompasses a number of initiatives and services led by Mazars that contribute to society.

"Business. For Good" showcases the international efforts led by Mazars to generate rewards for both business and society in the following areas: Anti-corruption and Anti-bribery, Business in Society, CSR & Integrated Reporting, Diversity, Human Rights in Business, Social Business, Tax Transparency and Leadership. These initiatives range from our Company-wide commitment to promote Integrated Reporting in collaboration with the International Integrated Reporting Council, the support for Yunus social business programs, as well as our contribution to advancing equality between women and men by signing the Women's Empowerment Principles. All these initiatives, and many more, are published and updated regularly on the "Business. For Good" digital platform: http://collectiveintelligence-mag.mazars.com

Mazars is currently co-sponsoring the Economist Intelligence Unit survey on business and human rights to build understanding of business awareness, commitment and progress regarding human rights. Some 750 C-level executives and senior managers across various business functions will be asked to participate in the survey. They will share their insight into how their businesses have made a formal commitment to respecting human rights, how they are implementing that commitment through their business operations, and the extent to which the environment in which businesses operate helps or hinders their efforts to respect human rights. The results of the survey will be released in February 2015.

QUESTION:

AS THE REGULATORY AUDIT AND TAX LANDSCAPES ARE FAST-CHANGING, WITH INCREASING RISKS OF CONFLICTS OF INTEREST, ISN'T THERE A NEED FOR MAZARS TO ADOPT A NEW MODEL AND APPOINT SOMEBODY WHO'S NOT A SERVICES PROFESSIONAL ON ITS SUPERVISORY BOARD?

Sander van Kreijl
Netherlands, Mazars

Brussels

ANSWER:

AS OF 2011, WE HAVE HAD TWO EXTERNAL MEMBERS ON OUR GROUP GOVERNANCE COUNCIL WHO ARE NOT SERVICES PROFESSIONALS. OUR GROUP EXECUTIVE BOARD IS MADE UP OF PROFESSIONALS FROM DIFFERENT BACKGROUNDS, AND WE BELIEVE WHAT TRULY MATTERS IS TO SELECT THE LEADERS WHO WILL ENABLE MAZARS TO THRIVE AND ACHIEVE ITS STRATEGIC AND OPERATING OBJECTIVES.

GOVERNANCE AND PERFORMANCE REVIEW

OUR GOVERNANCE: TRANSPARENCY AND INDEPENDENCE	62
GROUP EXECUTIVE BOARD REPORT	66
GROUP GOVERNANCE COUNCIL REPORT	72
CONSOLIDATED FINANCIAL STATEMENTS	74
INDEPENDENT AUDITORS' REPORT	103
TRANSPARENCY REPORT	104

OUR GOVERNANCE: TRANSPARENCY AND INDEPENDENCE

OUR INTEGRATED AND INDEPENDENT PARTNERSHIP RELIES ON THE EFFECTIVE PARTICIPATION OF EACH OF OUR PARTNERS. THEY ELECT OUR GOVERNING BODIES, JOINTLY CO-OPT THE MEN AND WOMEN WHO ENRICH OUR COMMON HERITAGE, AND APPROVE OUR KEY STRATEGIES. DEMOCRATIC EXPRESSION IS WHAT GIVES MAZARS ITS UNIQUE STRENGTH AND SAFEGUARDS ITS LONG-TERM DEVELOPMENT.

Shared support for a common project is the bedrock of our partnership, which is at the same time continually enriched by our differences. All of our Partners are committed to our Group's collective adventure. They share a common vision of our business that is grounded in two essential requirements: technical excellence and irreproachable ethics. Individually and collectively, our Partners help perpetuate a model that encourages entrepreneurship and promotes the emergence of new talent, thereby shaping a positive and productive environment.

Mazars currently has more than 740 Partners across every continent. Our Partners act as guarantors for our organization, sharing risks and benefits and jointly determining a shared future. All Partners meet at least yearly, at our General Meeting, to co-opt new Partners, approve the consolidated financial statements for the past year and vote on the Group's strategy and operational priorities. Every four years, our Partners elect the members of Mazars' governing bodies: the Group Executive Board and the Group Governance Council.

Directly issuing from Mazars' partnership structure, our governing bodies have clearly defined roles and duties. They help us anticipate and respond to the major challenges facing us and our business ecosystem, from our development prospects and operational structure to the emergence of future leaders and improving stakeholder confidence.

The Group Executive Board: Overseeing operational performance management

As our primary executive management body, the Group Executive Board is responsible for operational management and oversight of the partnership, under the supervision of the Group Governance Council, with regard to key strategic objectives that are collectively defined. It thus focuses first and foremost on pursuing and accelerating growth with a view to ensuring the Group's development and the feasibility, quality and sustainability of our activities.

At the national level, each entity has its own Executive Committee, whose members are elected by the Partners of the entity concerned following approval of the candidates by the Group Executive Board.

The current Group Executive Board was elected by the General Meeting of Partners in December 2012. Members of the Board serve a four-year term of office, so the next Group Executive Board will be elected in December 2016.

The Group Executive Board comprises six members. Each member of the Group Executive Board is responsible for overseeing operations in one of the major regions in which Mazars operates.

Philippe Castagnac
Group CEO, Chairman of the Group Executive Board, is responsible for relations with Asia

Antonio Bover
Co-CEO, Sponsor of the Tax Global Business Unit and the Law Global Business Unit, Senior Partner of Mazars in Spain, is in charge of overseeing Mexico

Hervé Hélias
Co-CEO, leader of the Public-Interest Entity Global Business Unit, Senior Partner of Mazars in France, is responsible for relations with Latin America

Hilton Saven
Co-CEO, Senior Partner of Mazars in South Africa, is responsible for relations with Africa

Phil Verity
Co-CEO, leader of the Owner-Managed Business Global Business Unit, Senior Partner of Mazars in the United Kingdom, is responsible for relations with certain European countries

Victor Wahba
Co-CEO, Member of the Executive Committee of WeiserMazars in the United States, is responsible for Mazars' strategic development in the United States and Bermuda

To address the new challenges faced by Mazars, and as part of the strategy established in 2012, the Group Executive Board will welcome the following Advisors, who will enrich the Board with their experience starting in January 2015:

- Thierry Colin, covering Latin America;
- Graham Durgan, covering Asia and international acquisitions;
- Loïc Wallaert, covering Africa and certain European countries.

The Group Governance Council: Impartial and independent supervision

The Group Governance Council is the Group's supervisory body. Operating with full transparency and independence, the Group Governance Council supervises and oversees the activities of our Group Executive Board on behalf of the partnership. Since December 2011, this forward-looking body has included two independent external members elected by the Partners at our General Meeting. This additional step towards greater independence illustrates our desire to ensure that supervision of the Group is as impartial as possible and that joint decision-making powers are exercised with the highest level of independence.

In addition to its supervisory duties, the Group Governance Council enjoys specific decision-making powers set out in Mazars' Partnership Charter, such as the power to approve partnership candidates, determine compensation for members of the Group Executive Board, and decide on disciplinary action against or the removal of Partners.

Patrick de Cambourg*
Chairman of the Group Governance Council

Tim Hudson**
Chairman of the Group Governance Council

* Until November 20, 2014
**As of November 20, 2014

Kenneth Morrison
Vice Chairman of the Group Governance Council

Douglas A. Phillips*
Vice Chairman of the Group Governance Council

Jean-Louis Simon**
Vice Chairman of the Group Governance Council

* Until May 21, 2015
** As of May 21, 2015

Thierry Blanchetier

Kathryn Byrne

François de Carbonnel***

Anita de Casparis

Simone Del Bianco

Mohamed Ali Elaouani Cherif

Denise K. Fletcher***

Patrice de Folleville

Kathleen Robison

*** External members

The composition of the Group Governance Council has changed pursuant to the rules of the Group's Partnership Charter, with Patrick de Cambourg and Doug Phillips leaving the Group Governance Council. Following an evaluation and nomination process overseen by our independent members, Tim Hudson was elected as the future Chairman of the Group Governance Council and Jean-Louis Simon as Vice Chairman. A new member will also be elected at the CARL Conference in Istanbul.

Governance for value creation

Value creation throughout our organization is bolstered and optimized through the complementarity and smooth functioning of our two governing bodies and their relations with country-level entities, as well as the accountability of and decision-making latitude enjoyed by all of our Partners.

The complementarity of our governing bodies is ensured not only by the respective roles assigned to them, but also by their composition: the Group Executive Board focuses on strategy and operations, and comprises two different generations of leaders hailing from five different countries and representing all our business lines. Members of the Group Governance Council are representative of our partnership: one-third of members are women, and all members have diverse profiles and backgrounds, hailing from nine different countries across every continent.

Our two governing bodies maintain regular contact, which enables them to work together and exchange opinions while exercising their respective decision-making powers in accordance with the requirements of Mazars' internal rules (Charter of Association).

The Group Executive Board meets with the Group Governance Council three times a year to discuss the strategy it sets. Managing Partners of each country are then informed and consulted twice a year, during one regional meeting held in each of the four major regions and one global meeting held in France. Managing Partners of each country are responsible for presenting the strategy to the Mazars Partners in the country to which they are assigned and for encouraging dialogue so that strategic decisions can be put to a vote when all of the Partners come together for the Group's General Meeting at the end of the year.

The Group Governance Council issues recommendations for improving operational and risk management, so that they can be taken into consideration by the Group Executive Board and the necessary actions can be taken with the support of the Global Support Units. The Group Executive Board and the Group Governance Council report to Partners regularly on their work and decisions.

Compensation paid to members of the Group Executive Board is determined by the Group Governance Council and linked to performance in meeting annual and medium-term goals, which are set jointly and are directly related to the implementation of strategic decisions.

The Group Governance Council's independent members, Denise Fletcher and François de Carbonnel, joined the Council in December 2011. One of the key roles of the independent members is to enhance the confidence of our clients' shareholders in the public interest aspects of the firm's decision-making, our stakeholder dialogue and our management of reputational risk. Our independent members must also satisfy the specific regulatory requirements of the governance codes in force in Ireland, the Netherlands and the United Kingdom.

Managing Partners must explain strategy to national Partners and ensure that local actions are implemented in line with the Group's overarching strategy. Each Partner is responsible for managing and ensuring the success of specific missions, and for any opinions or recommendations provided to clients. Partners must thus ensure that their actions promote the Group's strategy and contribute to the development of their region and business line.

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 TO YOU, AS EVIDENCE OF OUR COMMITMENT TO TRANSPARENCY, THE ANNUAL FY 2013/2014 REPORT ON OUR BUSINESS AND EARNINGS.

1. An encouraging performance

In this continuingly difficult economic environment, the performance recorded by Mazars is encouraging and reflects the perseverance of our teams and the resilience of our business model.

We are still facing strong market pressure and regulatory changes and, in this context, our Group consolidated fee income of **€1,080.8m** has grown by 3.4% (+5.8% at constant exchange rate) compared to the previous year, an increase of +€35.2m.

The objectives set out in the budget, which we knew were ambitious as they stemmed almost exclusively from organic growth, demonstrate that Mazars was able to offset the negative trend in the price of services with growth in volumes, and succeeded in revising its way of functioning:

- by working towards stabilizing the gross margin, in a context of falling rates, and
- by reducing its structural costs and overheads.

The 3.4% growth rate is an aggregate of an organic growth rate of 3.9% representing +€41.6m, an external growth rate of 1.9% representing +€19.8m and a negative forex impact of -2.4% representing -€26.2m.

The Euro started falling against some of the other major currencies in July 2014, thus not impacting the current financial year.

The overall growth at constant exchange rate is stronger than last year +5.8% vs. +4.1% but the negative impact of forex was much stronger this year -2.4% vs. -0.9%.

Key figures

€ million	Actual 2013/14	% Actual 2012/13	% Budget*
Fee income	**1,080.8**	+3.4%	+0.5%
Surplus	**200.5**	-6.4%	+0.3%

* Based on 2013/2014 foreign exchange rates

With the integration of Croatia, our global footprint has increased in 2013/2014 and we now operate in 72 countries.

2. Geography/Areas

Fee income in € million	FY 2013/14	FY 2012/13	Growth %
Africa	**63.5**	60.5	+4.9%
Asia/Pacific*	**56.9**	65.2	-1.6%
Eastern & Central Europe	**40.4**	37.1	+8.9%
Latin & Central America	**37.2**	32.3	+15.3%
Middle East	**6.3**	5.9	+6.6%
North America	**125.9**	119.8	+5.1%
Western Europe	**750.7**	724.8	+3.6%
Total	1,080.8	1,045.6	+3.4%

* Excluding the Indonesian divestiture

Africa – 18 countries
Africa's organic growth at +9.6% was one of the Group's strongest with Egypt +25.1%, Côte d'Ivoire +23.6%, Kenya +27.6% and Senegal +8.4%. South Africa continued its external growth operations with East Pretoria and Bloemfontein representing a 15.6% external growth rate. The Area saw two small downturns in Tunisia -3.4% and Benin -8.0%.

The exchange rate impact was very strong with negative Euro variations in South Africa -19.8%, Egypt -11.7%, Botswana -12.3%, Ghana -29.1% and Tunisia -6.5%.

Altogether, the Area grew organically by +9.6%, externally by +7.0% and had a negative exchange rate impact of -11.6% giving a combined Euro growth of +4.9%.

Asia/Pacific – 12 countries
The Area had some positive organic growth in Vietnam +15.2%, India +14.2%, China +13.4% and Thailand +10.8%. Three downturns occurred in Hong Kong -10.3%, Pakistan -15.3% and Korea -3.5%. All Asian countries experienced negative forex impacts with India at -14.1%, Thailand -10.2%, Malaysia -8.1% and Pakistan -7.1%.

Also, the Indonesian 2012/2013 divestiture had a -€7.4m negative fee income impact which is restated in the Area growth calculation.

Overall, Asia declined for the second consecutive year by -1.6% mainly from a slow organic growth of +2.9% but especially from the negative forex impact of -5.9%.

Eastern & Central Europe – nine countries
Two countries with high organic growth rates were Russia +29.2% and Ukraine +25% with negative forex variances of -15.5% and -27.8% respectively.

Croatia joined as a new country, accounting – with Romania – for the relatively high external growth of +8.9%.

Altogether, the Area grew organically by +5.8% offset by a negative exchange rate impact of -5.8%, giving a combined growth of +8.9%, equal to the external growth.

Latin & Central America – seven countries
The Area had the highest organic growth with +12.7%, including Venezuela +68.7%, Peru +33.1% and Chile +19.9%. The Domínio Assessores external growth positively impacted Brazil by +32.2%. On the other hand, all countries suffered negative forex impacts, the worst hit being Argentina -35.5%, Venezuela -30.6% and Brazil -17.3%.

All in all, the Area had the highest growth of the Group with +15.3%, organic +12.7%, external +20.8% and forex -18.2%.

Middle East – six countries
The Area grew by +11% in local currency with a forex impact of -4.4%.

North America – three countries
Total Area growth was +5.1% coming mainly from WeiserMazars' external growth operations +7.8%. Canada had a downturn -1.5% and the forex was negative for all countries by -4.7%.

Western Europe – 17 countries
As expected, relatively small overall organic growth +3.0% with the exceptions of Greece +36.5%, Switzerland +23.1% and Luxembourg +20.6%. Some external growth took place in the UK, France, Sweden and Italy.

Overall, Western Europe grew by +3.6%%, organic +3.0%, external growth +0.8% and forex almost stable (Eurozone) with -0.2%.

3. Global Business Units (GBUs)

Fee income in € million	FY 2013/14	FY 2012/13	Growth %
PIE	**560.1**	537.8	+4.1%
OMB	**393.9**	380.6	+3.5%
TAX & LAW	**126.8**	127.2	-0.3%
Total	**1,080.8**	1,045.6	+3.4%

PIE

Fee income in € million	FY 2013/14	FY 2012/13	Growth %
Africa	**26.4**	23.5	12.4%
Asia/Pacific*	**50.7**	58.1	-12.8%
Eastern & Central Europe	**33.7**	32.0	5.4%
Latin & Central America	**32.0**	27.2	17.9%
Middle East	**0.9**	0.7	15.8%
North America	**52.2**	47.3	10.4%
Western Europe	**364.3**	349.1	4.4%
Total	560.1	537.8	4.1%

* Including the Indonesian divestiture

Our PIE results show steady organic growth in a marketplace that continues to be fiercely competitive.

Regulation leading to challenges and opportunities

Some of our most mature European markets have experienced strong growth as our teams have responded with agility to the rapidly changing regulatory environment.

As an integrated partnership, we are ideally placed to respond quickly to the cross-border needs of our clients and their regulators. Mazars' financial services team was heavily involved in delivering the European Central Bank Stress Tests for some of Europe's systemic banks during the period. It is rewarding that our independence and technical skills across an entire region have been recognized at this level by the public interest market.

New clients in regulated markets accounted for significant growth in our UK and Italian PIE practices during the year. We expect this trend to continue as the EU audit reform process opens up the PIE market to new challengers such as Mazars.

As the regulatory environment becomes more and more complex for Mazars and our clients, we have rolled out our new audit quality control manual to ensure that we remain at the leading edge in terms of independently and ethically serving the global public interest and satisfying oversight bodies at national level.

Constantly increasing global footprint

We continue to invest in PIE practices across the globe, with satisfying results.

Our US firm experienced strong organic growth, with more to come thanks to targeted investments in our Advisory practice.

In Brazil, despite political and economic uncertainty we increased our activities by over 20%, partly through the integration of a specialist outsourcing firm, which allows us to further expand our high quality team which is already delivering outsourced services to international and local multinationals in this key market.

In China, we reported double digit growth as the Mazars brand continues to gain traction. We were delighted to be chosen as overseas auditor to Haier in over 20 countries, in a tender led by our Hong Kong office. This is a real reflection of our capacity to serve PIEs globally, even when they are headquartered outside our European heartland.

Innovating to optimize our service to multinational PIEs

Mazars' own international growth has always been intrinsically linked to that of our clients. We are innovating to better serve businesses that have a global presence and are now seeking to minimize risk and the element of surprise in the management of their compliance obligations. 2014 sees the launch of InControl, our bespoke online portal to manage local compliance regulations across different countries, which is already attracting international groups who see our integrated global approach as perfectly placed to address their compliance needs irrespective of national boundaries.

OMB

As the backbone of almost every economy and c.40% of total Mazars turnover, the SME sector continues to represent a core part of our business. Our financial results for this year reflect the challenging market conditions, intense competition and associated fee pressure.

While conditions have been challenging, OMB has continued to grow, with an underlying growth rate in turnover of 3.5% (2012/13 €380.6m, 2013/14 €393.9m). However, while our top line is growing, our margin continues to decline (-1.4%).

The geographic spread of our OMB turnover across five continents is set out below:

Fee income in € million	FY 2013/14	FY 2012/13	Growth %
Africa	**32.9**	33.1	-0.5%
Asia/Pacific*	**0.0**	0.0	
Eastern & Central Europe	**1.0**	0.0	
Latin & Central America	**4.4**	4.1	5.7%
Middle East	**5.4**	5.1	5.3%
North America	**33.5**	34.0	-1.4%
Western Europe	**316.6**	304.3	4.1%
Total	393.9	380.6	3.5%

* Including the Indonesian divestiture

Europe represents 80% of OMB business, and despite difficult market conditions experienced positive growth. The growth and turnover were primarily driven by the UK (+10%) whose OMB turnover increased from €58.8m in 2012/13 to €64.4m in 2013/14, and France (+3%). The inclusion of Croatia as a new country for GBU OMB provided a positive contribution. Another standout performance came from Greece, who experienced growth of 37% in OMB turnover from €2.5m in 2012/13 to €3.5m in 2013/14.

While Europe continues to dominate, in order to provide a truly global service we continue to support advancement in developing economies and have seen double digit growth in CBUs in Africa and Latin America. Despite stagnant growth, Africa and North America remain strategic markets for OMB.

Changing Business Model – Advisory-Led, Technology-Enhanced

Our market covers three client types – micro, small and mid-cap, and each requires a different response. The most significant changes are occurring in the micro and mid-cap areas of our business.

The micro entity represents a substantial part of the client base for many of our CBUs, including France and the Netherlands. Fee pressures mean it is no longer possible to service these clients in the traditional way; technology is a game-changer within this space. France has responded to this challenge with the introduction of a new cloud-based solution, Cegid.

The larger OMB represents a significant opportunity for significant growth, and our targeted 'Hub & Spoke' approach is proving successful in growing our footprint. In order to continue to grow we will continue to invest in the expertise necessary to increase our pace of advancement.

Tax & Law

Fee income in € million	FY 2013/14	FY 2012/13	Growth %
Africa	**4.2**	4.0	5.5%
Asia/Pacific*	**6.3**	7.1	-12.4%
Eastern & Central Europe	**5.6**	5.1	10.7%
Latin & Central America	**0.8**	1.0	-17.5%
Middle East	**0.0**	0.0	
North America	**40.2**	38.6	4.2%
Western Europe	**69.7**	71.5	-2.5%
Total**	126.8	127.2	-0.3%

* Including the Indonesian divestiture
** Decrease due to some reorganization, notably Marcalliance for Law, allowing a rebound of the Gross Margin from 50.2% to 52.9%.

Tax

Tax was the center of attention for our clients in the last 12 months and paying fair tax has become one of the most discussed topics in the board room recently. In 2013/2014, the OECD Action Plan on Base Erosion and Profit Shifting (BEPS) marked its first turning point in the history of international cooperation on taxation. Tax avoidance and aggressive tax planning is an international issue that requires a coordinated and comprehensive approach to come up with effective solutions.

The GBU Tax International Tax Policy team strongly believes that the OECD work will modernize the international tax rules to tackle base erosion and profit shifting, through preventing businesses from manipulating internal transactions, ensuring that a significant economic presence in a country gives rise to taxation in that country, preventing the establishment of shell companies to exploit tax treaties between countries, and ensuring that companies disclose more information to tax authorities and that tax authorities share that information with each other where it is relevant.

Whilst none would disagree that BEPS is a global issue that requires a global solution, it is also important to recognize that the BEPS risks faced by developing countries (and the challenges in addressing them), may be significantly different both in scale and nature to those faced by developed countries. Therefore, the GBU Tax has actively participated in BEPS discussion by providing comments on consultations published by G20/OECD, publishing articles and identifying challenges faced by businesses and developing countries. The GBU Tax has worked with international tax organizations and NGOs, and has also organized and supported several international tax conferences, guest lectures and seminars in order to create platforms where our clients, prospects and academic thought leaders can freely express their views or concerns in connection with the latest developments in BEPS.

We invited members of the European Commission and European tax professionals to share their views on how the European Union can be a leader of these changes. In the century of the digital new age, the GBU Tax established several international tax policy social media sites and blogs to reach our clients and prospects on a wider scale and provide a more interactive service platform.

All the above has a substantial impact on our profession. We at Mazars are more than ever aware of the relevance of our service offering and we provide global solution to global challenges. Mazars is one of the lead advisors of BEPS Action and we make our offering pertinent to our clients' existing and future needs. Mazars is well recognized as a brand in the market and we continue to differentiate ourselves by high-quality and tailor-made services.

In 2013/2014, we were able to tender and win some appealing global projects and enjoyed several successes. In order to grow Mazars' global tax practice further, our goal is to participate in more of these tenders. In the light of this initiative, we are making in-depth investments in core countries and financial centers, and focusing on building specialist expertise globally. As we want to offer the best solutions to our clients we must identify their special needs and create international exchange platforms of expertise, knowhow and experience.

Although 2013/2014 was a very challenging year for the international tax world, the GBU Tax was able to grow the tax practice and achieved great successes. In the light of the changing international and EU tax environment, it is our priority that our national and global tax policy teams lead the market and provide practical and added value advice. Strengthening our commitment to continue making a difference to our clients is our ultimate objective in 2014/2015 and it will steer our investment and growth objectives on a mid-term basis.

Law

Our Law GBU has been working on the implementation of the decided strategy. In this sense it is important to remember that there is a will to cover client demands within the context of their merger and acquisition transactions. Therefore there is a decided intention to provide services together with FAS and Tax to clients in such sensitive processes. It is clear that following this path does not only profit the previously mentioned service lines but all the others can also benefit from it.

This objective will be achieved through:

1. Lawyers integrated in Mazars (inner circle).
2. Law firms from Marcalliance (an alliance of independent law firms).

The relationships with Marcalliance seek:

1. The possibility of providing our clients with legal services in countries where we do not have an integrated firm.
2. To increase business relationship flows between all the professionals belonging to both organizations (at today's date, Marcalliance has 18 law member firms).
3. To increase quality and added value through collaboration between accountants/auditors/FAS/AOS/Tax and Lawyers.

Next year we plan to expand our inner circle. This will be achieved either by inviting law offices well known to us to join Mazars or by external growth that incorporates law firms.

4. Profitability and financing

Our global gross margin has increased by +2.4% to reach €535m, i.e, 49.5% of our fee income. This is 0.5 points lower than last year (50.0%). As last year, fee pressure and investment in qualified staff partly explain this drop. Our direct costs have risen by +4.3% reflecting an increase of our technical staff number by +3.2%.

Overheads have increased by +0.6% which is slower than fee income and represent now 30.8% of our fee income, down -0.8 points compared to last year. This confirms the mid-term downward trend and a good capability to leverage our overheads.

The evolution of the gross margin and the overheads had a positive impact on our profitability (surplus), which before Group adjustments represents 18.7% of fee income compared with 18.3% in the previous year. Surplus is defined as the profit before any direct or indirect form of partners' remuneration, including their share of corporate income tax in case of dividends.

The financing of our activities is essentially provided by the Partners. It may be in different forms (equity shares, loans, current accounts or deferred compensation). In total this year financing by the Partners represents 15 months of their total earnings, one month less than last year. Our work in progress and receivables ratio remains under good control at 3.3 months of annual fee income, stable consistent with last year.

In this challenging context, we are ever more focused on further developing Mazars into a world class international multidisciplinary professional firm.

Our strategy is clear:

- Geography: to increase our capacity with priority in Germany, China and the United States, and push for more referrals and therefore even more cross-border projects.
- Sectors and Service lines: with the help of the GBUs, strengthen our sector and service line organization, knowledge and capacity.
- People: to continue promoting Mazars as a great place to work.

To become a true global player, we need to innovate to further strengthen the quality of our services and to ensure the technical excellence which is at the heart of our project, without ever compromising our founding values, our ethics or independence.

The Group Executive Board

THE GROUP GOVERNANCE COUNCIL PLAYS A KEY ROLE IN MAZARS' GOVERNANCE PLATFORM, THROUGH ITS GENERAL OVERSIGHT FUNCTION BUT ALSO THROUGH THE SPECIFIC ROLES THAT ARE ASSIGNED TO IT.

Its current members were elected in December 2012 in Paris and have been working throughout the year under a new organization giving priority to four committees (Financial Performance, Partnership Development, Governance and Remuneration, Risk and finally Public Interest), all reporting their progress to the full GGC on a regular basis. Each committee has defined its terms of reference and priorities for January and a list of priorities and topics to be addressed during the year. Both the terms of reference and the priority topics have been communicated to the GEB.

General oversight function

Group strategy follow-up

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

Succession

Over the year, the GGC focused on ensuring proper succession and transition between generations. With the retirement of Patrick de Cambourg from the GGC on November 21, 2014 and of Doug Philips in May 2015, in accordance with the age limits imposed by the Charter, we undertook a process to elect a new Chair and Vice Chair. The process which was overseen by our independent members resulted in Tim Hudson and Jean-Louis Simon being elected to those roles with effect from November 21, 2014 and May 21, 2015 respectively.

The GGC would like to thank Patrick de Cambourg for his leadership and guidance in his role as Chairman. His in-depth knowledge of the Mazars Group and its Partners will undoubtedly be missed by the GGC, but the transition was planned during the year and the remaining team together with the newly elected GGC member will be ready to continue the work of the GGC with energy and enthusiasm.

Specific roles of the Group Governance Council

Operational performance

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

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

Partnership environment
The GGC works alongside the GEB in looking at the new partner appointment process which is now well developed. The nurturing of talent and the next generations of partners is a critical role. We have also had good dialogue and insight from the GEB on external growth opportunities including specific projects in Asia and Europe.

Regulations and reform
The regulatory environment in which we operate across all our service lines is becoming more demanding and challenging. As individual Partners and collectively as a firm, we need to ensure that quality, compliance and excellent client service are always at the top of our agenda.

The current year has seen the finalization of those proposals and the adoption of the European Audit Reform in April 2014. Full implementation in member states is expected by 2016. It is clear that these reforms, when formally implemented, will provide us as a firm with both opportunities and challenges.

External members
In respect of public interest oversight there are specific requirements placed on the independent members through governance codes for audit firms in the UK, the Netherlands and Ireland. In order to reflect the integrated structure of Mazars, we currently deal with the individual country requirements at a Group level supplemented by regular dialogue, where appropriate, with the relevant Country Executives.

Within the GGC the external members continue to provide valuable insight and to help us prioritise the topics on which we consider the GEB should focus. They bring great experience, fresh ideas and best practices, and exert gentle but constant pressure to ensure that the GEB responds to the matters we raise, and that the GGC's tasks are efficiently organized and executed.

Outlook

Our most important asset as a firm is our people, including our Partners. We will be challenging the GEB on the management of and the investment that we are making in our people. We need to provide opportunities for all and allow our best people to fulfill their potential and to ensure that as a firm we have the right mix of skills to meet the market demands of the future.

The GGC is eager to support and help the GEB in making the Group more successful and encourages the GEB to continue its efforts. In addition to our ongoing oversight responsibilities the GGC will dedicate time this coming year to the following important issues:

- budget and strategy, to ensure resources are appropriately allocated;
- partnership life (promotion and succession, remuneration);
- risk management;
- external growth and integration plans.

CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH IFRS
2013/2014 financial year ended on August 31, 2014
(Figures expressed in thousands of euros)

CONTENTS

1 FINANCIAL STATEMENTS	**74**
CONSOLIDATED INCOME STATEMENT	75
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	75
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	76
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	77
CONSOLIDATED STATEMENT OF CASH FLOWS	78

2 NOTES TO THE FINANCIAL STATEMENTS	**79**
NOTE 1: BASIS OF PREPARATION	79
NOTE 2: SIGNIFICANT EVENTS	79
NOTE 3: ACCOUNTING POLICIES	79
NOTE 4: SCOPE OF CONSOLIDATION	86
NOTE 5: TURNOVER	87
NOTE 6: COST OF TECHNICAL STAFF	87
NOTE 7: OTHER COSTS	87
NOTE 8: SEGMENT REPORTING	87
NOTE 9: EARNINGS PER SHARE	89
NOTE 10: INTANGIBLE ASSETS	89
NOTE 11: PROPERTY, PLANT AND EQUIPMENT	91
NOTE 12: OTHER NON-CURRENT ASSETS	91
NOTE 13: TRADE AND OTHER RECEIVABLES	92
NOTE 14: OTHER CURRENT ASSETS	92
NOTE 15: PROVISIONS	92
NOTE 16: POST-EMPLOYMENT BENEFIT AND SIMILAR OBLIGATIONS	93
NOTE 17: BORROWINGS AND CURRENT BANK FINANCING	98
NOTE 18: NON-CURRENT AND CURRENT LIABILITIES DUE TO PARTNERS	99
NOTE 19: FINANCIAL INSTRUMENTS	99
NOTE 20: INTEREST RATE DERIVATIVES	100
NOTE 21: TRADE AND OTHER PAYABLES	100
NOTE 22: CORPORATE INCOME TAX	100
NOTE 23: CONTINGENT LIABILITIES	101
NOTE 24: NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS	101
NOTE 25: AUDITORS' FEES	101
NOTE 26: RIGHTS TO SURPLUS ALLOCATED TO THE MEMBERS OF THE GROUP EXECUTIVE BOARD AND THE GROUP GOVERNANCE COUNCIL	101
NOTE 27: HEADCOUNT	101
NOTE 28: CONTINGENT ASSETS AND LIABILITIES	102
NOTE 29: EVENTS AFTER THE REPORTING DATE	102
NOTE 30: ENTITIES NEWLY CONSOLIDATED DURING THE YEAR	102

FINANCIAL STATEMENTS

Consolidated income statement

For the year ended August 31, 2014

Figures expressed in thousands of euro

	Notes	2013/2014	2012/2013
Turnover	5	**1,080,817**	1,045,610
Cost of technical staff	6	**-545,384**	-522,898
GROSS MARGIN		**535,433**	522,712
Cost of administrative staff		**-84,596**	-82,395
Other costs	7	**-223,733**	-225,495
Depreciation and provisions	10, 11, 15	**-18,243**	-16,565
OPERATING SURPLUS		**208,861**	198,257
Amortisation of client relationships and impairment of goodwill	10	**-4,994**	-4,560
Financing costs		**-3,188**	-5,092
SURPLUS BEFORE PARTNERS' REMUNERATION		**200,679**	188,604
Partners' remuneration		**-200,538**	-188,562
PRE-TAX RESULT		**141**	42
Corporate income tax	22	**-68**	-13
POST-TAX RESULT		**73**	29
Earnings per share (in €)			
– basic	9	**0.57**	0.23
– fully diluted	9	**0.57**	0.23

Consolidated statement of comprehensive income

For the year ended August 31, 2014

	Notes	2013/2014	2012/2013
Post-tax result	3, 6	**73**	29
Other comprehensive income			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**73**	29

If applicable, the other comprehensive income disclosed above relates to the consolidating entity Mazars SCRL.

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

Consolidated statement of financial position

For the year ended August 31, 2014

ASSETS	Notes	August 31, 2014	August 31, 2013
Non-current assets			
Intangible assets	10	**143,581**	131,376
Property, plant and equipment	11	**37,094**	39,477
Other non-current assets	12	**13,640**	15,115
TOTAL NON-CURRENT ASSETS		194,316	185,968
Current assets			
Trade and other receivables	13	**300,053**	283,604
Other current assets	14	**67,392**	75,539
Cash and cash equivalents	17	**66,759**	62,881
TOTAL CURRENT ASSETS		434,204	422,024
TOTAL ASSETS		628,520	607,992

EQUITY AND LIABILITIES	Notes	August 31, 2014	August 31, 2013
Shareholders' equity		**679**	598
Non-current and current liabilities due to Partners			
Non-current portion	18	**160,064**	162,896
Current portion	18	**94,169**	83,614
TOTAL NON-CURRENT AND CURRENT LIABILITIES DUE TO PARTNERS		254,233	246,510
Other non-current liabilities			
Non-current portion (more than one year) of long-term borrowings	17	**66,237**	67,053
Long-term provisions	15	**29,082**	25,248
TOTAL OTHER NON-CURRENT LIABILITIES		95,319	92,301
Other current liabilities			
Current portion (more than one year) of long-term borrowings	17	**19,463**	22,043
Current bank financing	17	**25,135**	36,236
Trade and other payables	21	**217,777**	202,085
Current provisions	15	**15,914**	8,219
TOTAL OTHER CURRENT LIABILITIES		278,289	268,583
TOTAL EQUITY AND LIABILITIES		628,520	607,992

Consolidated statement changes in equity

For the year ended August 31, 2014

	August 31, 2014	August 31, 2013
SHAREHOLDERS' EQUITY AT THE BEGINNING OF THE PERIOD	598	551
of which share capital	312	294
of which reserves	286	257
CAPITAL INCREASE	8	19
TOTAL COMPREHENSIVE INCOME	73	29
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	679	598
of which share capital	320	312
of which reserves	359	286
Number of shares, valued at 2.5 euro each, at the end of the period	128,148	124,788

Consolidated statement of cash flows

For the year ended August 31, 2014

	Notes	2013/2014	2012/2013
OPERATING ACTIVITIES			
Net result		73	29
Depreciation and amortisation		22,095	24,885
Gains and losses on disposal		-685	-71
SELF-FINANCING CAPACITY		21,483	24,844
Changes in current assets		-4,024	-2,699
Changes in other current liabilities		13,318	-12,393
Changes in current liabilities due to Partners		10,555	22,665
CHANGES IN WORKING CAPITAL REQUIREMENTS	24.1	19,849	7,573
NET CASH GENERATED BY OPERATING ACTIVITIES		41,332	32,417
INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets	24.2	-24,728	-15,764
Disposals of property, plant and equipment and intangible assets		1,063	1,869
Purchases of other non-current assets		-4,036	-1,459
Disposals of other non-current assets		2,784	1,166
Net cash flows from acquisition and disposal of subsidiaries	24.3	-2,250	-4,482
NET CASH USED IN INVESTING ACTIVITIES		-27,167	-18,670
FINANCING ACTIVITIES			
Changes in non-current liabilities due to Partners		5,520	444
Capital increase		8	19
Issuance or subscription of long-term debt	24.4	23,447	38,048
Repayment of long-term debt	24.4	-26,843	-23,357
NET CASH FROM FINANCING ACTIVITIES		2,133	15,154
CHANGES IN CASH FLOWS		16,297	28,900
Impact of exchange rate changes		-1,318	-100
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		26,645	-2,155
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		41,624	26,645
Cash and cash equivalents		66,759	62,881
Current bank financing		-25,135	-36,236
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		41,624	26,645

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Basis of preparation

The financial statements together with the attached notes for the financial year ended August 31, 2014 have been prepared in accordance with IFRS as adopted by the European Union.

The financial statements were approved by the Group Executive Board on November 19, 2014 and submitted for review to the Group Governance Council on November 20, 2014. They will be submitted for approval of the General Assembly of Mazars SCRL on December 13, 2014.

Note 2: Significant events

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

Note 3: Accounting policies

3.1. New standards and interpretations applicable to the 2013/2014 financial year

Mazars has applied for the first time, for the preparation of its financial statements for the 2013/2014 financial year, the following new standards and amendments to existing standards whose application was mandatory:

- IAS 19 Revised, *Employee Benefits*;
- IFRS 13, *Fair Value Measurement*;
- The amendment to IAS 12 on *Deferred Tax: Recovery of Underlying Assets*;
- The amendments to IFRS 7 on *Disclosures – Offsetting Financial Assets and Financial Liabilities*;
- The annual improvements for 2009-2011.

The texts had no particular impact on the Group's consolidated financial statements with the exception of IAS 19 (revised), the impact of which is described in note 3.21.

Mazars has not applied the following standards and interpretations for which application is mandatory only for periods commencing after August 31, 2014 or which are still subject to final approval by the European Union. They include:

- The following standards and interpretations whose application is mandatory with effect from accounting periods commencing on or after January 1, 2014:
  - The new standards dealing with consolidation, including the applicable amendments already published: IFRS 10, *Consolidated Financial Statements*, including the amendments applicable to investment companies, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities*, as well as IAS 27 (revised), *Separate Financial Statements* and IAS 28 (revised), *Investments in Associates and Joint Ventures*, amended as part of the "consolidation package";
  - The amendments to IAS 32 on *Offsetting Financial Assets and Financial Liabilities*;
  - The amendments to IAS 39 on *Novation of Derivatives and Continuation of Hedge Accounting*;
  - The amendments to IAS 36 on *Recoverable Amount Disclosures for Non-Financial Assets*; and
  - IFRIC 21, Levies, adopted by the European Union in June 2014 and which will apply to Mazars' 2014/2015 financial year.
- The following standards will become mandatory at later dates:
  - The annual improvements for 2010-2012 and 2011-2013 whose mandatory application in the European Union is expected to be deferred in comparison with the date of July 1, 2014 set by the IASB;
  - The annual improvements for 2012-2014, in the process of adoption by the European Union but the mandatory application of which has been set at January 1, 2016 by the IASB;
  - The amendments to IAS 19 on *Defined Benefit Plans: Employee Contributions*, whose mandatory application in the European Union is expected to be deferred in comparison with the date of July 1, 2014 set by the IASB;
  - The amendments to IAS 16 and IAS 38 on *Clarification of Acceptable Methods of Depreciation and Amortization*, in the process of adoption by the European Union but the mandatory application of which has been set at January 1, 2016 by the IASB;
  - IFRS 9, *Financial Instruments*, which will progressively replace IAS 39, not yet adopted by the European Union but the mandatory application of which has been set at January 1, 2018 by the IASB;
  - IFRS 15, *Revenue from Contracts with Customers*, published in May 2014, not yet adopted by the European Union but the mandatory application of which has been set at January 1, 2017 by the IASB.

Mazars does not expect there to be a significant impact from the first-time application of the new standards and applications on its consolidated financial statements for the 2014/2015 financial year, in particular as regards IFRS 10, IFRS 11 and IFRS 12 dealing with consolidated financial statements. IFRS 12 may however require additional disclosures with regard to the Group's subsidiaries and other investments.

The process of assessing the potential impacts on the consolidated financial statements of the texts applicable at later dates is in progress but does not yet enable conclusions to be drawn.

3.2. Presentation currency for the consolidated financial statements

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

3.3. Scope of consolidation

The entities forming the Mazars organization have a range of legal forms. Some are general partnerships, some are limited liability partnerships and others are limited liability companies, depending on what is usual or the legal requirements of the national jurisdictions under which they are regulated. They are also subject to professional, technical and ethical standards under both Mazars' internal regulations and national legislation and regulations. The articles of association and other institutional documents of Mazars SCRL (the "Mazars agreements") include conditions regarding the control of entities and provisions whereby the rules resulting from the Mazars agreements are subordinated to national legislation and regulations.

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

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

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

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

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

The main assets and liabilities as at August 31, 2014 subject to material potential adjustment, by reason of their bases of measurement, are as follows:

- Provisions: professional risks mainly relate to Côte d'Ivoire, Italy, the Netherlands, the United Kingdom and France, for a total amount of €2,353 thousand. In addition, specific country risk of €1,313 thousand has been recognized in respect of Germany, Djibouti, Luxembourg and Mexico;
- Post-employment benefit obligations: the applicable actuarial assumptions and calculations for each country concerned are set out in note 16.

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

3.5. Turnover

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

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

3.6. Presentation of the result before and after tax

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

In certain entities, dividends are paid to employees who do not have the status of Mazars Partners: these, along with the related tax, are considered as an element of their remuneration and included under "Cost of technical staff" or "Cost of administrative staff" depending on the circumstances.

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

3.7. Intermediate sub-totals in the consolidated income statement

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

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

3.8. Corporate income tax

The surpluses before Partners' remuneration are taxed according to the regulations of the countries in which they are generated: i.e., either in the name of the entities (principally in the case of limited liability companies subject to corporate income tax and for the portion of the surplus which is not composed of tax-deductible costs) or in the name of their Partners (principally in the case of partnerships). In the former case, for reasons of harmonization corporate income tax is considered as an element of Partners' remuneration.

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

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

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

As provided for by IAS 12.58, the effects of changes in tax rates are recognized under "Non-current liabilities due to partners" in the case of tax amounts themselves debited or credited directly to this line item, but are otherwise included in profit or loss for the period in which the changes are decided.

The carrying amount of deferred tax assets is reviewed at each year-end and reduced when it is no longer probable that sufficient taxable profits will be available to allow use of all or part of them.

3.10. Other comprehensive income
The components of comprehensive income are reclassified and presented either in the consolidated statement of comprehensive income, if applicable to the consolidating entity's equity, or as part of "Non-current and current liabilities due to partners" if applicable to operating entities (see note 18).

3.11. Shareholders' funds and non-current and current liabilities due to Partners
The shareholders' funds disclosed in the consolidated statement of financial position uniquely comprise the share capital and reserves of the consolidating entity, Mazars SCRL.

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

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

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

3.13. Conversion of financial statements drawn up in currencies other than the euro
The financial statements of entities located outside the 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 exchange rate prevailing at the financial year-end;
- The consolidated income statement is converted at the average exchange rate for the period;
- The resulting conversion differences are included under "Other comprehensive income" in "Non-current liabilities due to Partners".

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

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

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

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

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

Under the Group's solidarity rules, goodwill, like other long-term investments, is not systematically subject to any annual impairment test.

3.15. Intangible assets other than goodwill

Intangible assets acquired through a business combination are recognized 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 organization's financing structure. Client relationships are amortized 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 amortization over their period of use which varies, depending on the country, between 8 and 20 years.

3.16. Property, plant and equipment

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

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

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

- Fixtures and fittings: 7 to 10 years;
- Vehicles: 3 to 5 years;
- Furniture and office equipment: 3 to 10 years.

3.17. Impairment of non-current assets

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

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

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

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

The calculation is based on the present value of an estimate of three years' future cash flows plus a terminal value reflecting a growth rate into perpetuity. The discount rate takes into account the current market expectations of the time value of money and the specific risks related to each cash-generating unit. It is an after-tax rate applied to after-tax cash flows and corresponds to the weighted average cost of capital. Specific calculations are performed for each CGU.

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

3.18. Leases

Leases which transfer nearly all the risks and rewards related to ownership of the rented asset to the lessee are recognized in the consolidated statement of financial position at the start of the lease at the lower of the fair value of the rented asset and the discounted value of the minimum lease payments. Such assets are included under "Property, plant and equipment" with the corresponding liability to the lessor included in the consolidated statement of financial position as a finance lease obligation.

They are subject to depreciation over the periods listed above for each class of asset. Lease payments are apportioned between finance charges and a reduction of the lease obligation.

Leases for which the owner does not transfer the majority of the risks and rewards related to ownership of the assets are treated as operating leases.

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

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

3.19. Financial instruments

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

- Financial assets:
  - Available-for-sale financial assets;
  - Loans and receivables;
  - Client debtors;
  - Cash and cash equivalents;
  - Derivative instruments with asset balances.

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

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

Client debtors are individually reviewed by Partners for the purpose of recognizing any impairment.

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

- Financial liabilities:
  - Current liabilities due to Partners;
  - Bank loans;
  - Current bank financing;
  - Trade and other payables;
  - Derivative instruments with liability balances.

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

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

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

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

3.20. Provisions

A provision is recognized when:

- There is a current obligation (legal or implicit) resulting from a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; 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 finance cost.

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

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

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

- Status, age and past service periods for each beneficiary and category of beneficiary;
- Average staff turnover for each category of beneficiary;
- Average remuneration including bonuses and benefits in kind, augmented if appropriate by the current loading rate for employer's social security contributions;
- A discount rate based on the yield for high quality private sector bonds and equating with the horizon of the benefit obligation; and
- Life expectancy based on mortality tables recognized in each applicable country.

The following countries are subject to significant defined benefit arrangements:

	Lump-sum retirement benefits	Pensions plans	Other long-term benefits
France	x	x	
Germany	x	x	
Greece	x		
India		x	x
Côte d'Ivoire	x		
Mexico	x		
South Korea		x	
Switzerland		x	
Turkey	x		
United Kingdom		x	
United States		x	

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

On June 16, 2011 the IASB published IAS 19 (revised), *Employee Benefits*, which supersedes the previous version of IAS 19. The new standard was adopted by the European Commission on June 5, 2012 and its application became mandatory with effect from January 1, 2013.

The impacts of the new standard for the Group as at September 1, 2013 have been as follows:

- Abandonment of the corridor method for recognition of actuarial gains and losses, replaced by their immediate recognition as part of other comprehensive income;
- Immediate recognition of past service cost in profit or loss;
- Abandonment of the concept of the anticipated yield on plan assets, replaced by the net financing cost of the benefit obligation defined by reference to the appropriate discount rate applicable at the start of the period; and
- Consequential adjustment of opening reserves reducing shareholders' equity by €5.8 million deducted from "non-current liabilities due to Partners".

These impacts, as well as those resulting from retrospective application of IAS 19 (revised) as at September 1, 2012, are broken down by geographical zone in note 16.

3.22. Segment reporting

The current organizational structure emphasizes the transnational development of our service offerings.

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

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

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

3.23. Segment reporting by geographical regions

Geographical reporting is based on our activities and workforce.

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

Note 4: Scope of consolidation

In addition to the parent entity, the consolidation scope includes operational entities in 72 countries.

The main contributing entities are shown in the following table:

Country	Scope of consolidation for 2013/2014
CONSOLIDATING ENTITY	
Belgium	Mazars SCRL Avenue Marcel Thiry 77 – Box 4 – B-1200 – Brussels
OPERATING ENTITIES	
Brazil	Mazars Cabrera LTDA Traça Ramos de Azevedo 206, 12° Andar – Centro – São Paulo
France	Mazars SA 61 rue Henri Regnault – 92075 Paris La Défense
Germany	Mazars GmbH Theodor-Stern-Kai 1 – 60596 Frankfurt am Main
Ireland	Mazars Block 3 – Harcourt Centre – Harcourt Road – Dublin
Italy	Mazars SpA Corso di Porta Vigentina 35 – 20122 Milano
Netherlands	Mazars Paardekooper Hoffmann NV Mazars Building – Rivium Promenade 200 – 2909 LM Capelle a/d Ijssel PO Box 23123 – 3001 KC Rotterdam
South Africa	Mazars Rialto Road – Grand Moorings Precinct – 7441 Century City – Cape Town
Spain	Mazars Auditores SLP Calle Diputación 260 – 08007 Barcelona
Sweden	Mazars SET Mäster Samuelsgatan 56 – SE-111 – 83 Stockholm
United Kingdom	Mazars LLP Tower Bridge House, St Katharine's Way, London E1W 1DD
United States	WeiserMazars 135 West 50th Street, New York, NY 10020
Other European Union countries	14 countries
Rest of the world	Europe (4), North America (2), Central and Latin America (6), Asia-Pacific (11), Africa and the Middle East (24)

Newly consolidated country: Croatia.

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

We also observed during the year the deconsolidation of an entity in Indonesia and the divestiture of two offices in Germany.

Note 5: Turnover

	2013/2014	2012/2013
Fee notes rendered	**1,132,086**	1,081,881
Rebillable costs	**-46,819**	-43,277
Change in work in progress	**-4,450**	7,006
TOTAL	**1,080,817**	1,045,610

2013/2014 was marked by an increase in turnover approaching 3.4%, or 1.5% on a like-for-like basis.

Note 6: Cost of technical staff

	2013/2014	2012/2013
Personnel costs	**526,182**	505,712
Subcontracting costs	**19,202**	17,186
TOTAL	**545,384**	522,898

Note 7: Other costs

	2013/2014	2012/2013
GENERAL EXPENSES		
Property costs	**69,687**	69,897
Tax, insurance and professional contributions	**32,300**	32,869
General services	**32,624**	33,596
Other expenses	**88,737**	88,313
SUB-TOTAL	**223,348**	224,675
EXCEPTIONAL COSTS (NET)	**385**	820
TOTAL	**223,733**	225,495

The expenses have decreased compared with last year, reflecting a deliberate cost control policy.

Furthermore, no significant exceptional costs have been recorded over the period.

Note 8: Segment reporting

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

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

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

Breakdown by operating segment

From an operational point of view, Mazars' organization is structured around GBUs (Global Business Units). Two of these GBUs are focused on client segments (PIE, OMB) and the other one is focused on specific service offerings (TAX, LAW). As of September 1, 2013, the TAX & LAW service offering is presented on a single line.

The data for 2012/2013 has been restated in order to allow comparison with 2013/2014.

Consolidated statement of financial position

	August 31, 2014			August 31, 2013		
	Client debtors	Work in progress	Total	Client debtors	Work in progress	Total
PIE	129,702	23,960	153,662	113,693	27,958	141,651
OMB	82,500	29,100	111,601	85,447	27,419	112,866
TAX-LAW	24,090	10,700	34,790	18,281	10,805	29,086
TOTAL	236,292	63,761	300,053	217,422	66,182	283,604

Consolidated income statement

	2013/2014			2012/2013		
	Turnover	Cost of technical staff	Gross margin	Turnover	Cost of technical staff	Gross margin
PIE	560,165	-287,250	272,915	537,820	-272,925	264,895
OMB	393,860	-198,478	195,382	380,560	-186,597	193,963
TAX-LAW	126,792	-59,656	67,136	127,230	-63,376	63,854
TOTAL	1,080,817	-545,384	535,433	1,045,610	-522,898	522,712

Breakdown by geographical zone

	2013/2014	2012/2013	Change
TOTAL ACTIVITY*	1,080,817	1,045,610	3.4%
Europe – eurozone	544,899	534,648	1.9%
Europe – except eurozone	246,134	227,253	8.3%
North & South America	163,091	152,084	7.2%
Asia	56,929	65,224	-12.7%
Africa & Middle East	69,763	66,401	5.1%

*Of which France 317,461 (+1.2%), the United Kingdom 146,855 (+10.2%), the United States 117,461 (+6.6%), the Netherlands 71,557 (-3.4%).

	2013/2014	2012/2013	Change
TOTAL AVERAGE PERSONNEL – STAFF NUMBERS	14,088	13,746	2.5%
Europe – eurozone	4,986	5,039	-1.1%
Europe – except eurozone	2,828	2,584	9.5%
North and South America	1,950	1,655	17.8%
Asia	1,937	2,272	-14.7%
Africa & Middle East	2,387	2,196	8.7%

Note 9: Earnings per share

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

	2013/2014	2012/2013
NUMERATOR:		
Group net profit	**73**	29
Group net profit from continuing operations	**73**	29
DENOMINATOR:		
Number of outstanding shares, valued at 2.5 euro each	**128,148**	124,788
Dilutive effect of free share allocations		
Average number of outstanding shares – diluted	**128,148**	124,788
EARNINGS PER SHARE (IN EURO):		
Earnings per share – basic	**0.57**	0.23
Earnings per share – diluted	**0.57**	0.23
Net earnings per share from continuing operations (excluding discontinued operations) – basic	**0.57**	0.23
Net earnings per share from continuing operations (excluding discontinued operations) – diluted	**0.57**	0.23

No dilutive instruments have been issued.

Note 10: Intangible assets

		Movements in the year						
	August 31, 2014	Acquisitions	Amortisation	Disposals	Change in consolidation scope	Foreign currency gains and losses	Other	August 31, 2013
Client relationships	**57,754**	4,500		149	1,459	601		51,045
Goodwill	**110,655**	3,170			3,875	1,221		102,388
Other intangible assets	**34,252**	5,840		-289	75	101	-29	28,554
GROSS VALUE	**202,660**	13,510		-141	5,410	1,922	-29	181,988
Client relationships	**-30,225**		-4,003	26	335	-368		-26,215
Goodwill	**-5,094**		-991	-234		-219		-3,651
Other intangible assets	**-23,760**		-2,650	-378	-46	59		-20,746
AMORTISATION/ IMPAIRMENT	**-59,079**		-7,643	-585	289	-528		-50,612
INTANGIBLE ASSETS, NET	**143,581**	13,510	-7,643	-726	5,699	1,394	-29	131,376

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

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

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

	Net total August 31, 2014		Net total August 31, 2013	
	Client relationships	Goodwill	Client relationships	Goodwill
EUROPE – EUROZONE	**10,670**	**48,028**	10,100	45,471
Germany		4,450		4,450
France	10,315	38,731	9,966	36,811
Ireland		575		626
Netherlands	356	3,294	134	3,294
Italy		977		290
EUROPE – EXCEPT EUROZONE	**3,708**	**9,842**	3,360	9,992
Denmark	749		939	
Hungary	9	271		284
United Kingdom	1,751	9,571	2,268	9,708
Sweden	1,199		153	
NORTH & SOUTH AMERICA	**11,636**	**41,098**	9,491	36,692
Bermuda	909	1,025	906	1,135
Canada	52	610	76	627
Chile		960		947
United States of America	10,675	38,502	8,509	33,983
ASIA	**1,514**	**5,076**	1,871	4,986
Hong Kong		1,098		1,094
Singapore	1,514	3,234	1,871	3,155
Thailand		744		737
AFRICA & MIDDLE EAST		**1,456**		1,476
Botswana		925		937
Egypt		532		539
OTHER COUNTRIES		**60**	9	120
TOTAL	**27,528**	**105,560**	24,831	98,737

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

The changes in 2014 mainly reflected acquisitions in the United States, France, Sweden and Italy.

Note 11: Property, plant and equipment

		Movements in the year						
	August 31, 2014	Acquisitions	Depreciation	Disposals	Change in consolidation scope	Foreign currency gains and losses	Other	August 31, 2013
Fixtures and fittings	**49,467**	3,596		-1,396	-113	388	-1,554	48,547
Vehicles and other items	**6,814**	1,089		-1,819	-92	306		7,330
Furniture and office equipment	**74,664**	6,534		-4,788	-203	557	1,611	70,954
GROSS VALUE	130,945	11,218		-8,003	-409	1,251	57	126,831
Fixtures and fittings	**-33,588**		-4,827	1,227	111	-281	891	-30,709
Vehicles and other items	**-6,073**		-1,117	1,082	40	-164	-3	-5,910
Furniture and office equipment	**-54,190**		-6,944	4,790	100	-328	-1,073	-50,735
AMORTISATION/ IMPAIRMENT	-93,851		-12,888	7,099	250	-773	-185	-87,354
PROPERTY, PLANT AND EQUIPMENT, NET	**37,094**	11,218	-12,888	-905	-159	478	-128	39,477

Note 12: Other non-current assets

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

		Movements in the year						
	August 31, 2014	Acquisitions	Amortisation	Disposals	Change in consolidation scope	Foreign currency gains and losses	Other	August 31, 2013
Available-for-sale financial assets	**892**	174		-3	-1,489	1	-157	2,366
Loans	**3,291**	1,666		-1,673		20	-248	3,526
Deposits (inc. guarantee deposits)	**1,582**	65		-41	36	19	70	1,433
Other financial assets	**10,578**	2,130		-1,067	-43	-19	39	9,538
GROSS VALUE	16,343	4,036		-2,784	-1,496	21	-297	16,863
Available-for-sale financial assets	**-132**		-418	428			34	-176
Loans	**71**		-185	185				71
Deposits (inc. guarantee deposits)	**-76**		-4	41			-84	-29
Other financial assets	**-2,566**		-963	5		7		-1,615
PROVISIONS	-2,703		-1,571	659		7	-50	-1,748
NON-CURRENT FINANCIAL ASSETS, NET	**13,640**	4,036	-1,571	-2,125	-1,496	28	-347	15,115

Note 13: Trade and other receivables

At August 31, 2014, client debtors and work in progress may be broken down as follows:

	August 31, 2014			August 31, 2013
	Carrying amount	Gross amount	Impairment	Carrying amount
Client debtors	**247,736**	**285,103**	**-37,367**	226,626
Work in progress	**83,989**	**134,025**	**-50,036**	87,388
Payments on account	**-20,228**	**-20,228**		-21,205
Deferred income	**-11,444**	**-11,444**		-9,204
TRADE AND OTHER RECEIVABLES	**300,053**	**387,457**	**-87,404**	283,604

The aging of amounts based on their invoicing dates may be analyzed as follows:

	Total	< 90 days	91 days but < 1 year	> 1 year
Gross amounts at August 31, 2014	**285,103**	211,440	41,012	32,652
Impairment at August 31, 2014	**-37,367**	-7,507	-5,123	-24,737
NET AMOUNTS AT AUGUST 31, 2014	**247,736**	203,932	35,889	7,915

As at August 31, 2014, there was no reason to doubt the creditworthiness of receivables due but not impaired, in particular as regards the amounts overdue by more than one year.

Note 14: Other current assets

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

	August 31, 2014	August 31, 2013
Social security receivables	**1,947**	1,403
Tax receivables	**19,387**	17,102
Current accounts and other receivables	**25,010**	37,685
Prepaid expenses	**19,742**	17,974
Exchanges differences/unrealized losses	**1,307**	1,375
OTHER CURRENT ASSETS	**67,392**	75,539

Note 15: Provisions

	August 31, 2014	Adjustment by OCI (IAS 19)	Newly consolidated entries	Reclassification	Additional provisions recognized	Utilization of provisions	Unused amounts reversed	August 31, 2013
Professional risks	**2,353**			66	2,252	-2,182	-285	2,501
Post-employment benefit liabilities (except Partners)	**29,208**	7,485	1,617	168	4,258	-4,313	-1,804	21,797
Vacant properties	**911**			49	224	-182	0	821
Other risks	**12,525**			-1,300	6,362	-2,436	1,550	8,348
TOTAL	**44,996**	7,485	1,617	-1,017	13,096	-9,113	-539	33,467

	Current portion	Non-current portion	Total
Professional risks	2,134	219	**2,353**
Post-employment benefit liabilities (except Partners)	3,477	25,731	**29,208**
Vacant properties	276	635	**911**
Other risks	10,027	2,498	**12,525**
TOTAL	**15,914**	**29,082**	**44,996**

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

The "Pensions (excluding Partners)" section has been the subject of an actuarial valuation under the revised IAS 19 standard. Information concerning these pension obligations is included in note 16.

Following the termination of the "corridor" evaluation method and the application of IAS 19 revised, a revaluation of the Post-employment benefit liabilities (except Partners) provision was recorded over the year. The impact taken directly in "Non-current liabilities to Partners" is €7.5 million.

Note 16: Post-employment benefit and similar obligations

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

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

- Lump-sum retirement benefits (France, Ivory Coast, Mexico, South Korea, Greece, Turkey);
- Supplementary pensions complementing national arrangements (Germany, United Kingdom, Switzerland, United States, India);
- Other long-term benefits (India).

Assumptions

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

	Discount rate 2014	Discount rate 2013	Inflation rate 2014	Inflation rate 2013
Eurozone	**2.00%**	3.25%	**2.00%**	2.00%
India	**8.50%**	8.50%	**5.00%**	5.00%
Côte d'Ivoire	**6.50%**	6.50%	**3.00%**	3.00%
Mexico	**6.96%**	7.15%	**4.00%**	4.00%
South Korea	**3.00%**	3.00%	**2.50%**	3.00%
Switzerland	**1.60%**	2.00%	**1.50%**	1.50%
Turkey	**9.16%**	10.00%	**5.00%**	5.00%
United Kingdom	**4.10%**	4.40%	**3.10%**	2.50%
United States	**3.54%**	5.50%	**2.50%**	3.00%

In accordance with IAS 19 (revised), the net financing cost has been determined on the basis of the opening discount rate.

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

The following table discloses the sensitivity of the main obligations to a 0.5% increase or decrease in the discount rates applied:

	USA	Eurozone	United Kingdom	Switzerland	Other countries	Total
Obligation as at August 31, 2014	45,043	11,360	32,744	13,201	1,556	103,904
Impact of an increase of 0.5%	-1,624	-833	-2,508	-806	-89	-5,861
Impact of a decrease of 0.5%	1,850	886	2,810	915	93	6,554

Information pertaining to plan assets

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

	August 31, 2014					August 31, 2013			
	Equity securities	Debt securities	Derivatives	Cash	Real estate	Equity securities	Debt securities	Cash	Real estates
France	**31%**	**69%**	**0%**	**0%**	**0%**	33%	67%	0%	0%
United Kingdom	**53%**	**45%**	**0%**	**2%**	**0%**	54%	44%	2%	0%
Switzerland	**25%**	**51%**	**5%**	**2%**	**17%**	31%	47%	7%	16%

Amount of provisions

	August 31, 2014						August 31, 2013					
	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total
Present value of benefit obligations	**45,043**	**11,360**	**32,744**	**13,201**	**1,556**	**103,904**	35,803	9,560	29,712	9,128	1,154	85,356
Fair value of plan assets	**–**	**3,331**	**32,154**	**10,831**	**139**	**46,455**	–	3,336	26,945	7,775	115	38,170
Surplus or (deficit)	**45,043**	**8,029**	**590**	**2,370**	**1,417**	**57,448**	35,803	6,224	2,767	1,353	1,039	47,186
Unrecognized actuarial differences	**–**	**–**	**–**	**–**	**–**	**–**	–	-498	-4,807	-825	307	-5,823
Unrecognized past service cost	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–
NET (PROVISIONS)/ ASSETS recognized in the consolidated statement of financial position	**45,043**	**8,029**	**590**	**2,370**	**1,417**	**57,448**	35,803	5,726	-2,040	528	1,347	41,363

Movements in provisions during the year were as follows:

	August 31, 2014						August 31, 2013					
	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total
Opening provision	35,803	5,726	-2,040	528	1,347	41,363	–	5,100	-1,897	331	1,512	5,046
Adoption of IAS 19 (revised) (opening reserves)	–	499	4,807	825	-307	5,823	–	–	–	–	–	–
Actuarial gains and losses (other comprehensive income)	6,208	1,554	-1,616	1,042	84	7,273	–	–	–	–	–	–
Charge for the year	3,543	652	226	529	294	5,244	–	918	638	794	-41	2,309
Benefits paid	-2,187	-402	-788	-554	-69	-3,999	–	-312	-781	-597	-125	-1,814
Changes in consolidation scope/Others*	1,676	–	–	–	70	1,746	35,803	20	–	–	–	35,823
NET (PROVISIONS)/ ASSETS recognized in the consolidated statement of financial position	45,043	8,029	590	2,370	1,417	57,448	35,803	5,726	-2,040	528	1,347	41,363

* A €35.8 million provision was recorded at the end of 2013 for the US entity WeiserMazars but was not included in note 16.

The changes in consolidation scope include (for the year ended August 31, 2013) the inclusion of a Greek post-employment benefit plan and for 2014 an acquisition by our US firm (impact of €1.6 million) and the inclusion of an Indian long-term benefit plan.

The retrospective application of IAS 19 (revised) as at September 1, 2012 has the following impacts:

	August 31, 2014						August 31, 2013					
	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total
Opening provision	35,803	6,224	2,767	1,353	1,039	47,186	–	5,100	-1,897	331	1,512	5,046
Adoption of IAS 19 (revised) (opening reserves)	–	–	–	–	–	–	–	91	7,341	1,556	-428	8,560
Actuarial gains and losses (other comprehensive income)	6,208	1,554	-1,616	1,042	84	7,273	–	467	-1,697	-355	54	-1,531
Charge for the year	3,543	652	226	529	294	5,244	–	858	-198	418	25	1,102
Benefits paid	-2,187	-402	-788	-554	-69	-3,999	–	-312	-781	-597	-125	-1,814
Changes in consolidation scope/Others*	1,676	–	–	–	70	1,746	35,803	20	–	–	–	35,823
NET (PROVISIONS)/ ASSETS recognized in the consolidated statement of financial position	45,043	8,029	590	2,370	1,417	57,448	35,803	6,224	2,767	1,353	1,039	47,186

* A €35.8 million provision was recorded at the end of 2013 for the US entity WeiserMazars but was not included in note 16.

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

	August 31, 2014	August 31, 2013
Net closing post-employment benefit obligations	**57,448**	41,364
Less: amount disclosed as part of non-current liabilities due to Partners	**-27,712**	-19,566
Reserves allocated to debt retirement	**-528**	
CLOSING RESTATED POST-EMPLOYMENT BENEFIT OBLIGATIONS	**29,208**	21,797

Commitments relating to the WeiserMazars pension scheme in the United States were included in the scope of actuarial analysis on September 1, 2013.

As of August 31, 2013, the amount provided on pension liabilities in the United States amounted to €35.8 million and had not been subject to an actuarial valuation under IAS 19.

Changes in benefit obligations and plan assets
Movements in benefit obligations:

	August 31, 2014						August 31, 2013					
	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total
Present value of opening benefit obligations	**35,803**	**9,560**	**29,712**	**9,128**	**1,154**	**85,356**	–	8,242	32,283	12,520	1,214	54,259
Past service cost for the period	**1,232**	**429**	**–**	**578**	**119**	**2,359**	–	438	–	624	98	1,159
Unwinding of discount	**1,919**	**296**	**1,332**	**172**	**83**	**3,802**	–	278	1,215	207	90	1,790
Employee contributions	**–**	**–**	**–**	**571**	**–**	**571**	–	–	–	473	–	473
Premiums paid	**–**	**–**	**–**	**-134**	**–**	**-134**	–	–	–	-134	–	-134
Acquisitions/ disposals/Others*	**1,676**	**29**	**–**	**–**	**70**	**1,775**	35,803	283	–	–	–	36,086
Impact of curtailments and settlements	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	-4,072	–	-4,072
Actuarial (gains) and losses	**6,208**	**1,542**	**450**	**1,074**	**94**	**9,368**	–	524	-634	-616	52	-674
Benefits paid	**-2,187**	**-496**	**-959**	**1,537**	**-69**	**-2,174**	–	-205	-954	448	-118	-829
Foreign exchange impact	**391**	**–**	**2,209**	**275**	**105**	**2,980**	–	–	-2,198	-321	-182	-2,701
PRESENT VALUE OF CLOSING BENEFIT OBLIGATIONS	**45,043**	**11,360**	**32,744**	**13,201**	**1,556**	**103,904**	35,803	9,560	29,712	9,128	1,154	85,356

* A €35.8 million provision was recorded at the end of 2013 for the US entity WeiserMazars but was not included in note 16.

Movements in plan assets:

	August 31, 2014						August 31, 2013					
	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total
Opening fair value of plan assets	–	3,336	26,945	7,775	115	38,170	–	3,052	26,839	10,633	129	40,653
Expected return on assets	–	101	1,223	162	11	1,497	–	121	1,099	364	11	1,595
Net premiums invested	–	46	788	554	–	1,387	–	120	781	463	47	1,410
Employee contributions	–	–	–	571	23	594	–	–	–	473	–	473
Actuarial gains and (losses)	–	-12	2,065	32	–	2,085	–	56	1,063	-261	-2	856
Curtailment/ Settlement	–	–	–	–	–	–	–	–	–	-4,072	–	-4,072
Benefits paid	–	-140	-959	1,537	-23	415	–	-13	-954	448	-40	-559
Foreign exchange impact	–	–	2,092	200	13	2,306	–	–	-1,884	-273	-30	-2,187
CLOSING FAIR VALUE OF PLAN ASSETS	–	3,331	32,154	10,831	139	46,455	–	3,336	26,945	7,775	115	38,170

Expenses recognized

The net expense for the 2013/2014 financial year may be broken down as follows:

	2013/2014						2012/2013					
	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total
Cost of services rendered	1,232	429	–	445	119	2,225	–	438	–	624	98	1,159
Interest expense	1,919	194	109	10	72	2,304	–	278	1,215	207	90	1,789
Expected return on plan assets	–	–	–	–	–	–	–	-121	-1,099	-364	-11	-1,595
Change in consolidation scope	–	29	–	–	–	29	–	263	–	–	–	263
Amortization of actuarial differences	–	–	–	–	10	10	–	61	386	36	-33	449
Impact of curtailments and settlements	–	–	–	–	–	–	–	–	–	–	–	–
Foreign exchange impact	391	–	117	74	93	675	–	–	137	292	-185	244
NET EXPENSE FOR THE PERIOD	3,543	652	226	529	294	5,244	–	918	638	794	-41	2,309

Actuarial gains and losses

Actuarial gains and losses for the 2013/2014 financial year amounted to €7.5 million, breaking down as follows:

	2013/2014					
	USA	Euro-zone	United Kingdom	Switzer-land	Other countries	Total
Actuarial (gains) and losses on Defined Benefit Obligation	6,208	1,542	450	1,074	94	9,368
Experience (gains) and losses	731	-138	-1,705	242	136	-735
(Gains) and losses related to financial assumptions modification	6,502	1,679	1,805	833	-11	10,807
(Gains) and losses related to demographic assumptions modification	-1,024	–	350	–	-32	-705
Actuarial (gains) and losses on Plan Assets	–	12	-2,065	-32	–	-2,086
Actuarial (gains) and losses	6,208	1,554	-1,616	1,042	93	7,281

Note 17: Borrowings and current bank financing

	August 31, 2014	August 31, 2013
BORROWINGS AND OTHER FINANCIAL LIABILITIES		
Maturing in less than one year	19,463	22,043
Maturing in more than one and less than five years	53,286	63,794
Maturing in more than five years	12,951	3,259
Sub-total in excess of one year	66,237	67,053
BORROWINGS AND OTHER FINANCIAL LIABILITIES	85,700	89,096
CURRENT BANK FINANCING		
Maturing in less than one year	25,135	36,236
TOTAL DEBT	110,835	125,332
CASH AND CASH EQUIVALENTS	-66,759	-62,881
TOTAL NET DEBT	44,076	62,451

The Group undertook in 2012/2013 to restructure its debt, replacing medium-term financing by short-term financing.

Also note that during the year, the short-term treasury has improved by €15 million.

The overdraft decrease is mainly due to the United Kingdom.

	Borrowings and other financial liabilities		Current bank financing		Cash and cash equivalents		Total net debt	
	August 31, 2014	August 31, 2013	August 31, 2014	August 31, 2013	August 31, 2014	August 31, 2013	August 31, 2014	August 31, 2013
EUR	61,321	65,402	17,068	18,000	-37,714	-38,902	40,674	44,500
USD	10,519	14,130			-2,511	-1,877	8,008	12,253
GBP		4	1,360	14,188	-587	-6	773	14,186
ZAR	3,212	3,888	1,758	1,094	-1,380	-26	3,591	4,955
Other currency	10,648	5,672	4,949	2,954	-24,566	-22,070	-8,968	-13,444
TOTAL	85,700	89,096	25,135	36,236	-66,759	-62,881	44,076	62,451

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

	August 31, 2014	August 31, 2013
NON-CURRENT LIABILITIES:		
Permanent financing	**117,884**	127,066
including other comprehensive income	**-13,714**	-11
Provisions for post-employment benefits and assimilated	**38,084**	28,670
Bond issues	**12,734**	13,363
Deferred tax (net)	**-8,638**	-6,203
	160,064	162,896
CURRENT LIABILITIES:		
Deferred remuneration	**94,169**	83,614
TOTAL	**254,233**	246,510

The financing of each entity and any subsidiaries is provided by the Partners who control them, in accordance with the Mazars Agreements.

The "Other comprehensive income" section corresponds to €13.7 million to the impact of the elimination of the "corridor" valuation method and the application of the revised IAS 19 on pension obligations for Partners and non-Partners.

The counterpart is presented in the "pensions and other liabilities" section for Partners for €6.2 million (see above) and in the "Provisions" section for non-Partners for €7.5 million (see note 15).

The main countries concerned for Partners are the United States and Germany; and for non-Partners the United Kingdom and Switzerland.

The majority of the changes in deferred compensation comes from the increase in distributed surplus.

Note 19: Financial instruments

19.1 Fair value of financial instruments

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

19.2 Management of financial risks

The organization is financed by Partners' permanent financing, by undistributed Partners' remuneration and by entities' borrowings.

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

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

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

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

Management of liquidity risk

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

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

Management of currency risk

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

Management of counterparty risk

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

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

Note 20: Interest rate derivatives

Interest rate derivative hedging the senior BRED loan

In March 2013, Mazars SA (France) signed a financing agreement with BRED, structured as follows:

- A senior loan facility with a maximum amount of €10 million, for a total period of seven years, available for drawdown for a maximum of three years and repayable in four equal annual installments commencing in March 2016;
- An investment loan facility with a maximum amount of €10 million, for a total period of seven years, available for drawdown for a maximum of two years and repayable in five equal annual installments commencing in August 2014.

During the 2012/2013 financial year, the senior loan facility was drawn down for its full amount of €10 million and the investment loan facility in the amount of €4.7 million.

As provided for under the loan agreements, the first repayment of the investment loan, amounting to €0.9 million, was made in August 2014. The outstanding balance of the two loans as at 31 August, 2014 amounted to €13.8 million.

Interest caps for the two loans were taken out in July 2013, no adjustment for which was made as at August 31, 2013 as the impact of the value adjustment to the derivatives was not significant.

As at August 31, 2014, the market value of the derivative hedging the senior loan for interest rate risk amounted to €29 thousand and the market value of the derivative hedging the investment loan, to €14 thousand, which amounts have been recognized as part of financial income and expense.

Both the prospective and retrospective tests performed confirmed the effectiveness of the hedges, so no adjustment in their respect was recognized as part of other comprehensive income.

Note 21: Trade and other payables

	August 31, 2014	August 31, 2013
Trade and other payables	**114,529**	104,535
Social contributions	**53,529**	45,324
Tax payable	**49,719**	52,226
TOTAL	217,777	202,085

Most operating payables are due within one year.

Note 22: Corporate income tax

Tax payable breaks down as follows:

	2013/2014	2012/2013
Tax payable by Partners (included in "Partners' remuneration")	**9,179**	8,697
Tax payable by the organization (included in "Other costs")	**2,210**	3,122
Tax payable by Mazars SCRL	**68**	13
TOTAL	11,457	11,832

The amount of deferred tax is as follows:

	August 31, 2014	August 31, 2013
Deferred tax assets	**10,950**	8,584
Deferred tax liabilities	**-2,312**	-2,381
TOTAL	8,638	6,203

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

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

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

Note 23: Contingent liabilities

There were no contingent liabilities at August 31, 2014 or 2013.

Note 24: Notes to the consolidated statement of cash flows

24.1 Working capital requirements

The Group's working capital requirement was reduced by €19.8 million, reflecting:

- Increased Partners' contributions (impact of €10.6 million);
- Increased client debtors and WIPs (impact of €12.2 million) compensated by an increase in the accounts payable by €13.3 million;
- A reduction in other current assets (impact of €8.1 million).

24.2 Purchases of property, plant and equipment and intangible assets

Purchases of intangible assets mainly relate to the United States, France and Sweden and correspond to the deployment of software applications.

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

24.3 Net cash flows from acquisition and disposal of subsidiaries

The main transaction involved was located in France (Uniconseils).

24.4 Subscription/repayment of long-term debt

The subscription and repayment of loans were mainly concentrated in two countries, France and the United States.

Note 25: Auditors' fees

The auditors' fees were as follows:

	2013/2014	2012/2013
BDO member firms	**428**	423
Crowe Horwath International member firms	**457**	477
Other firms	**569**	468
TOTAL	**1,454**	1,368

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

Note 26: Rights to surplus allocated to the members of the Group Executive Board and the Group Governance Council

The rights of surplus payable to the six members of the Group Executive Board, the executive body of Mazars SCRL, and the 14 members of the Group Governance Council amounted to €10.5 million for the 2013/2014 financial year. It was either paid during the year or constitutes a current liability.

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

Note 27: Headcount

Average full-time equivalent employees	2013/2014	2012/2013
Partners	**748**	742
Technical staff	**11,401**	11,047
Administrative staff	**1,939**	1,957
TOTAL	**14,088**	13,746

Note 28: Contingent assets and liabilities

	August 31, 2014	August 31, 2013
NON-CANCELLABLE LEASE COMMITMENTS:		
Less than one year	**46,407**	40,909
Over one year and less than five years	**143,917**	145,591
Over five years	**43,020**	65,989
Sub-total	233,344	252,489
AMOUNTS RECEIVABLE UNDER NON-CANCELLABLE SUB-LEASES	**7,751**	9,269
GUARANTEES PROVIDED	**15,954**	15,127

Note 29: Events after the reporting date

No significant events have occurred after the reporting date that might have had an impact on the 2013/2014 financial statements.

Note 30: Entities newly consolidated during the year

	France	Croatia	Total
Merger date	October 1, 2013	September 1, 2013	
FULL-TIME EQUIVALENT EMPLOYEES			
Partners		1	1
Technical staff	27	26	53
Administrative staff	3	3	6
Total	**30**	**30**	**60**
CONSOLIDATED INCOME STATEMENT			
Turnover	3,126	1,041	4,167
Operating surplus	110	271	381
ASSETS AT AUGUST 31, 2014			
Total non-current assets	2,699	23	2,722
Total current assets	3,540	539	4,079
TOTAL	**6,239**	**562**	**6,800**
LIABILITIES AT AUGUST 31, 2014			
Non-current and current liabilities due to Partners		111	111
Other non-current liabilities	454	127	581
Other current liabilities	2,051	324	2,374
TOTAL	**2,505**	**562**	**3,066**

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

The consolidated data at August 31, 2014 does not enable one to identify the totality of the impacts at the consolidated balance sheet level for the external growth operations as mentioned in Note 4 concerning the United States, Brazil, the United Kingdom, South Africa, Italy, Romania and Sweden and are therefore not included in the table above.

Nevertheless, the impact on the revenues for these operations amounts to €29 million.

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 2014, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information (notes 1 to 30).

Group Executive Board's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Mazars SCRL and the entities that form the Mazars organisation as at 31 August 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Brussels and London, 4 December 2014

Crowe Clark Whitehill LLP

BDO
André Kilesse
Belgium

Crowe Clark Whitehill LLP
Steve Gale
United Kingdom

TRANSPARENCY REPORT

Breaking new ground

Specializing in audit, advisory, accountancy, tax and legal services, Mazars is a leading integrated and independent organization whose international scope is expanding every year. As of August 31, 2014, Mazars operated in 72 countries around the world, with more than 14,000 highly qualified professionals. Our consolidated turnover for the year 2013/2014 totaled €1,080.8 million, representing an increase of 3.4% over last year's result (+5.8% at a constant exchange rate).

Innovation is embedded in Mazars' values and DNA. Because we are so convinced that the value of an organization is measured by its ability to present its financial and non-financial performance in a transparent and "integrated" way and thus meet the expectations of all its stakeholders, we have decided to start the journey towards Integrated Reporting, in accordance with the framework set out by the International Integrated Reporting Council (IIRC). An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects – in the context of its external environment – lead to the creation of value in the short, medium and long term.

Mazars also continues to take a proactive role in the work of the International Integrated Reporting Council, to support our belief that Integrated Reporting will one day enable companies to present a fully transparent, comprehensive and easy-to-grasp picture to their stakeholders. This commitment is also reflected in our offer, as Mazars delivers corporate social responsibility (CSR) and anti-corruption certifications, and recently received ISO accreditation of its CSR Department.

For us, all this is an additional, natural step to share with the business community information that demonstrates who we are and how we create sustainable value in the service of the public interest. Our choice of transparency is not new: in 2005, we were the first organization in our profession to publish a Group Annual Report including jointly audited consolidated financial statements complying with International Financial Reporting Standards. To date, we remain the only one that has taken this step towards fostering transparency.

Our commitment to responsibility also leads us to take part in the debates in our profession. Over the last year, we participated in discussions regarding the European reform of the audit profession. The requirements of the European Directive and associated regulation will strengthen the role and independence of auditors and help open up the market. Beyond the issues that directly affect our business environment, we also offer our voice in public debate.

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

Paris La Défense, December 15, 2014

Philippe Castagnac
Jean-Luc Barlet

In compliance with existing regulations, the full version of the Transparency Report is available on www.mazars.com

MAZARS

Group Communications Department
Mazars’ <IR> Core Team: Jean-Luc Barlet, Nick Landrot, Grégoire Morlaës-Dusautoir, Marie-Laure Soulié

DESIGN AND PRODUCTION

Designed and produced by **SampsonMay**
Telephone: +44 (0)20 7403 4099 www.sampsonmay.com

COPYWRITING

Terry Ascencio-Parvy, Jean-Philippe Daniel

PHOTO CREDITS

David Beyda, Marthe Le More

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C001785

Printed by Park Communications on FSC® certified paper.

Park is an EMAS certified company and its Environmental Management System is certified to ISO 14001.

100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average, 99% of any waste associated with this production will be recycled.

This document is printed on Satimat, a paper containing 15% recycled fibre and 85% virgin fibre sourced from well managed, responsible, FSC® certified forests. The pulp used in this product is bleached using an elemental chlorine free (ECF) process.

MAZARS SCRL

Avenue Marcel Thiry, 77
B-1200 – Brussels
Belgium
www.mazars.com

More information on
www.mazars.com

Praxity MEMBER
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

MAZARS