

Summer 2011

Nomad

The world is our adventure

MAZARS

Sweden

Sweden's
return to **dynamism**

POPULATION
9.1 million
inhabitants

AVERAGE AGE
42 years
(71% of the population is
between 15 and 64 years old)

POPULATION GROWTH
0.16%

BIRTH RATE
10.18/1000

FERTILITY RATE
1.67 Birth / woman
2011 estimation
(OECD Countries
1.8 Birth / woman)

LIFE EXPECTANCY:
Men: **79** years
Women: **83** years

URBANISATION:
85%

RELIGIONS:
Lutheran 87%
Other (Roman Catholic,
Christian Orthodox, Baptist,
Muslim, Jewish,
and Buddhist) 13%

OFFICIAL LANGUAGE:
Swedish



Prosperity and social development

To the other countries, Sweden's image is of a prosperous country with a national culture that is firmly anchored in social development and support for human rights. It is often also viewed as an example to follow in terms of environmental policies. Not having participated in a single armed conflict in two centuries, Sweden has consistently based its relationships with other countries on international cooperation and multilateralism.

At the same time, Sweden succeeded in developing a modern and efficient production base and a very strong economy. Like its flagship companies – Volvo, H&M or IKEA – the country registers one of the highest growth rates in the European Union. Together with its Scandinavian

NOmAd, the Mazars
group's magazine for its clients
and partners, offers a voyage of
discovery to one of the countries
around the globe where Mazars
is expanding its business.
Mazars is an international,
integrated and independent
organisation, specialised in
audit, accounting, tax, legal
and advisory services.
www.mazars.com



Political organisation, geography and climate



Political regime

Constitutional monarchy

Current head of state

King Carl XVI Gustaf

Political and administrative organisation

Sweden is a constitutional monarchy based on separation of powers and divided into 21 counties. The regime is unicameral. The 349 members of Parliament (the "Riksdag") are elected by proportional representation every four years, by citizens age 18 and older. It is notable that electoral participation is traditionally very high, and has never been lower than 79%.

The current head of state is King Carl

XVI Gustaf, whose role is honorific. Under the terms of the constitution (adopted in 1975), the king represents "the unity of the nation." He also represents the country in the international sphere: It is he who receives foreign heads of state for their official visits. In addition, he opens the Parliament's annual session, chairs the special Council of Ministers, is the President of the Foreign Affairs Consulting Committee, holds the highest rank in the Army, and bestows each year the official diploma given to Nobel laureates.

Since 1980, gender equality is applied to the rules of succession. The heir to the Swedish throne is therefore Princess Victoria, daughter of the king.

The government is responsible for conducting policy in the country, and has been led by Prime Minister Fredrik Reinfeldt since 2006.

Geography and climate

Surface area: 441,369 km²

Major cities: Stockholm, the capital (pop. 1,579,658), Göteborg (pop. 592,372), Malmö (pop. 309,516), Uppsala (pop. 193,071).

Despite its northern location, Sweden enjoys a moderately temperate climate thanks primarily to the effects of the Gulf Stream.

The south of the country is mainly covered with broad-leaf forests, while pine trees are more common in the northern regions.

Sweden is bordered to the east by the Baltic Sea and the Gulf of Bothnia.

This very long coastline contributes to its temperate climate. To the West, the Scandinavian Alps (Skanderna) separate the country from Norway.

Agriculture is concentrated in southern Sweden, which is also the most densely populated region.

The country has numerous lakes, of which some, including the Vänern and the Vättern, are among the largest in Europe.

Economy

GDP:

\$354.7 billion (in 2010)

Distribution of GDP by sector:

Agriculture: 1.7%

Industry: 26.1%

Services: 72.2%

GDP growth:

2010: 5.5%

2009: -5.3%

2008: -0.6%

Per capita GDP:

\$39,100 (in 2010)

Working population:

4.93 million people

Agriculture: 1.1%

Industry: 28.2%

Services: 70.7%

Export volume:

\$162.6 billion

Import volume:

\$158.6 billion

Major trade partners:

Germany, Norway, Denmark, United Kingdom, Finland, the Netherlands, France.

Unemployment:

8.3% (2009 estimate)

Inflation rate

1.4%

2010 budget:

Income: \$230.1 billion

Expenditures: \$236.6 billion

Public debt: 40.8% of GDP in 2010

Agricultural production:

barley, wheat, sugar beets, meat, milk.

Industrial production:

iron and steel, precision devices (notably for telecommunications), wood pulp and paper, food products and motorised vehicles.

Currency:

the Swedish krona
(€1 = SEK 9.1)

neighbours, it represents a high-potential market with strong development opportunities. For Mazars, already present in Denmark, moving into Sweden fulfils a dual objective. First, to benefit from the local economic dynamism, during a period in which the international situation remains uncertain, and second, to complete its geographic coverage of Europe and Scandinavia with the integration in

the Group of a first-rate regional powerhouse. Today, a few months after the finalisation of the agreement that brought into Mazars a top-ranking Swedish firm, we want to help you get to know this country in more detail. Economy, society and culture are on the menu for this latest issue of Nomad.

We wish you an enjoyable read.

Social democracy

fostering economic performance

Sweden, in the heart of Scandinavia, is often viewed as a model of economic, social and environmental virtue. Whether envied, praised or criticised, the “Swedish model” developed since 1917 has allowed the country to experience uninterrupted growth and to build a set of liberties that in 2008 led *The Economist* magazine to name Sweden the most democratic country in the world.



Ranked today as the world's 33rd economic power, Sweden nonetheless came late to industrialisation. Up until 1855 the country was very reliant on agriculture, which employed nearly 80% of the total workforce. Only after 1870 did modern industry make its first appearance, in the fields of metallurgy and steelmaking especially, which quickly became very dynamic, export-directed sectors. Thanks to its wealth of mineral and energy resources, Sweden then experienced rapid economic development, supported by the lifting of obstacles to international trade and a foreign policy of neutrality, which kept the country out of the military conflicts of the 19th and 20th centuries. Volvo, destined to become one of the world's largest carmakers, was founded in 1927. Ten years later, Saab was founded – the “Swedish airplane corporation” – on the initiative of the government which at that time sought to provide Sweden with an aeronautics industry capable of defending the country's neutrality.

During the same period, a significant silviculture sector developed which today is highly mechanized and oriented towards the production of paper and cardboard pulp, with factories located throughout the central and southern regions of the country. Exploitation of forestry resources also gave rise, in 1943, to IKEA, founded by Ingvar Kamprad who had a background in distance stationery sales. The company's spectacular

growth began in 1955, when it took the gamble of acquiring its own design structure. Today IKEA has more than 280 stores in 26 countries, employs nearly 130,000 people and prints more than 200 million copies of its annual catalogue.

Finally, as befits the social-democratic model, the creation of the Welfare State led to strong growth of public services, related in particular to well-being policies. Based on a high tax rate and the primacy of social protection and dialogue – with a high rate of unionisation – and on governmental intervention in the economy, the Swedish model, represented by personalities such as Olof Palme, has allowed the country to reach a high level of social and societal development. Sweden was thus long cited as an example for its social democracy, education and lifelong training policies.

The turning point of the 1990s

The Swedish model was highly effective until the 1980s, when it began to show signs of losing steam. The high level of public spending became problematic, forming a barrier to economic growth and leading to rising unemployment. By 1990, Sweden was faced with serious financial problems, including a significant increase in its debt as well as a drop in industrial production and a rapidly decreasing rate of job creation.

Faced with these difficulties, and with the support of

History of Sweden

10,000 years BCE: End of the ice age and first known habitation on Swedish territory.

From 400 BCE to 800: The peoples occupying the region become sedentary. Agriculture becomes the foundation of the country's economic and social organisation.

From 800 to 1050: The Viking period is characterised by significant geographic expansion. Various expeditions bring the Vikings all along the Baltic coasts and into the heart of today's Russia, where they install trading posts. They also push eastward all the way to the Black Sea and the Caspian, and establish trade relations with Byzantium and the Arab kingdoms. Sweden's evangelisation begins around the same time, with Saint Ansgar's arrival from Carolingia in the 9th century. However, not until 1164 does Sweden receive its own archbishopric. Following a number of military expeditions, Finland is annexed in the 13th century.

1397: Sweden, Denmark and Norway sign the "Kalmar Union" bringing the three countries under a single monarch. This alliance continues until 1521 and the destitution of Christian II, the Danish king of the Union. Gustav Vasa, a Swedish noble, takes power and is proclaimed king of Sweden in 1523.

1523 - 1560: It is under the rule of Gustav Vasa that the foundations of the Swedish national state are formed, nationalisation of the Church, confiscation

of its property by the State, and Protestant reform. The administration is organised following the German model. In 1544 the country becomes a hereditary monarchy.

1643 - 1645: First war between Sweden and Denmark. It is followed by a second ten years later. Sweden annexes Skåne, the provinces of Halland and Blekinge and Gotland island, previously Danish possessions, and seizes the provinces of Bohuslän, Jämtland and Härjedalen from Norway. In this way Sweden, including not only today's Finland but also a number of Baltic and German territories, becomes one of the major powers of Northern Europe.

1700 - 1721: The Great Northern War, ending with Sweden's defeat at the hands of Denmark, Poland and Russia. The country loses its Baltic possessions and is reduced to a territory corresponding to today's Sweden and Finland. Sweden ultimately has to cede Finland to Russia and abandon its last possessions in Northern Germany during the Napoleonic Wars.

1814: Sweden and Norway are opposed in a brief armed conflict, which today remains the final war in which the country has participated. It has since adopted a military policy based on non-alliance during peacetime, neutrality in case of war, and national security protected by an extensive system of national defence.

The 19th century is also that of the industrial

revolution. Stimulated by railroad construction and the founding of commercial banks, this begins in Sweden with exploitation of forest resources, in particular for the paper industry. Metallurgy and steelmaking also develop using iron ore mined in Lapland.

This century is also characterised by extensive emigration, with more than one million Swedes of modest origin leaving the country for America.

1905: The Union with Norway, born of the Kiel Treaty signed in 1814, is dissolved by the Norwegian parliament.

1949: After remaining true to its policy of neutrality over the course of two world wars, Sweden joins the UN, but refuses to enter NATO.

1959: The EFTA (European Free Trade Association) is formed in Stockholm at the initiative of Great Britain. In addition to Britain, it includes Sweden, Norway, Iceland, Portugal, Switzerland and Finland.

1986: The leader of the Social Democratic Party and Prime Minister of the country, Olof Palme, is assassinated in Stockholm under conditions that remain clothed in mystery today.

1995: After submitting its candidacy in 1990, Sweden becomes an official member of the European Union on 1st January 1995, after approval of the membership treaty by 52.4% of voters.

a majority of the population, the social-democratic government led by Ingvar Carlsson began to implement a policy of Welfare State reform, in particular with a view to allowing greater leeway for free market mechanisms. Several sectors and public services – health-care, education and the postal service, for example – were opened up to competition. Also deregulated to varying degrees in the coming decades were air and rail transport, electricity and telecommunications. The job market underwent major changes as well: more flexible legislation was introduced with regard to temporary employment, and compensation for government employees was linked to performance criteria rather than simple seniority. Lifelong employment for employees in the public sector disappeared. These measures were accompanied by massive investment in training, available to all throughout their professional lives, in order to keep periods of unemployment to a minimum. Finally, salary negotiations were decentralised to the local level. While the rate of unionisation remained close to 80%, only 7% of employees covered by a collective bargaining agreement benefit from centrally negotiated employment conditions today.

An emblematic initiative of this transformation of the Swedish economy was pension reform, whose main contours were set in 1991 and voted into law three years later, following a collaborative process between the government and opposition parties. The new sys-

tem took effect in 2001, and combines a "pay-go" system with elements of a savings-based pension plan. Finally, in the area of taxation, Sweden abolished its wealth tax and lowered corporate tax rates. These reforms allowed the country to return to dynamic economic growth and competitiveness, while maintaining its core social programs. Even though Sweden suffered from the 2008 financial crisis, the country returned to growth rates that are significantly higher than those of most European countries as early as the first trimester of 2010. It appears today as one of the most competitive countries in the Union, with GDP growth estimated at more than 3% for 2011.

Consistent international commitment

Sweden has kept out of all international armed conflict since 1814. This neutrality has been a core element of the country's foreign policy, and is based on the belief that refusing to belong to any military alliance during peace time is the best guarantee of Swedish national security. Marginally modified in 2002 to allow "military cooperation in response to threats to peace and security," this foreign policy doctrine has not prevented Sweden from carrying out sustained international efforts, mainly in support of human rights.

In 2007 the Swedish government published its foreign policy priorities: active support for demo-



Supporting human progress



Swedish scientist and inventor of dynamite Alfred Nobel died in 1895. He left behind a colossal fortune and a will in which he requested that his legacy be used to create an institution to reward individuals, regardless of origin or nationality, who have rendered great service to humanity by contributing to significant improvements or progress in culture and science. The five Nobel disciplines are peace, literature, chemistry, medicine and physics.

The first Nobel Prize ceremony took place at the former Stockholm royal music academy on December 10, 1901. Beginning in 1902, the prizes have been presented by the King

of Sweden personally on December 10 of each year, except the Nobel Peace Prize which is awarded by the King of Norway. The Nobel laureates share an award of 10 million Swedish krona (a little less than €1 million in 2010), which they are free to use as they wish, but which mainly serves to allow them to continue their research or work without being subject to financial pressures.

In 1968, with the agreement of the Nobel Foundation, the Bank of Sweden created a special prize in economic sciences, commonly called the Nobel Prize for Economics.



→ cratisation through increased cooperation with NGOs and newly democratic countries; support for freedom of speech, seen as the necessary condition for affirming economic, social and cultural rights; international campaign to abolish capital punishment; condemnation of torture in all its forms; opposition to summary executions and arbitrary imprisonment; protection for the principles of the rule of law and international humanitarian law, and campaigns against discrimination. These priorities are carried out in an international cooperation framework to which the country is very attached. Other than military alliances, Sweden participates in numerous supra-national organisations. It has been a member of the UN since 1946 – Swedish diplomat Dag Hammarskjöld was UN Secretary General from 1953 to 1961 – and joined the European Union in 1995, four years after submitting its candidacy. This membership is the concrete expression of a strategy of strengthened cooperation, begun in 1972, between Sweden and the European Community, and was approved by the country in a referendum. However, Swedish voters chose to refuse entry into the Euro zone in 2003, with a “no” vote of 56%. At a more regional level, Sweden and its Scandinavian neighbours have formed a Nordic Council that signals close cooperation in the economic, political and social arenas.

Culture and sports with global impact

Like its capital city with its scores of museums and two internationally famous philharmonic orchestras, Sweden is a country rich in cultural offerings. In the literary arena, Strindberg is considered one of the major playwrights of the 19th century, and much more recently, Stieg Larsson's posthumously published Millennium series is one of the great publishing successes of the past ten years. Musically, Sweden's instrumental tradition reaches back to the 14th century, and also includes the explosive arrival of Swedish music groups on the international music scene in the 1970s, most notably Abba. In film, the iconic figure of Ingmar Bergman and the international stature of actors such as Max von Sydow and Greta Garbo ensure the country's global reputation.

Sweden also has a strong sports culture. Stockholm hosted the 1912 Summer Olympics and the 1958 Football World Cup. Many Swedish athletes are among the legends in their respective disciplines. Bjorn Borg, Mats Wilander and Stefan Edberg count more than 15 Grand Slam tennis tournaments between them, and Ingmar Stenmark is known as one of the greatest skiers in history. Sweden also traditionally excels in such disciplines as cross-country skiing, handball and ice hockey.

A young, peaceful and prosperous country, Sweden has all the attributes of a nation ready to face the challenges of the coming century. The Swedish model from the mid-20th century may have undergone some changes, but Sweden remains one of the most convincing examples of successfully combining economic performance and a high level of social development. ●

“There can be no sustainable growth without respect for human rights”



Jan Eliasson, former Ambassador and Foreign Minister discusses Sweden's leading role in human rights development and the challenges at hand to guarantee sustainable growth

Which features of Sweden's social model and culture explain its advancement as far as Human Rights go?

Jan Eliasson: Throughout its history, Sweden has always been strongly committed to democratic values, and thus to the respect of equality and human rights. This commitment is deeply rooted in our culture, and is a defining feature of all our policies, which target the same goal: guaranteeing equality between our citizens. I could add that Sweden is a middle-sized and prosperous country, which makes it easier to reach this goal.

Beyond its own borders, what role does Sweden play in human rights development?

The people of Sweden simply would not understand if Sweden was not involved in human rights protection at an international level. Human rights development is at the core of the values our citizens all share. This is why we made our national human rights policy one of the foundations of our foreign policy. Sweden was at the origins of the declaration made by the UN during its 2005 summit. This text clearly states that there can be no real development without peace and no peace without development, and that the respect of human rights is one of the conditions of both peace and development. We now realise that any attempt to achieve truly sustainable development must integrate the respect of human rights. A process excluding them would be globally weak and would certainly not achieve long term growth.

Do you think companies also share this will to promote human rights development, in Sweden and around the world?

I hope so, but we still have a long way to go. Corporate Social Responsibility (CSR) policies are usually ambitious and tend to prove that companies are aware of their responsibility towards society. However, these CSR policies should not only come from the communications department, or even from a specific CSR department; they should be integrated into the corporations' global strategy. These policies should be designed at board or chief executive level, in order to influence every aspect of the company's life and operations.

There are several reasons for this. First of all, this is simply what companies should do, from an ethics and moral perspective. Besides, in the long term, companies which manage to integrate CSR into their strategy will benefit from it: making sure their corporate interests coincide with general interests in society will increase their performance. Lastly, the increasing demand for companies to act responsibly, both by consumers and by employees, who want to be proud of the company they give their time to, are two additional levers that should push economic players into taking better account of human, social and environmental issues.

Do you think the strengthening of financial transparency plays a role in the development of more socially responsible businesses?

Once again, I can only hope so, even though we cannot be certain of it. The financial crisis is far from being over, and the repartition of wealth and resources is more unbalanced today than it was yesterday. It is true that the IMF and the European Union are making efforts to increase transparency and regulation, but these efforts might prove insufficient. We have a responsibility to create collectively a form of “responsible regulation” on a global scale, but this will take a lot of effort. I think one of the keys for success in this endeavour is to convince countries that the only real solution to their problems is an international and collective solution, and that following this path also serves their national interest.

To conclude, would you say you are optimistic about the possibility to face this challenge?

I'm neither optimistic, nor pessimistic. All I want to see is tangible results. I do rejoice in the turn of events in the Middle-East and in North Africa, but we must not fall into self-indulgence: many areas still suffer from conflicts and human rights violations, and poverty remains a widespread curse.

However it is true that we are seeing a growing awareness of global challenges among many citizens, which will in turn lead governments and companies to systematically address these issues. Pressure from the people, consumers or employees is a reality. But this reality still has to be translated into real and measurable actions.

Jan Eliasson, a life devoted to international cooperation

Born in Göteborg in 1940, Jan Eliasson began his career in the diplomatic corps and served in New York, Paris, Bonn, Washington and finally Harare, where he opened the first Swedish embassy in 1980. He became diplomatic advisor to the Swedish Prime Minister in 1982, then General Director for political affairs in the Swedish Foreign Ministry from 1983 to 1987. In 1988 he was named Sweden's Ambassador to the UN. He was then Secretary of State for Foreign Affairs from 1994 to 2000, and became Swedish Foreign Minister in 2006. Within the framework of his UN responsibilities, Jan Eliasson participated in a number of humanitarian missions, in Somalia, Sudan, Mozambique and the Balkans. More recently he acted as mediator for the Organisation for Security and Cooperation in Europe in the Nagorno-Karabakh conflict opposing Armenia and Azerbaijan. He is also an associate professor at the University of Uppsala.

A new player going global

In 2010, after several years of joint venture, SET's offices were directly integrated into Mazars' international partnership. The new entity, which operates under the name Mazars SET, presents itself as a major audit and advisory player in the country.



Key figures

MAZARS IN SWEDEN

Turnover
2009/2010
€ 33.5 million

Number of professionals:
240 professionals
in 13 offices

42 partners

Major areas of business:

audit, accounting, tax,
financial advisory services

Main Clients:

Main industries that Mazars SET works with is real estate, larger industries and consultants. But the client list also contains a lot of larger family-owned and owner-managed businesses...

Website :

www.mazars.se

The shared path that led to SET's integration into the Mazars Group began in the 1990s. The first contacts between the two organisations, first in the form of a correspondent agreement, were followed by a joint venture, and then a full union in 2010, based on a shared vision of audit and advisory services, and on the primacy of shared values and requirements. These are characteristics represented by SET in the Swedish market since the firm's founding in 1932. Over the years, SET has developed into one of the major independent players in the country. It has 250 employees today, of which more than 40% are certified public accountants. "For a firm like ours," explains Marianne Sandén-Ljungberg, Managing Partner of Mazars SET, "40% is a significant proportion. For our clients, it is a guarantee of strong technical expertise in all our areas of business," she continues, adding, "our team includes chartered accountants, auditors, and tax and advisory professionals. We are able to offer our clients the expertise they expect, and to propose innovative solutions that are tailored to their specific needs."

Mazars SET's clients include a broad range of companies, from SMEs to listed firms, operating in Sweden and around the world. "We work to establish personalised, long-term relationships with each one of them," notes Mrs Ljungberg, "and each mission is the chance for us to

strengthen the mutual trust that we want to build. This is why we have a strong focus on continuity, with dedicated teams that remain with the same client for several years, for audits as well as for advisory services."

Present throughout the territory

With its 13 offices in all the country's major cities – including Stockholm, Göteborg, Malmö and Helsingborg – Mazars SET is close to its clients everywhere in the country. "This geographic proximity allows us to know them better, to understand their issues and to familiarise ourselves with their environment. This makes us better able to answer their expectations and offer them the solutions that will help them to grow and concentrate on developing their own business."

In addition to its very dense national presence, Mazars SET is perfectly able to intervene beyond the Swedish borders. Since its integration in the partnership, the Swedish firm has considerably increased its capacity to support the international expansion of its local clients and provide the same quality of service on every continent.

A culture of openness

"For us," says Mrs Ljungberg "this goes far beyond a simple declaration of principle. We do everything to create a warm working atmosphere and an open culture. This also helps our





clients. And we pay close attention, when hiring, to selecting candidates who we know will adhere to our values and to our vision of the profession.”

A wide range of services

Mazars SET has many years of experience in auditing the accounts of large groups, SMEs, financial establishments and foundations and associations. Based on constant dialogue with management, precise knowledge of applicable regulations and regular communication with stakeholders, Mazars SET auditors carry out their missions by combining technical expertise and professional judgment. They know how to adapt to the size and business of their clients to implement the most appropriate procedures.

Mazars SET also carries out limited reviews and internal audits, notably with regard to Swedish financial authority requirements. Information system auditing is also part of the range of services offered by the firm, to check the reliability of IT systems.

Recent years have witnessed the rise of topics related to corporate social responsibility. More and more

frequently, environmental performance is seen as an integral part of overall performance, making it possible to significantly improve companies' attractiveness to their potential customers and consumers, and to potential talents that could join their teams. In this framework, the professionals at Mazars SET have collected extensive experience in the areas of reporting, due diligence and sustainable development requirements. The firm is also a participant in the work carried out on these topics by the Swedish institute of chartered accountants (Far) and in defining the new standards for social and environmental audits.

Finally, in support of the many Swedish companies that have patents and license agreements, Mazars SET verifies that they receive the revenues to which they are entitled. In addition to this broad portfolio of audit services, the Mazars SET teams carry out a variety of accounting, tax advisory and financial reporting missions. Here again, the firm is able to offer these services to clients of any size and in any area of business, always with the same professionalism and quality, and the desire to contribute to the client's development over the long term.

A successful equality strategy

In 2011, the Swedish accounting profession's magazine *Balans* published a study about gender equality in Swedish firms crowning Mazars SET as the most advanced. With 23% of women partners, Mazars SET not only is the firm with the highest number of women partners, but also the firm with highest rising rate of women partners. There is still progress to make, but most of the recently co-opted partners are women. *“This has nothing to do with any form of quotas”* indicates Mrs Sandén-Ljungberg, Managing Partner of Mazars SET, *“it is more of a proof of our capacity to attract and keep talented women, from recruitment to partner level. We are especially dedicated to supporting women during their pregnancy and during their first years as young parents, which is critical time both in their personal and professional lives.”* An example of good practice to deploy in Mazars' diversity strategy worldwide.





Developing a fully integrated offer on the Scandinavian market

Scandinavia ranks among the priority areas in Mazars' geographic development strategy. Integrating SET is thus a new step towards creating an integrated platform covering every Scandinavian country. "After Denmark in 2008 and Sweden in 2010, our ambition is to provide our clients with a fully integrated service offer in the entire area" says Loïc Wallaert, who coordinates Mazars' development in this part of Europe, "as it is what our clients expect". Indeed, economic flows between Scandinavian countries are quite significant, and developing companies in the area always start their expansion in neighbouring countries. "We are targeting two types of clients" adds Loïc Wallaert, "international companies setting up in Scandinavia, who want to deal with only one firm, and local companies expanding in each of the Scandinavian countries individually. Our aim for both types of clients is to offer the same quality of service in every country in the area, through integrated teams sharing the same culture and methods." The Scandinavian platform is in building, and should eventually integrate Norway and Finland, as well as the Baltic States. Moreover linking this platform with Russia is very important to some Scandinavian countries, and goes along with Mazars' reinforced coverage of this vast country.

Mazars SET, ready to meet the challenges of an evolving market

A quick look at the audit market in Sweden and Mazars SET's client portfolio shows that Mazars in Sweden is primarily focused on the SME market. However, this sizable national player, ranking 7th in the country, intends to take advantage of every opportunity offered by the partnership to diversify and gain influence, based on a long-term strategy and a clear roadmap.

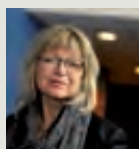
"Our expertise is not in question for our traditional clients, generally from the OMB (Owner-Managed Businesses which include all non-listed clients) market," explains

Lars Wahlström, CEO for Mazars SET "but today we're showing them that we can also support them internationally. By becoming a part of the Mazars Group, which operates directly in more than 60 countries, we demonstrate our ability to bring quality expertise at the international level, particularly for all issues related to IFRS." This integration is the culmination of a long relationship between Mazars and SET, and more particularly of a shared set of values. "The values held by Mazars, as well as a tailored work approach and proximity to our clients, were already key to our methods," continues Mr. Wahlström. "Our clients who work or are present in other countries know that they can take advantage of this approach to find the same responsiveness and service quality when they entrust us with international audit or consulting missions. For example, we're particularly confident in the added value provided by our Mazars partners in Denmark."

Beyond this international dimension, audit is evolving in Sweden, primarily due to recent reforms that make account certification voluntary for certain small listed companies. This change could weaken the audit market, but also offers significant opportunities for developing accounting support services. Mazars SET is therefore pursuing a dual focus of strengthening its offer of services other than financial audits for SMEs throughout Sweden, while moving to support its international clients with a complete audit offer for their subsidiaries around the world.

Global reach and intervention capacity, responsiveness, and ability to support the offer with high-level expertise, particularly in terms of international standards: Mazars SET is now perfectly poised to meet the long-term challenges of a rapidly-evolving Swedish market and set on conquering new clients and new missions, in Sweden as well as in other countries.

Key Contacts



Marianne Sandén-Ljungberg

Managing Partner
marianne.sanden-ljungberg@mazars.se
+ 46 (0)87963716
+46 (0)736203631



Lars Wahlström

Chairman of the Board
lars.wahlstrom@mazars.se
+46 (0)733434200



Bo Holmström

Partner (Public Interest Entities)
bo.holmstrom@mazars.se
+46 (0)87963721
+46 (0)736203721



Peter Nilsson

Partner (Financial Advisory Services)
peter.nilsson@mazars.se
+46 (0)451384676
+46 (0)736203676



Mikael Thorsson

Partner (Audit)
mikael.thorsson@mazars.se
+46 (0)317795008
+46 (0)736203894



Mikael Asplund

Partner (Tax)
michael.asplund@mazars.se
+46 (0)87963725
+46 (0)736203725

From Stockholm to Riyadh

Construction of subterranean storage chambers for crude oil that began twenty years ago in Saudi Arabia is almost complete today. For more than 15 years, Mazars SET has carried out the legal audits for ABV Rock Group, the Swedish construction firm carrying out this project, the largest in the world in terms of civil engineering.

With five sites near Riyadh, Buraidah, Abha, Jeddah and Medina, and a total workforce of 14,000, the Saudi subterranean oil storage construction project is truly massive.

Multiple cavities had to be excavated at each site, for a cumulative volume far greater than the excavation work required to build the Channel Tunnel. Thanks to its unique expertise in tunneling and underground storage, Swedish AVB Rock Group was appointed as the general contractor for this project. In addition to the subterranean storage, the project includes road infrastructures, ventilation systems, housing for operating staff, hospitality facilities and the installation of 1,000 kilometres of fibre optics. A mosque was also erected on each site. Finally, crude oil pipelines and pumping stations were needed at every location.

Adapting to local conditions

"Saudi Arabia is a very 'conservative' country by Western standards," says Bo Matson, who manages the project for Mazars SET together with Willard Möller, Stefan Andersson and Bengt Ekenberg. "When we began this mission, we went through a certain culture shock and had to show great patience in collecting all the information we needed. The local structures have a strict hierarchy, and it wasn't easy to convince all the stakeholders to provide the documents that we needed to do our job properly. We had to be patient, prepare our requests in advance and plan our work down to the smallest detail."

Each audit also required the presence on-site of four to eight SET professionals for periods of two to three weeks. In all, 15 of the firm's employees have worked on the project, often since the very start of Mazars SET's mission. They have thus been players in and witnesses to the incredible technological advances that accompanied the construction of the storage units.

"Our mission began in 1994," explains Bo Matson. "At the time, the only means of communication we had were landline telephones and fax machines with very slow connections. It wasn't until 1999 that foreign mobile phones could function in Saudi Arabia, which made our work considerably easier both from Sweden and on-site. We also suffered the consequences of the September 11 attacks and the war in Iraq, which increased our exposure to risk and threatened our safety. We had to adapt to a climate where we sensed growing hostility towards the Western world. This meant a raised awareness of existing risks, and increased caution, particularly during travel between the various sites."

A traveller's life

Over the past 17 years, Bo Matson has spent plenty of time in Saudi Arabia, notably in Riyadh and also in the air. *"I've made the journey between Sweden and Saudi Arabia more than 50 times," he says. "I've spent more than 700 days in the country, and over 100 days in airplanes."* Now, as he prepares his final audit for a project that is almost complete, Bo Matson feels a little nostalgic: *"It's a strange feeling, a little bittersweet," he explains, along with Willard Möller. "The mission that is coming to an end was a unique experience in our career. Working on such a huge project is a fabulous opportunity that taught us a great deal, both professionally and personally."*

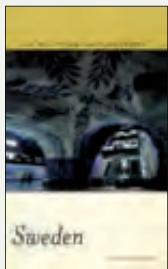


Auditors from Sweden to support a team of Swedish construction specialists

AVB Rock Group KB is a Swedish limited partnership which has been operating since the 1980's mainly as the construction conductor for the Strategic Storage Program. Though it only operates in Saudi Arabia, it remains a Swedish limited partnership, which means it has to be

audited by a Swedish firm. *"Responsibility for the construction work was awarded to a Swedish company," explains Willard Möller of Mazars SET, "so it was simpler for the auditing to also be carried out by Swedish teams. This is how we became connected to the project, and have been carrying the entire audit process for the past 17 years."* Though the SSP project is over, AVB Rock Group still operates in the country on many projects such as the extension of the King Saud University.

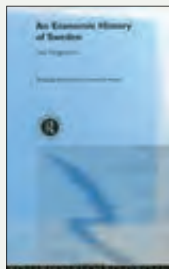
Recommended reading



Sweden: An Illustrated History

Martina Sprague
2005 Hippocrene Books, NY

A summary of the history of Sweden, from the Ice Age to the modern era. The ideal book for those who want to explore this country's culture, social system and traditions.



Economic History of Sweden

Lars Magnusson
2000 Routledge

To understand the economic, political and social transformations that, in 200 years, turned this agrarian nation into the model of the modern Welfare State.



Fusing With Europe? Sweden In The European Union

Lee Miles

2005
Ashgate Pub Ltd
A detailed analysis of the relationship between Sweden and the European Union, which the country joined in 1995.



The Wonderful Adventures of Nils Holgersson

Selma Lagerlöf

1906/07 Velma Swanston Howard
Born of a request by the Swedish teachers' association, this novel tells of the Swedish provinces in 55 chapters, through the eyes of a child touring the country.



The Emigrants series

Vilhelm Moberg

1949-1959
Based on historical sources, a saga in several volumes on the emigration of a group of farmers who left Småland in the southeast of Sweden for Minnesota, around 1840. This series was adapted for the cinema and also gave rise to a successful stage musical.

Recommended viewing



INGMAR BERGMAN The Seventh Seal

1956
Directed by Ingmar Bergman, whose work profoundly influenced 20th century film. Born in Upsalla in 1918, Bergman also directed Fanny and Alexander, Scenes from a Marriage and Cries and Whispers, all considered to be masterpieces of the seventh art. He was the first film director to receive the Palmes des Palmes for his entire oeuvre at the Cannes Film Festival.



LASSE HALLSTRÖM My Life as a Dog

1985
Released in 1985, My Life as a Dog brought international fame to Lasse Hallström, born in Stockholm in 1946. The film, which tells the story of a young adolescent neglected by his sick mother, received numerous international awards as well as an Oscar nomination.



Pippi Longstocking

Astrid Lindgren

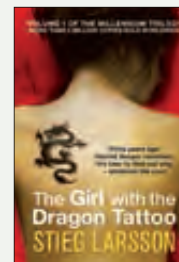
Superstrong Pippi Longstocking is one of the most prominent characters from world renowned children literature Astrid Lindgren, the world's 25th most translated author.



Kurt Wallander (mystery series)

Henning Mankell

Seuil
A Police Commissioner in Ystad, near Malmö, Wallander is the main character in a series of novels written by Henning Mankell, Ingmar Bergman's son-in-law. Translated into many languages, the adventures of Kurt Wallander are a major publishing success.



Millennium

Stieg Larsson

2005-2008
Published after the author's death in 2004, the Millennium Trilogy has sold more than 50 million copies around the world. It includes the three novels The Girl with the Dragon Tattoo, The Girl Who Played with Fire and The Girl Who Kicked the Hornets' Nest.

Internet resources

<http://www.visitsweden.com>:

The official multilingual website for travel and tourism in Sweden

<http://www.sweden.se>:

The Swedish government's website. Accessible in several languages, including English, German and French.

Key contact

Marianne Sandén-Ljungberg

Managing Partner

marianne.sanden-ljungberg@mazars.se

+ 46 (0)87963716

+46 (0)736203631

NOMAD IS A PUBLICATION OF MAZARS

Legal Representative Marie-Laure SOULIE Editors-in-chief Pierre PIGEON/Frédéric ANDRIEU Editing Jean-Philippe DANIEL Contributors to this issue Louise KOSTER and Mazars' teams in Sweden Design & production Les Éditions Stratégiques +33 (0)1 49 48 97 98 Photos Mazars – Image bank sweden – Getty images Mazars Group Communications 61 rue Henri Regnault 92075 Paris La Défense cedex - Tél. : +33 (0)1 49 97 46 46 - Fax : +33 (0)1 49 97 46 95