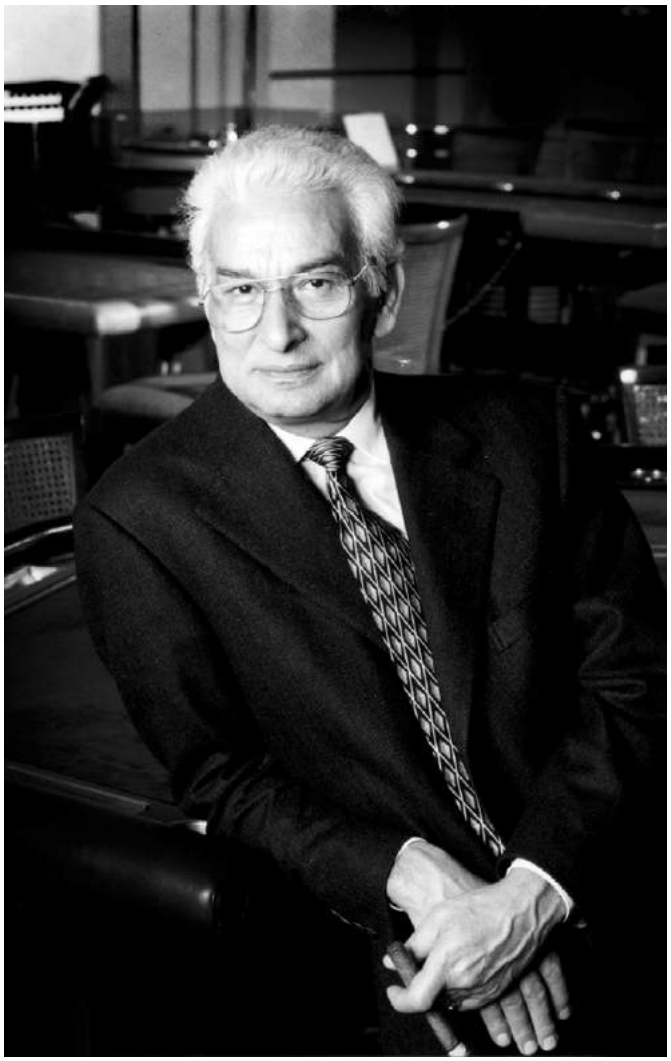


2016 FINANCIAL REPORT

2016 FINANCIAL REPORT





A WORD FROM THE FOUNDER

During my now lengthy career, I have often been portrayed as a visionary, and given what has been accomplished, this now looks entirely justified.

And yet we live in times when it is often hard to grasp what lies ahead, coupled with the feeling that time is flying by evermore quickly.

Nevertheless, I am lucky enough to be surrounded by magnificent young people ready to face the specific challenges of their era, imbibed as they are with core values, driven by hope and ambition. So let's help these young people and give them reasons to hope in the future, for there are many!

Our company has always striven to do so by offering all kinds of jobs requiring varying levels of skill, allowing those who wish to learn the chance to do so, and continually providing chances to grow and rise within the company structure. I am especially proud of this course of action that has always come naturally to us. It has particularly allowed us to let young people share their opinions and thus constantly remain innovative and creative because we are always in line with the times.

This is why we have once again outperformed our business sector this year. Boosted by the successful restructuring undertaken by the Executive Board during the hard times we recently came through, this new year of growth, albeit moderate, brought a significant increase in operating profitability.

Isidore Partouche

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01 PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Fabrice Paire, Chairman of the Executive Board.

1.2 CERTIFYING STATEMENT BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

"Having taken all reasonable care to ensure that such is the case, I certify that, to the best of my knowledge, all the information contained in the Reference Document is consistent with the facts and contains no omission likely to affect its import.

To the best of my knowledge, I certify that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the company's assets, financial position and profit or loss, as well as those of all consolidated companies, and that the information in the management report (see 'Reconciliation Table' on page 234 of this document) presents a true and fair view of the development of the business, results and financial position and those of all consolidated companies, as well as describing the main risks and uncertainties to which they are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have completed their tasks, indicating that they have verified the information concerning the financial position and financial statements set out in this document and that they have read the document in full.

Paris, 14 February 2017

Fabrice Paire

Chairman of the Executive Board

AUDITORS

2.1 STATUTORY AUDITORS

IDENTITY OF THE STATUTORY AUDITORS	PROFESSIONAL BODY	DATE OF THE LAST RENEWAL	DATE OF FIRST APPOINTMENT	END OF TERM
PRINCIPAL				
MCR Baker Tilly 232 avenue du Prado 13008 Marseille	Independent member of Baker Tilly France	Ordinary Shareholders' Meeting of 6 April 2016	Ordinary Shareholders' Meeting of 24 April 2007	Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 October 2021
PRINCIPAL				
France Audit Expertise 1 boulevard Saint-Germain 75005 Paris		Ordinary Shareholders' Meeting of 6 April 2016	Ordinary Shareholders' Meeting of 20 April 2010	Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 October 2021
SECONDARY				
Orfis Le Palais d'Hiver 149 boulevard de Stalingrad 69100 Villeurbanne	Independent member of Baker Tilly France	Ordinary Shareholders' Meeting of 6 April 2016	Ordinary Shareholders' Meeting of 24 April 2007	Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 October 2021
SECONDARY				
Christophe Carassus 32 rue de Paradis 75010 PARIS			Ordinary Shareholders' Meeting of 6 April 2016	Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 October 2021


MAYAN
Riches
SIBERIAN
STORM

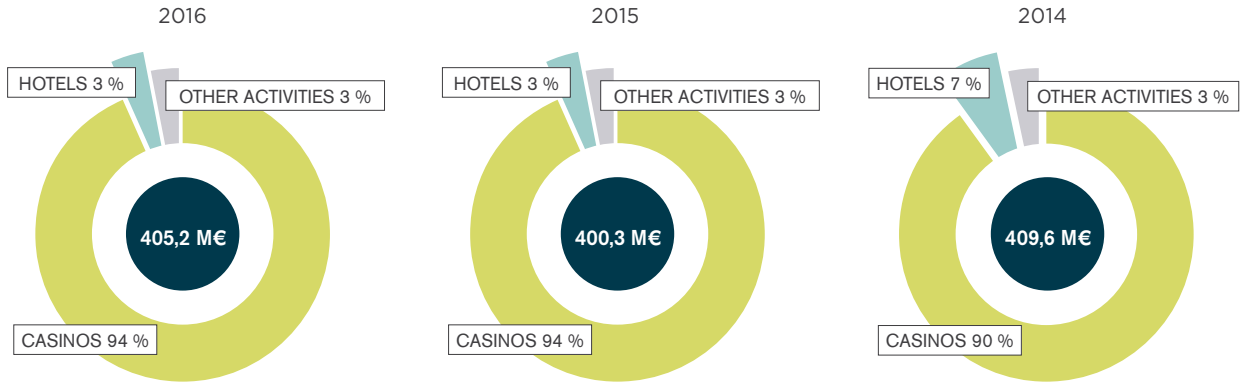
03 SELECTED FINANCIAL INFORMATION

The tables below present extracts of the Group's balance sheet and income statement for the financial years ended 31 October 2014, 2015 and 2016 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

The consolidated financial statements for the financial year ended 31 October 2014 have been retroactively restated as part of the first application of IFRIC 21, effective 1 November 2014 (see Section 20.2.1, Note 2.1.2).

BUSINESS ACTIVITY

BREAKDOWN OF TURNOVER



Under IFRS 8 – Operating Segments, the divisions shown are based on the internal reporting used by management to assess the performance of the Group's different divisions. From now on, the Group is managed as three divisions:

- The "Casino" division, which comprises gaming, catering and entertainment;
- The "Hotel" division, which comprises accommodation and hospitality services;
- The Group's "Other activities", which mainly comprise the business of Groupe Partouche SA, the Group's parent company, and all the other secondary businesses (holding companies, thermal baths, real estate vehicles and the companies in the former "Interactive" division).

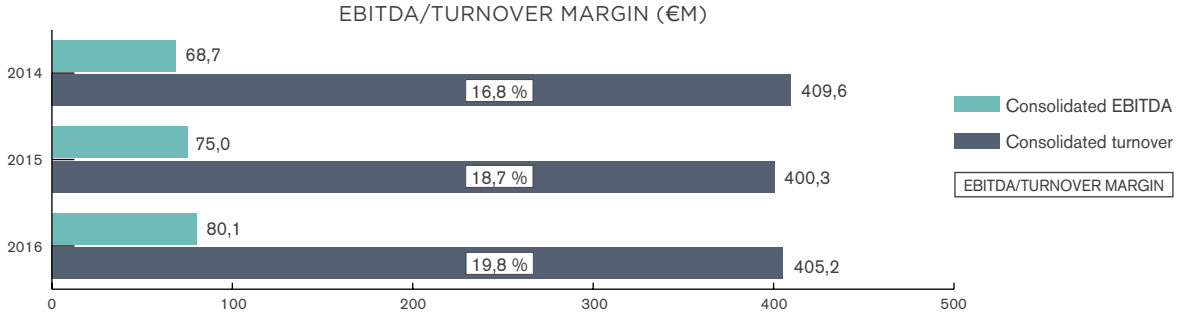
CASINOS €000 AT 31 OCTOBER	2016	2015	2014
Gross Gaming Revenue of table games	105 325	94 405	89 816
Gross Gaming Revenue of slot machines	530 434	524 679	527 680
TOTAL GROSS GAMING REVENUE	**635 759**	**619 084**	**617 496**
Levies	318 537	307 710	309 318
As % of Gross Gaming Revenue	50,1 %	49,7 %	50,1 %
NET GAMING REVENUE	**317 222**	**311 375**	**308 178**
Number of casinos	43	44	46
Of which number of casinos in France	39	40	41
Number of slot machines in France	5 074	5 106	5 244

HOTELS AT 31 OCTOBER	2016	2015	2014
Number of hotels	13	14	18
Number of rooms	831	870	1 048
Occupancy rate	60,71 %	59,07 %	55,80 %

PROFITABILITY

INCOME STATEMENT €000 AT 31 OCTOBER (EXCEPT DATA PER SHARE)	2016	2015	2014 RESTATED
Turnover	405 203	400 342	409 641
Current operating profit	41 286	33 824	23 945
Operating profit	22 084	21 954	24 825
Total net profit	**18 647**	**9 304**	**5 335**
o/w Group share	11 144	1 975	(1 541)
Net earnings per share attributable to the Group	1,16	0,2	(0,16)
Dividend distributed per share	-	-	-

EBITDA €000 AT 31 OCTOBER	2016	2015	2014 RESTATED
Consolidated EBITDA	**80 073**	**75 014**	**68 734**
As % of turnover	19,76 %	18,74 %	16,78 %



BALANCE SHEET AND FINANCIAL STRUCTURE

ASSETS €000 AT 31 OCTOBER	2016	2015	2014 RESTATED
Non-current assets	511 227	519 627	550 993
Current assets	194 465	199 750	158 174
Assets held for sale	-	867	29 120
TOTAL ASSETS	**705 692**	**720 243**	**738 377**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	2016	2015	2014 RESTATED
Equity attributable to the Group	310 962	303 400	302 292
Minority interests	24 197	28 849	27 934
Total equity	335 159	332 250	330 226
Total non-current liabilities	214 158	238 825	281 240
Total current liabilities	156 375	148 952	125 907
Held for sale liabilities	-	216	1 004
TOTAL LIABILITIES AND EQUITY	**705 692**	**720 243**	**738 377**

CASH LESS GAMING LEVIES

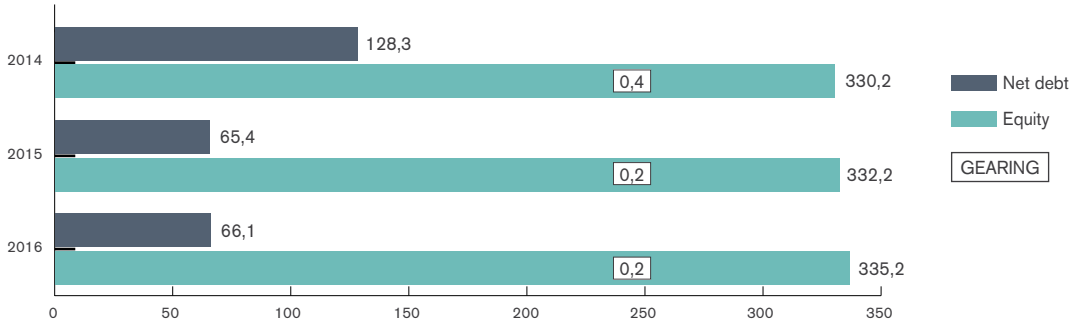
€000 AT 31 OCTOBER	2016	2015	2014
Cash and cash equivalents (assets)	152 492	164 858	116 711
- Gaming levies	(32 136)	(29 791)	(28 649)
= CASH LESS GAMING LEVIES	**120 356**	**135 067**	**88 062**

DEBT AND RATIOS

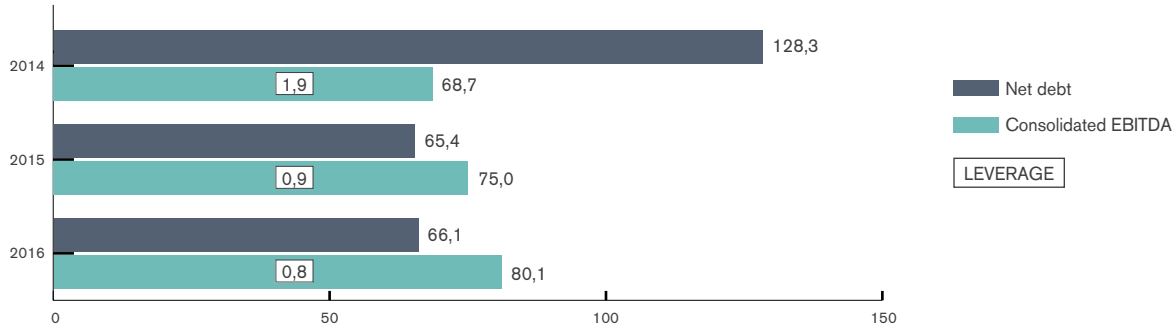
€000 AT 31 OCTOBER	2016	2015	2014
Equity	335 159	332 250	330 226
Consolidated EBITDA	80 073	75 014	68 734
Gross debt *	186 455	200 458	216 397
Available cash less gaming levies **	120 356	135 067	88 062
Net debt	66 099	65 391	128 335
Net debt to equity ("gearing") ratio	0,21	0,20	0,39
Net debt to consolidated EBITDA ("leverage") ratio	0,8x	0,9x	1,9x

(*) See Section 9.1.2.
(**) See Section 9.1.2 and Section 20.2.1, Note 9.2.

NET DEBT / EQUITY (€M)



NET DEBT / EBITDA (€M)



SUMMARY CASH FLOW

CASH FLOW €000 AT 31 OCTOBER	2016	2015	2014
Cash flow from/(used in) operating activities	54 231	56 891	44 523
Cash flow from/(used in) investing activities	(43 795)	13 063	21 481
Cash flow from/(used in) financing activities	(23 419)	(24 273)	(62 169)
CLOSING CASH POSITION	**152 300**	**164 841**	**116 701**

04 RISK FACTORS

The Company carried out a review of the risks which could have a significant negative impact on its business activity, financial position and results, and believes that there are no significant risks other than those disclosed. The means implemented to assure risk management and control are explained in Section 16.5. The Company notably analysed the financial risk related to the Safeguard Plan (plan de sauvegarde) and the repayment of the syndicated loan.

4.1 FINANCIAL RISKS

The quantitative data presented in this section have been audited.

Monitoring and managing financial risks is handled by the Finance Department, which manages all financial exposure and prepares monthly reporting for the Executive Board.

4.1.1 RISK OF NON-COMPLIANCE WITH THE SAFEGUARD PLAN (PLAN DE SAUVEGARDE)

Having operated in a challenging environment for several years and unable to come to an understanding with its banking syndicate on the restructuring of its debt, on 30 September 2013 Groupe Partouche successfully petitioned the Paris Commercial Court to open a Safeguard Procedure (procédure de sauvegarde) limited to Groupe Partouche SA, the Group's holding company. By decision of the Paris Commercial Court, a Safeguard Plan (plan de sauvegarde) was agreed on 29 September 2014 that included significant breakthroughs for Groupe Partouche (phasing of debt repayments, a reduced interest margin, the removal of numerous constraints, etc.). Thus began the plan's nine-year implementation phase, supervised by a court-appointed administrator (commissaire à l'exécution).

As such, if Groupe Partouche SA fails to honour its commitments within the deadlines laid down in the plan, the court may, at the request of a creditor, the court-appointed administrator or the public prosecutor, or at its own discretion, decide to terminate the plan. If the court observes a suspension of payments, it will open court-ordered insolvency proceedings (redressement judiciaire), or court-ordered liquidation proceedings (liquidation judiciaire) if recovery is manifestly impossible.

As of this writing, the Company is not aware of any reason why the Safeguard Plan should not be followed.

4.1.2 LIQUIDITY RISK

Liquidity risk, as analysed by the Company, concerns all financial debt.

A breakdown of financial debt by type and maturity date can be found in Note 9.3 of Section 20.2.1 "Consolidated financial statements" for the financial year ended 31 October 2016. Readers may also refer to Note 9.2 "Cash and cash equivalents" of Section 20.2.1, and to Sections 10.3.2 "Cash pooling agreement" and 10.3.3 "Restrictions on the transfer of funds".

The majority of financial debt is made up of a syndicated loan.

The Group's holding company, Groupe Partouche SA, successfully petitioned the Paris Commercial Court on 30 September 2013 to open a Safeguard Procedure. This procedure ended on 29 September 2014, with a ruling by the Paris Commercial Court approving a Safeguard Plan, the principal characteristics of which are described below.

SYNDICATED LOAN

Under the terms of the plan validated on 29 September 2014 and taking into account the initial payments made since that date, the balance owed on the syndicated loan is due to be repaid as follows:

MATURITY DATES €000	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	AMORTISATION	PRINCIPAL AMOUNT OUTSTANDING AFTER AMORTISATION
15/12/2016	153 254	21 529	131 726
15/12/2017	131 726	16 165	115 560
15/12/2018	115 560	21 353	94 207
15/12/2019	94 207	21 353	72 854
15/12/2020	72 854	21 353	51 501
15/12/2021	51 501	28 984	22 517
15/12/2022	22 517	22 517	0

▸ Under the Safeguard Plan, interest continuing to accrue on the syndicated loan is calculated and paid under identical terms as those that applied before the Safeguard Procedure was initiated, i.e. on the outstanding balance of the loan at an annual rate corresponding to one-, two- or three-month Euribor plus a margin of 3.5% per annum over the period from the date on which the plan was adopted to 15 December 2016, and 3.25% per annum from 16 December 2016 until the syndicated loan is repaid in full. Furthermore, Groupe Partouche's lenders waived their right to all late payment interest on condition that the plan is adhered to in all respects.

▸ Compulsory early repayment in the event of the sale of one or more assets directly or indirectly owned by Groupe Partouche: 50% of all net sale proceeds in excess of €1m, whether collected all at once or in more than one payment, must be allocated in full to the compulsory early repayment of Groupe Partouche's syndicated loan.

All payments in this respect will be deducted from the outstanding principal owed to the syndicate of lenders as follows:

- For any sale completed between the date on which the plan was adopted and 15 December 2016, the share of the net sale proceeds assigned to the repayment of the syndicated loan will be applied equally to each of the planned repayments with effect from the repayment scheduled for 15 December 2017;
- For sales completed between 16 December 2016 and the completion of the plan, the share of the net sale proceeds assigned to the repayment of the syndicated loan will be applied equally to each future repayment except the repayment immediately following such sale.

In its ruling of 19 September 2016, the Valenciennes Commercial Court, following agreements reached with OCM Luxembourg to settle disputes between the latter and both Financière Partouche and Groupe Partouche, amended Financière Partouche's Safeguard Plan. In addition, the Paris Commercial Court, in its ruling of 2 November 2016, amended Groupe Partouche's Safeguard Plan. These amendments, which are detailed in Note 16 "Post-balance sheet events" to the consolidated financial statements in Section 20.2.1, have not yet entered into force.

SHAREHOLDER'S ADVANCE FROM FINANCIÈRE PARTOUCHE

Under the terms of the plan agreed on 29 September 2014, the amount owed to Financière Partouche in respect of the shareholder's loan is treated as follows:

▸ Payment to Financière Partouche, within one month of the date on which the Safeguard Plan is adopted by the Paris Commercial Court, of an amount strictly equal to the amount of the first dividend payable by Financière Partouche to the creditors in its banking syndicate under the terms of its own Safeguard Plan. This payment, totalling €9,886,500 and including the payment of accrued interest up to the date on which the plan was adopted, was made during the financial year ended 31 October 2014. Following this initial payment, the balance is due to be repaid in eight annual repayments as follows:

MATURITY DATES €000	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	AMORTISATION	PRINCIPAL AMOUNT OUTSTANDING AFTER AMORTISATION
15/12/16	20 122	2 236	17 886
15/12/17	17 886	2 236	15 650
15/12/18	15 650	2 795	12 856
15/12/19	12 856	2 795	10 061
15/12/20	10 061	2 795	7 266
15/12/21	7 266	3 354	3 913
15/12/22	3 913	3 913	-

▸ Under the Safeguard Plan, interest continuing to accrue on the shareholder's advance will be calculated and paid under the same terms as those that applied before the Safeguard Procedure was initiated, i.e. on the outstanding balance of the shareholder's advance at an annual rate corresponding to one-, two-, three- or six-month Euribor plus a margin of 2.00% per annum for the shareholder's advance itself.

Upon the entry into force of Groupe Partouche's amended Safeguard Plan, mentioned in Note 16 "Post-balance sheet events" to the consolidated financial statements in Section 20.2.1, Groupe Partouche will be required to immediately repay the balance of Financière Partouche's shareholder's advance, which amounts to €20.1 million (see Note 16 "Post-balance sheet events", Section 20.2.1).

SUBORDINATION AGREEMENT

On 26 August 2003, Groupe Partouche and Financière Partouche signed a subordination agreement governing the shareholder's advance granted by Financière Partouche. Under this agreement and before the Safeguard Procedure was initiated, repayment of the syndicated loan took pre-

cedence over the repayment of the shareholder's advance. No dividends or interest were paid by Groupe Partouche to Financière Partouche under the subordinated shareholder's advance or for any other motive except for repayments from the surplus cash flow system already in place.

Under the terms of the Paris Commercial Court ruling of 29 September 2014 on the Groupe Partouche SA Safeguard Plan, the subordination agreement was adjusted to serve the sole purpose of implementing the Safeguard Plan, and, if and only if that plan is scrupulously executed, the purpose of clearing the debt described in the preceding paragraph.

LINES OF CREDIT

Groupe Partouche has no short-term lines of credit granted by banks at its disposition.

MANAGEMENT OF LIQUIDITY RISK

This risk is examined by the Finance Department and relies notably on financial reporting based on actual cash flows, supplemented by a provisional cash flow budget.

Groupe Partouche considers that its liquidity risk management is now based on a sound foundation, following the favourable outcome of the Safeguard Procedure. The new framework of the Safeguard Plan, particularly including the restructuring of financial debt, provides better visibility for managing the Group, with cash flows returning to balanced levels, and authorises the occasional recourse to long-term financing methods for real estate financing.

4.1.3 INTEREST RATE RISK

The interest rates that apply to the syndicated loan resulting from the Safeguard Procedure, which makes up the major part of the Group's financial debt, are composed of a variable reference rate (Euribor 1 month, 2 months or 3 months) plus a margin. The attendant risk of changing rates to which the Group is exposed leads it to use interest rate hedges, with the aim of reducing its exposure. At financial year 2016 closing, the net position is as follows:

LIABILITIES €000 AT 31 OCTOBER 2016	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Syndicated loan	153 254		21 529		80 225		51 501
Bank borrowings	12 106	2 910		7 041		2 155	
Bank overdrafts	192		192				
Accrued interest / loans	13		13				
Financière Partouche current account	20 122		2 236		10 621		7 266
TOTAL	185 687	2 910	23 970	7 041	90 846	2 155	58 767

ASSETS €000 AT 31 OCTOBER 2016	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Cash (net of gaming levies)	100 225	25 089	75 136	-	-	-	-
Investments	20 131	16 773	3 358	-	-	-	-
TOTAL	120 356	41 862	78 494	-	-	-	-
NET POSITION BEFORE HEDGING AT 31 OCTOBER 2016	**65 331**	**(38 952)**	**(54 524)**	**7 041**	**90 846**	**2 155**	**58 767**
Interest rate hedging		-	-	50 000	(50 000)	-	-
NET POSITION AFTER HEDGING AT 31 OCTOBER 2016	**65 331**	**(38 952)**	**(54 524)**	**57 041**	**40 846**	**2 155**	**58 767**

Exposure to interest rate risk is periodically assessed by the Group's management, with assistance from the Treasurer, among others. The interest rate hedging policy is designed to protect future cash flows and reduce any volatility in financial expenses. The Finance Department implements the favoured solutions centrally. All of the interest rate hedging instruments are set in place to hedge interest rate risks centrally, particularly in interest-rate future (swap) contracts or option (caps and collar) contracts corresponding to identified risks related to the Company's future financial flows, with the Group taking no speculative positions.

A 1% increase in the interest rate applied to the net amount exposed to potential fluctuations in the variable interest rate, namely €45.1m, would have an effect on consolidated financial items of €451k.

Reminder of net position at the previous financial year-end:

LIABILITIES €000 AT 31 OCTOBER 2015	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Syndicated loan	174 783		21 529		80 400		72 854
Bank borrowings	2 543	891		1 652			
Bank overdrafts	17		17				
Accrued interest / loans	17		17				
Financière Partouche current account	22 357		2 236		10 061		10 061
Total	**199 717**	**891**	**23 799**	**1 652**	**90 461**	**-**	**82 915**

ASSETS €000 AT 31 OCTOBER 2015	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Cash (net of gaming levies)	98 456	25 000	73 456	-	-	-	-
Investments	36 611	33 000	3 611	-	-	-	-
Total	**135 067**	**58 000**	**77 067**	**-**	**-**	**-**	**-**
NET POSITION BEFORE HEDGING AT 31 OCTOBER 2015	**64 650**	**(57 109)**	**(53 268)**	**1 652**	**90 461**	**-**	**82 915**
Interest rate hedging	-	-	-	50 000	(50 000)	-	-
NET POSITION AFTER HEDGING AT 31 OCTOBER 2015	**64 650**	**(57 109)**	**(53 268)**	**51 652**	**40 461**	**0**	**82 915**

4.1.4 FOREIGN EXCHANGE RISK

In order to measure the Group's exposure to exchange rate risk, it should be pointed out that Groupe Partouche's activities outside France are performed by subsidiaries which operate in the country in which they are located; the consolidated financial statements thus include 14 companies outside France, six of which are located outside the euro zone. Some foreign exchange risk exposure remains, however, given the Group's operations in Tunisia and Switzerland. It should be noted, however, that since 1 November 2009, Gibraltar-based companies are recognised in euros. The total of these activities represents less than 10% of total consolidated turnover.

Transactions carried out by these subsidiaries outside the euro zone are denominated in the local currency.

The Group's normal operations do not involve purchases of assets financed in currencies that could lead to the implementation of a hedging policy.

Regarding the significant portion of the Group's profit made in Switzerland, it should first of all be noted that the regulations related to the Swiss gaming industry do not allow these establishments to transfer free cash flow, with the exception of payment of dividends.

Considering this limited leeway, no specific measures have been taken to cover this risk.

The table below sets out the impact of a 1% change in each exchange parity on the Group's turnover and operating profit at 31 October 2016:

IMPACT OF A +/-1% CHANGE IN THE EXCHANGE RATE

€M AT 31 OCTOBER 2016	ON TURNOVER	% GROUP'S TOTAL	ON OPERATING PROFIT	% GROUP'S TOTAL
GBP	0	0,00 %	0	0,00 %
CHF	0,40	0,10 %	0,15	0,67 %
TND	0,01	0,00 %	0	0,02 %

The table below sets out the impact of a 1% change in each exchange parity on the Group's turnover and operating profit at 31 October 2015:

IMPACT OF A +/-1% CHANGE IN THE EXCHANGE RATE

€M AT 31 OCTOBER 2015	ON TURNOVER	% GROUP'S TOTAL	ON OPERATING PROFIT	% GROUP'S TOTAL
GBP	0	0,00 %	0	0,00 %
CHF	0,40	0,10 %	0,16	0,71 %
TND	0,01	0,00 %	0	0,00 %

The table below presents the local currency positions of receivables and payables denominated in foreign currency at 31 October 2016:

Under assets, the items that may be affected by exchange rate risk are trade receivables and other debtors with their related provisions, income tax receivables and other current assets with the provisions attached to them.

Under liabilities, the items that may be affected by exchange rate risk are current and non-current borrowings, trade and other payables, current tax liabilities and other current and non-current liabilities.

CURRENCY BY COUNTRY	K CHF SWITZERLAND	K GBP UNITED KINGDOM	K TND TUNISIA
ASSETS	954	0	507
LIABILITIES	14 585	6	704
Net position before hedging	(13 631)	(6)	(197)
Hedging position	-	-	-
Net position after hedging	(13 631)	(6)	(197)

The table below presents the local currency positions of receivables and payables denominated in foreign currency at 31 October 2015:

CURRENCY BY COUNTRY	K CHF SWITZERLAND	K GBP UNITED KINGDOM	K TND TUNISIA
ASSETS	2 178	0	450
LIABILITIES	14 114	6	892
Net position before hedging	(11 936)	(6)	(443)
Hedging position	-	-	-
Net position after hedging	(11 936)	(6)	(443)

4.1.5 TRANSLATION RISK

Consolidating the financial statements of foreign subsidiaries entails the translation of the financial statements (assets, liabilities, income and expenses) denominated in foreign currencies into euros. This translation at the applicable year-end exchange rate, may, if exchange rates change, generate an impact on the Group's consolidated financial statements.

Given the long-term nature of these investments, Groupe Partouche does not hedge this exposure.

4.1.6 EQUITY RISK

The Group's cash investments do not include any listed shares, and money-market products and term-deposit accounts are used exclusively. Given that the investment policy for cash excludes investments in share-based products, no specific measures are used to monitor this risk.

Since 2000, Groupe Partouche has held some of its own shares (1,917 as of 31 October 2016) as part of a liquidity provider's agreement (see Section 21.1.3 "Acquisition by the Company of its own shares"), as well as 6,367 other shares.

At the close of financial year 2016, the Company thus owned a total of 8,284 treasury shares, recorded on Groupe Partouche's balance sheet with a par value of €165,680 and a net book value of €424,096, as shown in the following table:

	NUMBER OF SHARES	CARRYING AMOUNT IN €	MARKET VALUE (PRICE AT 31 OCTOBER 2016) IN €	POTENTIAL CAPITAL LOSS IN €
Acquired in 2000	1 917	168 774	76 680	92 094
Liquidity provider's agreement	6 367	255 322	254 680	642
TOTAL	**8 284**	**424 096**	**331 360**	**92 736**

A 10% drop in the share price of Groupe Partouche would have a limited impact on the parent company financial statements and none on the consolidated financial statements since the item "Treasury shares" is deducted from the consolidated reserves.

Such a drop would lead to an impairment provision of approximately €33,136 in the parent company financial statements.

Lastly, a share repurchase programme authorised by the Combined Shareholders' Meeting of 25 March 2015 was launched by the Executive Board on 28 September 2015.

At 31 October 2016, 41,445 shares had been acquired under this programme for a total of €1,212,237.

These shares are not provided for since they are intended to be cancelled. At the end of the programme, when the shares are cancelled, the difference between the purchase price and the nominal value will have an impact on the reserve accounts.

4.1.7 GOODWILL IMPAIRMENT RISK

Please refer to Section 20.2.1, Note 6.1 to the consolidated financial statements.

In application of IAS 36, the Company carries out goodwill impairment tests annually or more frequently if there is any indication of identified impairment in value.

The impairment tests performed by the Group in application of IAS 36 consist of comparing the recoverable values of the cash generating units (CGUs) with the net carrying amount of the corresponding assets, including goodwill.

The recoverable value of a CGU is determined as the higher of the value in use and the fair value (less disposal costs).

Considering, on the one hand, the total net amount of goodwill (€239,944k) with regard to the Company's consolidated shareholders' equity (€335,159k) and, on the other hand, the difficulties with which the Group's business sector was confronted over the last few years, it cannot be ruled out that, if there should be another adverse context in the future, the Company may have to carry out more impairments of goodwill. Such impairments could have a significant negative impact on the Group's business, its financial position, its results or outlook.

4.1.8 PLEDGES

1) PLEDGES OF SECURITIES

On 21 October 2009, Groupe Partouche, Financière Partouche and the pool of banks led by Natixis agreed on the restructuring of Groupe Partouche's debt.

The memorandum of understanding between the parties signed at that date lays down the terms and conditions for restructuring the debt, with particular reference to the conditions for substituting a new loan agreement to the one entered into on 30 September 2005.

As a guarantee of payment and reimbursement of all amounts due by Groupe Partouche to banks in respect of the loan contract dated 30 September 2005 in principal, interest, commission, fees and other expenses, Groupe Partouche pledged to banks the shares or other financial instrument accounts that it held in the accounts of the subsidiaries listed in the table below.

- **Beneficiary:** : the bank syndicate led by Natixis comprises the following banks: The Governor and Company of the Bank of Ireland, Arkea Banque, Bred Banque Populaire, CIC Lyonnaise de Banque, Commerzbank International SA, Caisse Régionale de Crédit Agricole Mutuel de Normandie Seine, Deutsche Bank London Branch, Idinvest Dette Senior FCT, Crédit Suisse International, Natixis, Scotiabank Europe PLC and OCM Luxembourg French Leisure SV.

It should be noted that two companies belonging to Butler Capital Partners group have sub-participated in the syndicated loan contract with a bank, related to receivables the bank holds under the syndicated loan, corresponding to a €3.1m principal amount.

Butler Capital Partners group has undertaken (i) not to increase the share of the said syndicated loan it holds pursuant to the aforementioned sub-participation contract, without the company's and Financière Partouche's approval, including by sub-participation, and (ii) not to take a share of the loan agreed to by Financière Partouche as borrower on 27 September 2005 (and modified on 31 December 2009) without the company's and Financière Partouche's consent, including by sub-participation;

- **Condition for the removal of the pledge:** repayment of the loan;
- **Commencement date of the pledge:** 30 September 2005; pursuant to the agreement on 21 October 2009, the maturity date of the pledge was deferred from 30 September 2012 to 31 October 2015.

SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED	SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED
COMPAGNIE EUROPÉENNE DE CASINOS SAS	4 962 577	100,00 %	FORGES THERMAL SA	7 000	58,33 %
SOCIÉTÉ DU CASINO DE SAINT-AMAND SAS	116 250	100,00 %	HÔTEL INTERNATIONAL DE LYON SA	18 500	92,50 %
SATHEL SA	20 080	99,60 %	CASINOS DU TOUQUET SAS	24 384	99,52 %
GROUPE PARTOUCHE INTERNATIONAL SA	5 990	99,83 %	ÉLYSÉE PALACE EXPANSION SA	1 895	75,80 %
GRAND CASINO DU HAVRE	149 993	99,99 %	CASINOS DE VICHY SAS	11 978	79,85 %
SOCIÉTÉ CIVILE IMMOBILIÈRE DE LA RUE ROYALE	8 917	99,98 %	NUMA SAS	5 000	100,00 %
SOCIÉTÉ CIVILE IMMOBILIÈRE LES THERMES	9 950	99,90 %	SOCIÉTÉ DES CHEMINS DE FER ET HÔTELS DE MONTAGNE AUX PYRÉNÉES SA	178 000	76,17 %
SCI SOCIÉTÉ FONCIÈRE DE VITTEL ET CONTREXÉVILLE	49 950	99,90 %	SOCIÉTÉ D'EXPLOITATION DU CASINO ET HÔTELS DE CONTREXÉVILLE SAS	4 950	99,00 %
SOCIÉTÉ DU CASINO ET BAINS DE MER SAS	6 600	100,00 %	JEAN METZ SAS	1 000	100,00 %
LE TOUQUET'S SAS	1 801	90,05 %			

Under the terms of the plan agreed on 29 September 2014, the securities pledges given as guarantees and described above remain in effect.

It is further stated that Financière Partouche, which on 30 September 2005 had pledged its 26,848,500 shares in Groupe Partouche to its bank syndicate, made a further pledge, in accordance with the memorandum of understanding of 31 October 2009, of an additional 1,991,500 shares arising from the merger with Sogesic that occurred subsequently to the signature of the initial loan agreement. Following Groupe Partouche's capital increase in 2010, Financière Partouche assigned the 37,295,843 new shares it had subscribed to the pool of banks of Financière Partouche as collateral. Subsequently, on 19 November 2011, Financière Partouche ceded 1,800,000 shares to Ispar SA.

NAME OF REGISTERED SHAREHOLDER	BENEFICIARY	COMMENCEMENT DATE OF PLEDGE	TERMINATION DATE OF PLEDGE	CONDITION FOR THE REMOVAL OF PLEDGE	NUMBER OF THE ISSUER'S SHARES PLEDGED	% OF ISSUER'S CAPITAL PLEDGED
FINANCIÈRE PARTOUCHE SA	Bank syndicate led by Natixis	30 September 2005	31 December 2015	Repayment of loan	6 433 584	66,45 %



Under the terms of the Safeguard Plan for Financière Partouche agreed on 30 June 2014, the pledges of securities given as guarantees and described above remain in effect.

During financial year 2016, Compagnie Européenne de Casinos asked its bankers (CIC Lyonnaise de Banque, CIC Ouest and CIC Nord-Ouest) for a €4,551,000 loan to partially finance the acquisition of the minority interests held by Complexe Commercial de La Roche-Posay, Casino de Coutainville and Hôtel du Château.

To guarantee this seven-year loan, which matures on 15 January 2023, Compagnie Européenne de Casinos has pledged the shares or securities accounts that it holds on the books of the subsidiaries listed below:

SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED	SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED
COMPLEXE COMMERCIALE DE LA ROCHE-POSAY	88 530	50,00 %	CASINO DE COUTAINVILLE	954	50,00 %

2) PLEDGES OF BUSINESS ASSETS

As part of the implementation of new bank borrowings, certain subsidiaries pledged business assets.

SUBSIDIARIES CONCERNED	BENEFICIARIES	AMOUNT	COMMENCEMENT DATE	END DATE
CASINO LE LION BLANC	ARKEA	600 000 €	30/10/2015	30/10/2020
CASINO DE SAINT-AMAND-LES-EAUX	CRÉDIT AGRICOLE NORD DE FRANCE	500 000 €	30/10/2015	30/10/2018
CASINO DE SAINT-AMAND-LES-EAUX	CRÉDIT AGRICOLE NORD DE FRANCE	422 000 €	29/06/2016	29/06/2019
NUMA (BOULOGNE)	CRÉDIT AGRICOLE NORD DE FRANCE	125 000 €	30/10/2015	30/10/2018
NUMA (BOULOGNE)	CRÉDIT AGRICOLE NORD DE FRANCE	101 000 €	29/06/2016	29/06/2019
CASINO MUNICIPAL DE ROYAT	BANQUE POPULAIRE DU MASSIF CENTRAL	220 000 €	20/10/2015	20/10/2018
CASINOS DU TOUQUET	CRÉDIT AGRICOLE NORD DE FRANCE	100 000 €	12/11/2015	12/11/2018
CASINOS DU TOUQUET	CRÉDIT AGRICOLE NORD DE FRANCE	100 000 €	30/09/2016	30/09/2019
CASINO DE CALAIS	CRÉDIT AGRICOLE NORD DE FRANCE	125 000 €	23/11/2015	23/11/2018
CASINO DE CALAIS	CRÉDIT AGRICOLE NORD DE FRANCE	138 000 €	29/06/2016	29/06/2019
LE MIAMI (ANDERNOS)	BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE	122 323,20 €	07/03/2016	07/03/2019
FORGES THERMAL	CRÉDIT AGRICOLE NORMANDIE SEINE	1 000 000 €	13/09/2016	13/09/2021

4.2 OPERATING RISKS

4.2.1 GAMING ADDICTION

Excessive gaming can cause some people to develop symptoms commonly associated with addictive behaviour, and they may be driven to commit more financial resources than would be considered reasonable. This behaviour is harmful to these individuals, as they no longer enjoy gaming in moderation and can put themselves and their families at risk. It is also harmful to the casino as it indirectly affects the brand image.

To ensure gaming remains a pleasure and a pastime to be enjoyed in moderation, the Group has for a long time been promoting "responsible gaming" within its establishments, an initiative that it is currently developing in partnership with Adictel (the first interactive platform providing prevention services and help to dependent players).

Groupe Partouche is therefore keen to give the staff members who have contact with gaming clients continuing training, with the aim of providing clients with information, giving help to those in difficulty as well as someone in whom they can confide. Furthermore, posters and leaflets are placed at appropriate locations in casinos to remind clients of the dangers of excessive gaming and the options available to them for assistance (Freephone number, consultation with a psychologist, voluntary limitation of access to gaming rooms, etc.).

It is also worth noting that casinos are the only gaming industry operators having instituted systematic checks at the entrance to gaming rooms, performed by personnel accredited by the French Interior Ministry, in order to identify, and prevent access by, minors or problem gamblers and, in the case of the latter, whether as a result of self-exclusion or a decision of the Interior Ministry.

Nevertheless, while the Group may not be able to fully gauge the effects of the trend in gaming addiction among its casino clients, it cannot rule out the possibility that this trend could directly or indirectly lead to its business, results, financial position or future prospects being significantly and negatively impacted (notably through the adoption of public health and safety measures).

4.2.2 ETHICAL AND BEHAVIOURAL RISKS

The very nature of the Group's business, which in particular involves the handling of large sums of money, can lead, in some circumstances, to staff or outside persons committing fraudulent acts.

The casino business must be able to deal with the risks of embezzlement and cheating. To confront these risks, casinos implement strict procedures, most of which are imposed by regulatory texts (methods to proceed with counting from tables and slot machines, highly developed video protection systems that can record up to 28 days of footage covering all games, cash registers, safes and counting rooms). It should be noted that all employees involved in the gaming sector are subject to a preliminary police background check before being granted ministerial approval, and carry out their work under the permanent supervision of a member of the executive committee.

Furthermore, since 2009, casinos have been subject to anti-money laundering and counter-terrorist financing regulations.

Money laundering would involve using gaming transactions to disguise the illicit origin of funds derived from criminal activities or linked to terrorism. In France, money laundering is neither organised nor conducted on a large scale in the gaming industry, in the first place due to the laws and regulations governing casinos (ministerial accreditation required for the managers in charge of establishments, the management committees and casino employees; gaming authorisations subject to time limitations and the approval of the Interior Ministry following its submission of the dossier for the opinion of the Advisory Committee on Gaming). Dissuasive measures towards clients are in place, including checks at entrances to games rooms, consistently recording gains and losses when they exceed €2,000 per gaming session, and ongoing monitoring by specially designated agents of the Ministry of the Interior.

It should also be noted that, in case of doubt or suspicion of money laundering, the legal representatives and directors in charge of establishments are required to advise Tracfin, the national anti-money laundering unit, of the person's identity. Failure to abide by the regulation relating to the fight against money laundering and the financing of terrorism can lead to administrative and legal sanctions and have an adverse effect on the business of the subsidiary concerned and, more widely, on that of the Group, its results, its financial position or its future prospects.

4.2.3 FOOD SAFETY

Owing to its highly developed activity as an operator in the restaurant sector, Groupe Partouche is committed to ensuring a high level of food safety. The Company's main concern is of course ensuring the satisfaction and loyalty of its customers.

Besides this, in the event of a breach coming to light during an inspection by the regulatory authorities (such as the French Office of Fair Trading [DDCCRF], the Departmental Directorate for Public Health and Consumer Protection [DDPP] or the Departmental Directorate for Health, Safety and Social Affairs [DDASS]) the establishment's closure could be ordered, which would lead to a negative impact on the establishment's reputation and profitability. Such closures, especially if they should recur or go on for an extended period of time, could have a significant negative impact on the Group's business, results, financial position or future prospects.

In order to guard against these risks, all Groupe Partouche's establishments have entered into contracts with Mérieux NutriSciences, an outside approved firm tasked with improving food safety and quality. To this end, Mérieux NutriSciences provides consulting, training, analysis and audit services on an ongoing basis. In cooperation with Mérieux NutriSciences, Groupe Partouche has developed a system of ongoing procedures, traceability and alerts based on the HACCP (Hazard Analysis and Critical Control Point) principles. In 2014, Groupe Partouche also put in place a Group-specific sanitary control plan that brings together all the documentation required to comply with food safety regulations in force.

Over the course of financial year 2016, Groupe Partouche equipped all of its kitchens with E Pack Hygiène, as part of its partnership with Mérieux NutriSciences. E Pack Hygiène is an innovative solution to simplify the entire Hazard Analysis and Critical Control Point (HACCP) approach implemented by the Group and maintain the documentation and records required by the EU's Food Safety Management System (FSMS). It also improves the level of food safety, secures the data collected and saves time for the teams.

In addition, Groupe Partouche began working with Convergence Achats, a buying group specialising in liquid and food purchasing for food service establishments. Launched by Groupe Flo and Disneyland, Convergence Achats represents around €220 million of purchases per year of liquid and food products on behalf of its clients.

It helps us select suppliers and products with purchasing solutions that range from sourcing to restaurant supply, making it possible to truly customise their approach to fit our needs.

Given these advantages, it made perfect sense for our two companies to work together to provide better service to our subsidiaries while also bolstering our strategy along two main lines.

This relationship naturally involves making better purchasing decisions by relying on experts for each type of market, but it also reinforces traceability and lets us only work with suppliers whose safety processes are all clearly identified. This approach is in line with our hygiene control plan.

4.2.4 HEALTH AND SAFETY

As are all businesses who play host to the general public (known as "ERPs" in France), Groupe Partouche is duty-bound to guarantee the highest level of safety to its customers and employees. The Group's establishments therefore apply all health and safety instructions regarding, in particular, the risks of accident, health hazards, fire and environmental impairment, while assessing workplace-related risks as part of a preventive approach.

The Group's establishments are also regularly inspected by the commissions of health and safety, such as Apave and Bureau Veritas, who verify, in particular:

- fire and panic prevention within the Group's ERPs;
- ease of access for the disabled.

In the event of a breach of the regulation concerning fire and panic prevention in the ERPs, or ease of access for the disabled, the relevant regulatory authority can call upon the establishment to make improvements or have work done, or even close. Such events, especially if they should recur or go on for an extended period of time, could have a significant negative impact on the Group's business, results, financial position or future prospects.

4.2.5 SECURITY

Our casinos have both technical and human resources which together ensure the security of people and goods. The terms under which they are activated are naturally linked to the unique character of the casino business, their size and their configuration.

Some of the security measures that have been implemented at the Group's establishments are listed below:

- CCTV cameras cover all areas of the establishments that may need monitoring, such as car parks, entrances, the main hall, games rooms, safe deposit vaults, cash registers, game tables and slot machines. Should an incident occur, the control room guard can alert security and the games room managers, and if necessary the police or fire brigade;
- a traditional surveillance system of volumetric radars connected to a central desk which detects the presence of an intruder in the establishment during closing hours;

- installing vaults, secure money boxes, with information displayed to the public at the cash registers can significantly reduce aggravated burglaries. By taking such measures, no keys can be handed over to criminals because the only people that have the keys are those who collect the funds. Only a nominal amount of cash is kept in cash registers and safe deposit boxes to cover frequent transactions (such as currency exchanges and cash payments);
- a computerised access control system operated by badges is used to record the movement of staff and visitors in the buildings;
- security officers are stationed at entrances to prevent unauthorised entry to the establishments, and during closing hours, dog handlers guard the building when necessary.

Since 2012, the Group's establishments have upgraded their security systems in terms of both procedures and equipment, particularly by installing a high-tech property protection system named "Smart Water". This system has been installed in many of the casino's sensitive areas and sprays a colourless, indelible liquid on potential criminals. The chemical marker used, also known as artificial DNA, remains detectable on skin for at least six months and indefinitely on any other surface by means of specific equipment used by forensic identification teams, thus enabling police officers to easily identify delinquents and produce evidence before the courts.

However, in spite of the Group's numerous safety systems and mechanisms, they may experience failures or be totally or partially circumvented, which could have a significant negative impact on the Group's business, results, financial position or future prospects.

4.2.6 INFORMATION SYSTEMS RISKS

The Group may be subject to computerised attacks (viruses, denial of service attacks, etc.) and technical failure leading to the unavailability of computer systems or data theft.

Within Groupe Partouche, the Information Systems Department (ISD) is responsible for securing the Group's networks and information systems. It puts in place the resources needed to ensure continuity of the Group's business.

During the period from 2015 to 2017, the ISD is also continuing to renew a substantial amount of network equipment to better secure its infrastructures.

However, despite the level of security aimed for by Groupe Partouche, its information systems may be subject to total or partial failure, potentially giving rise to an unfavourable material impact on the Group's business, performance, financial position and future outlook.

4.2.7 RISKS RELATING TO KEY INDIVIDUALS

The Group's performance and success depends to a large extent on the quality, experience and involvement of the members of its management teams (including the Group's founders and members of its Executive Board and Supervisory Board) and certain key employees. In particular, the Group relies heavily on its founders to assure the growth of its business and to define and implement its strategy.

The executive team have extensive knowledge and experience of the market in which the Group operates.

The Group cannot guarantee that the key members of its executive teams and key managers will continue to work within the Group.

The loss of one or more key executives or one or more key employees could lead to a loss of specific know-how and a loss of detailed knowledge of the sector. Should such persons not be replaced quickly by persons with equivalent competences, there could be a significant negative impact on the Group's business, results, financial position or future prospects.

Moreover, if the Group fails to attract, train, retain and motivate skilled staff and highly qualified senior managers, it could have a significant negative impact on the Group's business, results, financial position or future prospects.

4.2.8 LABOUR DISPUTES

Labour disputes or wage disputes can take many forms, depending on the type of business, and their adverse effects on operations and the image of the business and Group represent a risk that must be addressed. Therefore, even if no such disputes exist today, their occurrence could have a significant negative impact on the Group's business, results, financial position or future prospects.

4.2.9 CUSTOMER RISK

As is the case with all businesses, Groupe Partouche's establishments are exposed to customer risk (i.e. bad debt risk). Nevertheless, given the Group's main business activity, this risk is very limited. With respect to gaming, most customer payments are made in cash (verified by forgery detection equipment) or by credit or debit card. Suitable protection is taken out for the risk associated with some payments being made by cheque.

Despite the relative unlikelihood of this risk occurring and the measures taken by the Group to prevent its occurrence, a rise in the number of payment defaults, especially if they were to happen often, could have a significant negative impact on the Group's business, results, financial position or future prospects.

4.2.10 COUNTERPARTY RISK

Table games account for around 15% of the Group's total gross gaming revenue (GGR), which represents a significant risk of losses for the establishments concerned. This is in particular the case of Palm Beach in Cannes, which plays host to high-rolling clients and so can run the risk of losing amounts of several million euros for such clients, which would severely affect the establishment's financial position, or even that of the Group.

Although this potential loss can be offset by expected equivalent revenues, it represents a structural risk for the Group, which could have a significant negative impact on the business of the subsidiary and that of the Group, its results, financial position or future prospects.

4.2.11 CASINO PUBLIC SERVICE CONCESSIONS AND GAMING LICENCES

The industry in which the Group operates is subject to extensive regulation. Casinos are subject to public service concession agreements, which local authorities and the casino's operators enter into. The agreement is based on specifications following an invitation to tender initiated by the local authority concerned, pursuant to Act 93-122 of 29 January 1993, known as the "Sapin" Act.

To be able to conduct gaming activities, casino operators must also obtain licence from the French Minister of the Interior, who is advised by the Advisory Committee on Gaming, to which applicants must submit a report including the opinion of the prefect concerned and a detailed investigation by the Central Racing and Gaming Department, which reports directly to the Central Directorate of the Judicial Police.

The gaming licence is granted through a ministerial resolution, which sets forth the number of table games, electronic versions of these games and slot machines authorised that the casino is allowed to operate. The licence is subject to surveillance and control measures.

See Section 6.1.1 (e) for concession expiry dates.

The continued operations of the casinos run by the Group are subject to these public service concessions and gaming licences being renewed. Pursuant to the Sapin Act, the local authority must extend an invitation to tender to more than one company when the concession comes up for renewal. The companies thus invited to tender submit competing proposals and, if successful, take over the operation of the casino.

Under such circumstances, the renewal of the public service concession agreement (specifications for operating casino activities) can generate increased expenses for the subsidiaries concerned. When a concession is renewed, the proposal made by the candidate entity can lead to an increase in the levy raised by the local authority and/or an increase in additional contractual commitments (to develop tourism and community life, for example) made to the local authority, which may therefore adversely affect its future results.

During the life of the concession, the directors of the Group's casinos are duty-bound to strictly comply with the specifications and gaming regulations.

The casinos' commitments under these specifications can result in capital expenditure of varying amounts: besides simple improvements to existing premises, operators can be obliged to construct new buildings (see Section 5.2.3 "Major investments either scheduled or arising from firm commitments made by the Group's executive committees").

The specifications can only be amended through riders negotiated with the local authority concerned in its capacity as delegating party. In view of the changes in economic, financial or technological circumstances with which the Group may have to deal and the measures it may consequently need to take with short notice, the particular characteristics of public service concessions are likely to hinder the Group's ability to adapt itself or its business accordingly; this could have an adverse effect on the Group's results.

Under the rules that apply to public contracts, local authorities can, at any time and subject to the judge's control, unilaterally cancel any public service concession, on the grounds of public interest. In the event of a local authority exercising its

right of cancellation, the Group is entitled to compensation its entire losses, the subsequent setting of the amount of which is also subject to the administrative judge's control.

As delegating parties, local authorities can also withdraw concessions. Likewise, the Minister of the Interior can in certain cases decide not to renew gaming licences, mainly following a concessionaire's serious breach of its legal or contractual obligations and, more specifically, a breach of the specifications of public service concession agreements.

Thus, a breach of the provisions of the specifications or of the gaming regulations can lead to penalties, ranging from a partial and temporary suspension of gaming, to the operating authorisation being withdrawn, which may, where applicable, be accompanied by other penalties; the main risk that operators are exposed to is the sudden termination of their business operations.

Considering Groupe Partouche's know-how in the industries of gaming and entertainment, the Group, to date, has never lost a concession and has every chance of having its concessions renewed in the future.

However, should the Group lose a public service concession or fail to have a gaming concession or licence renewed, it would have a substantial negative impact on the Group's business, results, financial position and future prospects.

4.2.12 COMPETITION RISK COMPETITION RISK

The Group competes directly with other companies' gaming offers (such as Française des Jeux's lottery and horse race betting), online gaming (see Section 4.2.14), and destination competition (Monaco, Las Vegas). Moreover, in certain areas, the Group strongly competes with other casinos; this is notably the case in coastal areas, where there are a number of casinos. The Group's casinos most exposed to this competition include the casinos in Cannes, Juan-les-Pins, Nice, Hyères, Bandol, La Ciotat, Cabourg and Le Havre.

Another potential competition risk occurs where a competitor establishes a new casino in one of the Group's casino catchment areas. The extent of this risk depends on the location and size of the new casino, but it must still be assessed by a mandatory impact study, as is the case every time a new casino is established; since the Order of 31 December 2014 (Article 4), the reasoned opinion of the regional prefect has been required.

This phenomenon occurred in summer 2012 in the Var, where the opening of the Seyne-sur-Mer casino weighed heavily on the Bandol and Hyères casinos. In the same sector, in Sanary-sur-Mer, an opening was also authorised by the Minister of the Interior and planned.

It should however be noted that following the Toulon Administrative Court's February 2014 decision to revoke the gaming operating permits that had been granted by the Minister of the Interior to the Seyne-sur-Mer and Sanary-sur-Mer casinos, on the grounds that the impact study had been largely underestimated, the Seyne-sur-Mer casino (Joa Casinos) appealed to the minister and had this revocation overturned. The creation of the Sanary-sur-Mer casino, on the other hand, is still on hold. Its potential opening will raise the competitive stakes for the Bandol casino, which will also be facing competition from the new La Seyne-sur-Mer casino.

For example, the 2013 opening of Larmor Plage casinos in the Morbihan region and Fort-Mahon in the Somme markedly impacted the results of the La Trinité-sur-Mer and Berck casinos. The opening of the Vannes casino made it definitively impossible to achieve a balanced operation of the La Trinité-sur-Mer casino, which was closed at the end of June 2015.

The risk is greatest in cases where a new casino is established in a large town, within the framework of Act 88-13 of 5 January 1988, when a catchment area that has historically included a conurbation of more than 500,000 inhabitants suddenly find itself deprived. This was notably the case for the casinos of Andernos and Arcachon when the Bordeaux casino was created in May 2002.

This risk of market saturation in certain geographic areas is however tempered by the regulatory authorities' assessment of the already high absolute number of casinos in France. Nevertheless, both the still possible setting up of casinos in the Group's catchment areas and the growth of new activities, such as online gaming (authorised in France in 2010, but limited to poker and sports betting), could have a substantial negative impact on the Group's business, results, financial position and future prospects.

On this subject, the media has reported on plans to open a new casino in Marseille. If these plans were to succeed, there would be consequences for business in nearby casinos.

4.2.13 REGULATORY RISK

As is the case for all highly regulated industries, changes in regulation applying either to casinos or establishments open to the public ("ERPs") – regarding, in particular, safety of people, cash handling and the safety of the security firms transporting money – could lead to the Group's incurring additional costs; this could have an adverse effect on the Group's turnover or results.

As shown in Section 6.1.1 of this report, the casino industry is subject to extensive regulation. The tax levied on the industry is a key component of the profitability of the Group, which

remains exposed to any change in taxation (cf. rise in taxes by way of increased social security contributions – CRDS and CSG). On the other hand, some measures can have a positive effect on the Group's profitability, for example the updating and separating of sliding scale levies.

The gaming industry and the Group's casinos in particular traditionally play host to a large number of smokers. The application of Order 2006-1386 of 15 November 2006, and of Act 91-32 of 10 January 1991 (known as the "Evin" Law) since 1 January 2008 in the casinos led to a change in clients' attendance habits. In 2013, the Group, after having substantially invested in creating smoking areas for players wishing to smoke, was required by the supervisory authority to close the dedicated areas equipped with extractor fans, which had been installed in games rooms at the Casino du Palais de la Méditerranée in Nice, the Pasino de Saint-Amand-les-Eaux and the Grand Casino de Lyon.

In addition, Act 2010-476 of 12 May 2010, on the opening to competition and the regulation of the online gaming industry (sports, horse racing and poker), noticeably impacted casinos' client numbers, as some clients gradually abandoned the "poker rooms" for online gaming sites (see Section 4.2.14 below for specific risks related to online poker).

Generally speaking, certain changes in regulation applying to casinos or establishments open to the public could have a significantly negative impact on the Group's business and results.

4.2.14 ONLINE GAMING LEGISLATION RISK

In April 2006, Groupe Partouche set up a new subsidiary, Partouche Interactive, to develop gaming business through the use of remote communication, such as television, mobile phones and the internet. Act 2010-476 of 12 May 2010 on the opening of the online gaming industry to competition and its regulation legalised online betting and gaming (sports, horse racing and poker).

On 25 June 2010, Partouche Gaming France SAS, a subsidiary of Groupe Partouche, obtained an online poker operating licence, which enabled the Group to position itself to counter the risks posed by this new form of gaming compared to its traditional casino business.

However, considering the ill-adapted conditions for setting up these online games (see Section 6.1.3) which have impeded operating profitability, it was decided that this business should be terminated, and Groupe Partouche's online games offering in France was therefore discontinued on 17 June 2013.

Generally speaking, the permanent presence of different offers made by the competition in this market may have a significant adverse effect on the numbers of clients of the Group's casinos and, consequently, on its business, results, financial position or its future prospects.

4.2.15 CLIMATE RISK

For the past few years, exceptional climatic events have been occurring on a fairly regular basis: heat waves, large storms, heavy seas, unusually high tides and heavy snow falls. All these events can directly or indirectly disrupt the casinos' businesses, either by blocking their access routes or obliging clients to stay at home. They can thus have a substantial negative impact on the Group's business, results, financial position, or future prospects.

4.2.16 ECONOMIC RISKS

The casino market depends on a certain number of factors, including changes in behaviour (due to economic and socio-cultural factors) and changes in the economic situation.

Casinos' core and peripheral businesses (hotels and restaurants) are particularly dependent on seasonal travel movements. As such, they are also particularly vulnerable to the vagaries of the weather during the holiday season.

At casinos, table games have been affected by the sector-wide downturn in turnover and a reduction in the amount that clients wager.

The economic and financial crisis of the past few years has already had an adverse effect on the Group's business and performance. An increase in severity of this crisis could both adversely affect the Group's casino client numbers and revenue per client and, thus, have a substantial negative impact on the Group's business, results, financial position and future prospects.

4.2.17 GLOBAL HEALTH RISKS

An epidemic, or the fear of an epidemic, could lead to a drop in numbers of those visiting public places, and hence a fall in the Group's casino client numbers. Such a drop in client numbers, especially if significant and persistent, would have a significant negative impact on the Group's business, results, financial position and future prospects. In the event of a global pandemic, the government or the World Health Organisation (WHO) could declare a high-level state of emergency, which could, under certain circumstances, lead to the closure of the Group's facilities. An epidemic could also pose a threat to the health and safety of clients and employees, which would have a significant negative impact on the Group's business, results, financial position and future prospects.

4.3 ENVIRONMENTAL INFORMATION

See Section 17.1.3 "Environmental information".

4.4 INSURANCE SCHEMES

The precautionary policy is based on obtaining Group insurance programmes that cover all subsidiaries and apply to all risks associated with casino operations and related activities.

The programmes are contracted via brokers with highly reputed insurers.

Groupe Partouche does not have any self-insurance system and does not use any captive insurer.

To the best of our knowledge, there are no significant uninsured risks.

The main insurance programmes cover:

- **damages and operating losses** for casinos, hotels and related activities, with a contractual compensation limit of €69.9m;
- **civil liability**, covering all subsidiaries' business operations of establishments (games, hotels and leisure) and the interactive division. Cover is provided for up to €20 million per claim;
- **the vehicle fleet**, guaranteeing damages caused to others as well as damages incurred, whether involving bodily injury, property damage or intangible damage.



05 INFORMATION ABOUT THE ISSUER

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 HISTORY

1973 - 1990: DEVELOPMENT IN ADVERSITY, THANKS TO GENUINE KNOW-HOW

Arriving in 1973 in France from Algeria, where he was a Philips representative, Mr. Isidore Partouche bought, with the help of his brothers and sisters, the Saint-Amand-les-Eaux casino, together with its spa and mineral water source.

The popularity of the casino was restored thanks to a family-oriented marketing strategy. This enabled Isidore Partouche to embark upon a growth strategy for his business; he acquired casinos in the north of France (Le Touquet in 1976, Forges-les-Eaux in 1986, Dieppe in 1988, Fécamp, Bagnoles and Vichy in 1989); in 1982, he created a casino in Calais.

At this time, gaming was limited to traditional games, which were not very profitable for the casinos. This however did not deter Isidore Partouche, who, convinced of the need to develop the gaming activity and with a clear vision, continued growing his business, even selling his spring water operations to keep his casinos.

1991 - 1995: INCREASED PROFITS AND STOCK EXCHANGE LISTING

Group profits substantially increased through the progressive introduction of slot machines in all of its establishments. In 1991, the group took over the Le Lyon Vert casino in La Tour de Salvagny and its subsidiaries the St-Galmier and Juan-les-Pins casinos.

The Group's growth continued with the reopening of the Berck casino (1991) and the Royat casino (1992), and the purchase of the casinos of Aix-en-Provence, La Ciotat and Palavas (1994).

To establish its professional standing, Groupe Partouche was the first group of integrated casinos in France to launch an initial public offering (IPO). On 29 March 1995, Groupe Partouche SA was listed on the Paris stock exchange's Second Marché, through a capital increase. The funds thus raised enabled the group to consolidate the companies it had acquired in France and to grow its business, notably abroad.

1995 - 2005: DIVERSIFICATION AND EXTERNAL GROWTH

Strengthened by this newly gained standing and swelling profits, the Group started diversifying its business activities and locations.

Hotels are added to Groupe Partouche's array of assets, with the purchase in 1997 of a 4-star hotel, now the Méridien-Garden Beach hotel, the opening in 2000 of the Hilton de la Cité Internationale de Lyon and of the Aquabella hotel in Aix-en-Provence, and the acquisition in 2001 of the Savoy (now 3.14) in Cannes.

And in September 1995, the first casino located outside France joined the group, with the acquisition of the prestigious casino of the Belgian resort of Knokke-le-Zoute. New establishments followed with the creation in 1996, in partnership with Club Méditérranée, of a casino in Agadir, Morocco, the casino of Djerba in Tunisia in 1998, in the form of a Pasino, original concept combining an entertainment complex and a gaming facility, and in 1999 the casino of San Roque in Andalusia.

In the meantime, the Group continued growing its core business of casinos in France, with the addition of the Cabourg and Beaulieu-sur-Mer casinos in 1997, the Carlton Casino Club in Cannes in 1998, the transfer of the licence to allow the re-opening of the prestigious Palm Beach casino, and the casino of Lyon in 1999.

The Group also concentrated its efforts on developing the very concept of the casino. Following on from its experiment in Djerba, it opened a second Pasino, in 2001, in Aix-en-Provence. The first of a new generation of casinos was a great success and went on to be ranked number two in France. In 2003, the St-Amand-les-Eaux casino changed location and was transformed into a Pasino, thirty years after its acquisition.

In 2002, the Group made the largest purchase of its history. Between January and April, thanks to a successful counter-offer it succeeded in purchasing the Compagnie Européenne de Casinos, thus acquiring twenty-two additional casinos: eighteen in France and four outside France.

At the same time, new establishments were opened: Meyrin in Switzerland in 2003 and the Palais de la Méditerranée in Nice in 2004.

Then in 2005, the Group undertook a second external growth operation with the acquisition of Groupe de Divonne, comprising five casinos, including the Divonne-les-Bains casino, the apotheosis of a period of good fortune when the market reached maturity.

2006 - 2013: NEW TECHNOLOGIES AND A DIFFICULT CONTEXT

In April 2006, Groupe Partouche set up a new subsidiary, Partouche Interactive, to develop games through the use of remote communication, such as television, mobile phones and the internet, which quickly obtained an online gaming licence from the Government of Gibraltar.

Following this, major changes were made to the regulations that govern the gaming industry. In 2007, new gaming regulations began to be introduced, including the possibility of having a mix of gaming activities and the removal of stamp duty on the entrance fee of traditional gaming facilities. In November of the same year, identity controls at the entrance became mandatory for French casinos. Then, in 2008, the smoking ban was introduced, another measure that had a very dissuasive effect on client numbers.

The economic crisis has also made itself felt through falling client numbers, as well as a clientele with less money to spend. Groupe Partouche therefore focused its efforts on optimising its operations.

At the same time, the Group intends to stay on the cutting edge of the industry; from the beginnings of the tests conducted on Texas Hold'em Poker in Aix-en-Provence, up to the success of Partouche Poker Tour, Partouche was becoming a major force in poker. In 2009, the Group was the first to launch its Megapot, a jackpot linking 200 slot machines in more than 45 establishments. Lastly, in 2010, the Group obtained an online poker gaming licence as part of the legal institution of remote gaming in France. In September, the Main Event of the Partouche Poker Tour Season 3 beat all records, playing host to 764 players, including the major international stars of the game, at its Casino du Palm Beach, in Cannes. The Prizepool, comprising the sum total of players' wins, was nearly €5.7m. 2011's edition confirmed the great success of this tournament.

2011 witnessed the deployment of the Pcash solution (Partouche Cashless), a proprietary system which will eventually bring to an end the use of chips in slot machines.

Finally, in the scope of a reserved capital increase, amounting to €30.6m, conferring 12.52% of Groupe Partouche SA's share capital to the group Butler Capital Partners, the latter became a minority but pro-active partner in May 2011.

In 2012, Groupe Partouche once again faced a challenging economic climate (with the decline of Gross Gaming Revenue in France leading to a significant deterioration in the Group's operating profitability). Faced with declining activity in the Interactive Division, mainly caused by the unsuitable business model of French online poker, the area in which the Group's subsidiary Partouche Gaming France operates, in September 2012 Groupe Partouche announced a strategic reorientation of the Group's poker activities and its online poker website www.partouche.fr.

Construction was completed at the Pasino in La Grande-Motte, and the new establishment opened its doors on 10 July 2012.

2013 saw lower revenue affecting the entire casino sector; Groupe Partouche continued adapting to this situation by concentrating its financial and human resources on its historical core businesses, and discontinued its online poker business in France.

Nevertheless, Groupe Partouche remains a driving force behind innovation in its profession. Following Casino War's test period in Aix-en-Provence, the game was expanded throughout the rest of France. Sic Bo, an Asian dice game, was tested at Forges-les-Eaux, and the well-loved classic bingo was launched at the Pasino d'Aix-en-Provence in early 2014. As part of the shift toward new products awaited by the clientele, a large number of electronic English roulette wheels have been rolled out at the Group's casinos. Moreover, Group Partouche remains the only operator in France with a multi-site jackpot: the millionaire-making Megapot, with more than 200 interconnected slot machines at the Group's casinos which let players take home exceptional winnings.

Lastly, as it was constantly exposed to the potential risk related to non-compliance with a covenant for the syndicated loan, which could have triggered the immediate mandatory repayment of the principal owed, Groupe Partouche entered into negotiations with the bank syndicate in June 2013 and, in the absence of an agreement, on 30 September 2013 the Groupe Partouche SA holding company obtained the initiation of a Safeguard Procedure (procédure de sauvegarde) from the Paris Commercial Court.

2014: A PIVOTAL YEAR

As early as March 2014, the Safeguard Plan put forward by Groupe Partouche SA, including in particular the phased repayment of the syndicated loan over almost nine years, was unanimously adopted by the committee members of credit institutions and their equivalents and by the Group's key suppliers. This plan was agreed by the Paris Commercial Court under a ruling dated 29 September 2014, bringing to an end the Safeguard Procedure (procédure de sauvegarde) that had begun a year earlier.

The Group also sold off a number of assets in financial year 2014 (the casinos in Hauteville, Knokke and Dinant and the Lyon Hilton hotel), part of the proceeds of which was allocated to the early repayment of the syndicated loan.

2015 - 2016: ONGOING RECOVERY

In 2015, Groupe Partouche's financial structure returned to a very sound position, thanks to the combination of cash flow generated by its activities, controlled investments and asset disposals, part of the proceeds from which went toward the early repayment of the syndicated loan.

The 2015 financial year also saw much stronger results, reflecting the marked upturn in business and the improvement in the operating margin.

Groupe Partouche can now focus fully on reviving its business while continuing to work on improving its financial structure and consolidating its profitability. The financial statements for the 2016 financial year reflect this trend and validate the choices made by the Group.

5.1.2 COMPANY NAME

The name of the Company is Groupe Partouche – Ticker "GP".

5.1.3 COMMERCIAL REGISTER

The Company is registered in the Paris register of commerce and companies under number 588 801 464.

Its NAF code is 7010Z.

5.1.4 DATE OF INCORPORATION AND TERM OF THE COMPANY

Groupe Partouche, which was initially called SA Compagnie Fermière des Eaux et Boues de Saint-Amand, was formed, by a deed received by Maître Cartigny, Notary at Valenciennes, on 18 March 1903.

The term of the Company, initially set at 60 years, was last extended by the Extraordinary Shareholders' Meeting of 27 April 1994 to 26 April 2058, except in the event of it being wound up before that date or having its term extended as provided by the Articles of Association (see Section 21).

5.1.5 REGISTERED OFFICE, FINANCIAL YEAR, LEGAL FORM AND APPLICABLE LEGISLATION

The registered office is located at 141 bis, rue de Saussure, 75017 Paris, France.

Its telephone number is +33 (0)1 47 64 33 45 and its fax number is +33 (0)1 47 64 19 20.

The Company is a French Société Anonyme with an Executive Board and a Supervisory Board. The Company is under the jurisdiction of French legislation.

Its legal and accounting documents may be consulted at the registered office.

The financial year commences on 1 November and ends on 31 October of the following year.

5.2 INVESTMENTS

5.2.1 PRINCIPAL INVESTMENTS MADE IN THE COURSE OF THE LAST THREE FINANCIAL YEARS

2014 INVESTMENTS

Cash from investing activities represented a net cash inflow of €21.5m, mainly driven by sale proceeds recognised in the financial year (companies and real estate assets).

Sale proceeds recognised in 2014 mainly arose from the sale of the casino businesses in Knokke, Dinant and Hauteville-Lompnes (€22.7m) and the sale of the Reno real estate asset and with regard to assets, above all, the premises and business of the Lyon Hilton hotel (€24.1m).

Conversely, acquisitions of assets, mainly consisting of tangible assets, represented a €25.4m use of funds in 2014, similar to the amount recognised in 2013 (€24.1m), and including investments to maintain, renovate and replace the Group's slot machines.

2015 INVESTMENTS

Cash from investing activities represented a net cash inflow of €13.1m, mainly driven by sale proceeds recognised in the financial year (companies and real estate assets).

Sale proceeds recognised in 2015 concerned:

- consolidated companies for €13.7m, mainly resulting from the sale of the Chaudfontaine casino (€8.5m) and the Garden Beach hotel in Juan-les-Pins (€4.5m);
- tangible fixed assets for €30.1m, relating to the sale of the Juan-les-Pins and Vichy buildings, as well as the balance collected for the sale of the premises and business assets of the Lyon Hilton hotel.

Acquisitions of assets, mainly consisting of tangible assets, represented a €31.0m use of funds; in the absence of any

construction of new establishments, this was limited to investments to maintain, renovate and replace the Group's slot machines.

2016 INVESTMENTS

Cash from investing activities represented a net use of cash of €43.8m, compared to a net cash inflow of €13.1m driven by significant sale proceeds in the previous financial year (companies and real estate assets).

This net use of cash in the amount of €43.8m was mainly comprised of:

- cash flows on acquisitions of property plant and equipment for (€41.6m), spread across all Group subsidiaries and including in particular the on-going construction of the new La Ciotat casino for (€3.1m), enhancements and asset renovations across several sites and the acquisition of slot machines and other electronic equipment;
- cash flows on acquisitions of shares for (€3.5m), primarily relating to the acquisition of minority interests in the La Roche-Posay and Agon Coutainville casinos.

5.2.2 MAJOR INVESTMENTS IN PROGRESS

Assets in progress, which had a net value of €10.1m at the end of the financial year, mainly relate to the La Ciotat casino project for €6.2m, and to renovation work concerning the Aix casino for €2.0 and the Lyon Vert casino for €1.0m.

5.2.3 MAJOR INVESTMENTS EITHER SCHEDULED OR ARISING FROM FIRM COMMITMENTS MADE BY THE GROUP'S EXECUTIVE BODIES

Major capital expenditure arising from commitments under the local authority's specifications comprises:

A) CONSTRUCTION OF THE NEW CASINO DE LA CIOTAT:

The future Pasino de La Ciotat obtained a building permit on 5 March 2013, which was modified by an amended building permit concerning a developed area (including the terraces and basement) of about 4,800 sq.m.

The land (13,003 sq.m) had already been purchased by Partouche Immobilier in 2007; the forecast cost of construction is approximately €11.8m.

Work began in January 2016 and will be finished in June 2017. The planned total outlay in financial year 2017 is €8m.

B) RENOVATION OF THE PALM BEACH CASINO IN CANNES

Considering the forthcoming expiry date of the long lease (2028) and the economic difficulties encountered by the establishment, these works, which amount to €17.6m, are no longer programmed and discussions have taken place with the town council and the condominium association in order to determine the future of the site which should offer interested operators long-term visibility enabling them to amortise their investment.

As part of this process, the casino obtained the town's approval and a licence from the Minister of the Interior to transfer its activities to the 3.14 Hotel in Cannes which will be effective in spring 2017.

C) OTHER INVESTMENTS

The other significant investments planned by the Group relate to existing casinos and hotels and mainly concern:

- the construction of a new establishment in Pornic: after the acquisition of land of about 7,110 sq.m., the construction works (provisional floor space of at least 900 sq.m. in total) will start in 2017, with delivery being scheduled for October 2018; the provisional real estate investment (including land) amounts to €15m;
- the renovation of the Aix-en-Provence casino; this project, with a provisional budget (including materials) of €23m, will be carried out in financial years 2017 and 2018.
- casino refurbishments, mainly at the La Roche-Posay, Royat, and Dieppe et St-Amand casinos.

5.2.4 DIVESTMENT PROGRAMME

Groupe Partouche has no further divestment obligations to meet.

The Safeguard Procedure ended without there being any obligation to dispose of assets to pay financial creditors.

Furthermore, as a result of the disposals carried out over the past few years that exceed the €25m threshold, the commitment made by Financière Partouche, in the scope of the shareholders' pact entered by BCP and Financière Partouche (see Section 18.3), was met in late January 2014.

5.2.5 RELATIONS BETWEEN INVESTMENTS AND FINANCING ACTIVITIES

Since the end of the Safeguard Procedure in September 2014, Groupe Partouche has regained freedom with regard to its investment decisions and sources of funding, since the previous constraints associated with the syndicated loan no longer apply.

The phasing of debt repayments allows the Group to take into account its relevant investment needs (such as building new establishments, renovating its slot machines and asset maintenance); these investments may be made using medium- or long-term bank financing and the Group's present and future cash surpluses.

BUSINESS OVERVIEW

6.1 MAIN ACTIVITIES AND NOTABLE CHANGES IN 2016

MAIN ACTIVITIES

Historically, Groupe Partouche's main business has been operating casinos, some of which include hotels.

BREAKDOWN OF TURNOVER BY BUSINESS AREA

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2016	%	2015	%	2014	%
Casinos	379 044	93,5 %	374 530	93,6 %	368 863	90,0 %
Hotels	12 472	3,1 %	14 213	3,6 %	27 692	6,8 %
Other	13 687	3,4 %	11 599	2,9 %	13 086	3,2 %
TOTAL TURNOVER	**405 203**	**100,0 %**	**400 342**	**100,0 %**	**409 641**	**100,0 %**

Groupe Partouche has from the outset been a major casino operator in France. It also has a presence in other countries, mainly Belgium and Switzerland.

BREAKDOWN OF TURNOVER BY GEOGRAPHIC AREAS

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2016	%	2015	%	2014	%
France	341 911	84,4 %	336 081	83,9 %	342 423	83,6 %
Eurozone (excluding France)	22 892	5,6 %	23 402	5,8 %	28 707	7,0 %
Non-eurozone	40 400	10,0 %	40 858	10,2 %	38 511	9,4 %
TOTAL	**405 203**	**100 %**	**400 342**	**100 %**	**409 641**	**100 %**

6.1.1 CASINOS

Casinos are the Group's core business.

In France, Article 1 of the Order of 14 May 2007 on the regulation of casino gaming defines a casino as an establishment encompassing three distinct activities – entertainment, catering and gaming – under a single management, with no option for gaming or entertainment to be leased out. Prior to 31 December 2014, none of the three activities could be leased out, but with effect from 1 January 2015, catering can now be leased out.

Games liable to be authorised in casinos are set out in the French Internal Security Code (Article D. 321-13). There are four categories of game:

TABLE GAMES PLAYED AGAINST THE HOUSE:

These mainly include:

"Boule"
American, English or French roulette
Casino War
Punto Banco
Blackjack, Stud Poker, Hold'em Poker

TABLE GAMES PLAYED AGAINST OTHER PLAYERS:

These mainly include:

Texas Hold'em Poker and Omaha Poker 4 high
Bingo



ELECTRONIC VERSIONS OF TABLE GAMES:

Roulette

Blackjack

Texas Hold'em Poker

SLOT MACHINES:

A slot machine is legally defined as a gaming device that, upon inserting a coin or other form of payment, automatically triggers a system resulting in the display of a random combination of symbols, with certain combinations winning varying amounts of money for the player.

Slot machines may be linked together to build up a progressive jackpot. This system may connect machines located in different establishments.

INNOVATIONS:

Leveraging its extensive experience in the gaming sector, Groupe Partouche stays abreast of the latest technological advances to round out its offerings.

For instance, the Group's smart card gaming system now offers the option of ticketed games. All forms of payment are thus accepted by the Group's machines (cash, cards, tickets and chips). The unique feature offered by Groupe Partouche is the option of combining two payment methods (cards and tickets).

Drawing on its pioneering role in wide-area progressive (WAP) systems – Groupe Partouche was France's first casino operator to offer a multi-site jackpot under the name "Megapot" – the Group has continued to expand upon this concept to meet the demands of its customers. Along these lines, Groupe Partouche has introduced a second multi-site jackpot called "Megapok", dedicated to poker.

Groupe Partouche is still the only operator in France able to offer its customers a multi-site jackpot, resulting in sizable winnings of up to several million euros for an initial bet of no more than three euros.

Smart card technology now powers a broad range of offerings made available to the Group's customers.

Groupe Partouche is working to forge partnerships with major gaming equipment manufacturers (Williams, Bally, Aristocrat, Aruze and Novomatic) that will enable it to offer its customers exclusive access to new machines, prior to their nationwide release.

Groupe Partouche works closely with research and development laboratories operated by major automatic gaming equipment brands to suggest new product concepts and improve the functionality of slot machines.

From time to time, Groupe Partouche also takes part in tests of new games to help the authorities ensure their integrity and fairness.

A) LEGAL AND REGULATORY FRAMEWORK

Under French law, unlicensed gaming is prohibited, subject to criminal penalties as laid down in the Act of 12 July 1983. The Act of 15 June 1907 created an exception to this prohibition, allowing casinos to be opened in seaside and health resorts and thermal spas, prior to 3 March 2009, in towns or cities where a casino was regularly operated at that date, in tourist resorts (the reform brought in by the Act of 14 April 2006 simplified and updated the rules on official tourist resorts by combining the six previous official categories into a single "tourist resort" category (station de tourisme).

Act 88-13 of 5 January 1988 allowed casinos to be opened in official tourist municipalities and official tourist towns/cities and resorts constituting the main town or city in a conurbation with more than 500,000 inhabitants and contributing more than 40%, together with other local authorities as the case may be, to the operation of a "national centre for dramatic arts" (centre dramatique national), a national theatre, a national orchestra or an opera house regularly staging at least 20 opera performances per season.

Since the publication of Order 2012-351 of 12 March 2012, the texts referred to above have been codified in the French Internal Security Code (Book III: Special administrative police; Title II: Games of chance, casinos and lotteries – Article L. 321-1 et seq.).

Licences to operate casinos are granted by the Minister of the Interior, acting on the advice of the local council of the area in which the casino is to operate, following a public inquiry and on the basis of specifications drawn up by the local council. The latter then grants the operator a business concession after checking that the conditions of the tender procedure defined in Act 93-122 of 29 January 1993 (the "Sapin Act") have been met, and following an opinion from the Gaming Advisory Committee (Commission consultative des jeux). These licences are temporary in nature; their validity period, which may not exceed the period laid down in the each casino's specifications, is generally limited to five years.

The Gaming Advisory Committee established by the French Ministry of the Interior has twelve members, including eight senior officials representing the supervisory ministries, one senator and one député representing Parliament, and two mayors appointed by France's national association of mayors of listed resorts. It is chaired by a special councillor of the French Council of State.

Its remit is confined to primary applications for gaming authorisation renewals, applications to increase the number of authorised gaming tables and applications to increase the number of authorised slot machines where this exceeds the threshold of 500 machines.

Since the publication of an Order on 29 July 2009, the authorisation criteria for slot machines have been laid down in the regulations governing casino gaming. The first gaming table gives entitlement to 50 slot machines, with each subsequent table giving entitlement to 25 additional machines. This reform was a major step forward for casinos in gaining greater control over the definition of their gaming offering. It means the gaming offering can now be tailored to the specific characteristics of the local market and customers' wishes without any need to embark on a cumbersome administrative procedure requiring an opinion from the Gaming Advisory Committee at the end of a four- or five-month application processing period. Changes once a casino is already authorised are now agreed by the Ministry of the Interior following notification procedures with a short processing period, allowing operators to respond more quickly to market trends.

In a similar reform movement, a few additional adjustments have been made to the regulations: since the publication

of the Order of 6 December 2013, casino managers have had the right to set the opening and closing times of gaming rooms and games, within the limits set by each casino's operating permit and in compliance with its specifications. This provision allows casinos to better match their offering of table games to customer demand (with the priority on opening tables during peak periods only), and thus to make productivity gains and optimise casino workforce management.

Certain changes were made by amending Decrees and Orders during the previous financial year.

On 30 December 2014, a change was made to simplify adjustments to the nature of games by allowing casinos to freely choose which games they wish to operate from a list of authorised games, subjecting to declaring them in advance to the Ministry of the Interior. Previously, requests for these types of adjustments had to be submitted to the Gaming Advisory Committee.

The gaming licence, which is formalised by an order issued by the Minister of the Interior, sets out the number and type of authorised table games, electronic versions of these games, and slot machines; the period of authorisation; minimum bets; and the opening and closing times of gaming rooms.

An initial Decree of 30 December 2014 added Wheel of Fortune, ultimate poker, three-card poker and Rampo to the list of games that may be authorised in casinos, while a second Decree of 15 May 2015 added Sic Bo and Bingo.

The slot machine market has also undergone a number of technical developments, now possible thanks to the latest regulatory changes, such as multi game and multi denomination slot machines, as well as "community" games that are of greater interest to a new generation of gamers. It should be noted that slot machines are legally required to pay out at least 85% of their takings, and that only French supply and maintenance companies with experience in electronics and licensed by the Ministry of the Interior are authorised to supply and maintain such machines and adjust their settings. Such companies are required to inspect the entire portfolio of slot machines three times a year.

Gaming licences may be withdrawn by the Ministry of the Interior in the event of failure to comply with specifications or with legal or regulatory provisions governing gaming in casinos.

At each casino, a manager and an executive committee approved by the Ministry of the Interior are responsible for ensuring strict compliance with applicable laws and regulations and the casino's specifications.

Gaming staff, personnel responsible for access control, inspectors responsible for security and video protection operators must be licensed by the Ministry of the Interior before taking up their duties.

The administration and operation of casinos and the rules governing gaming operations are subject to strict regulations that have been considerably updated in recent years under pressure from gaming trade unions.

Since the codification exercise of 12 March 2012, legislation covering casinos is grouped together in the French Internal Security Code, in Book III, Title II: Games of chance, casinos and lotteries.

Meanwhile, the regulatory component was codified on 1 December 2014, by Decree 2014-1253 of 27 October 2014.

A number of non-codified Orders apply to casinos, among them the Order of 14 May 2007 on the regulation of casino games, which sets out the conditions for the submission and processing of gaming authorisation applications, the terms under which casinos are run and operated, the rules governing games, and surveillance and inspection principles; the Order of 29 October 2010 on the collection, recovery and supervision of levies on casino games; and the Order of 23 December 1959 on gaming staff.

Lastly, casinos are covered by a number of codes, including: the General Local Authorities Code, which notably lays down procedures governing casino levies; the Civil Code, which stipulates that the law does not grant any action for a gaming debt or for the payment of a bet (Article 1965) and that under no circumstances may the loser recover what he/she has voluntarily paid, unless the winner achieved his/her gains through deceit or swindling (Article 1967); the Monetary and Financial Code, which makes the legal representatives of and managers in charge of casinos subject to anti-money laundering and counter-terrorist financing obligations; the Electoral Code; and the Tourism Code.

B) LEVIES ON GROSS GAMING REVENUE

A sliding-scale levy is applied to gross gaming revenue, which represents the total amount of money left by players at gaming tables and slot machines after deducting a statutory 25% tax allowance and, in certain cases, an additional 5% allowance for investments in hotel and thermal spa facilities.

A similar mechanism providing a 5% allowance for high-quality artistic productions has been replaced by a tax credit as currently stipulated in Articles L.2333-55-3 and R.2333-82-4 of the General Local Authorities Code.

The scale for the sliding scale levies, which had not changed since 1986, was revised during the year ended 31 October 2009, with the changes to be applied retroactively over the whole of the financial year to take into account inflation.

During the financial year ended 31 October 2010, a reform in the way gaming levies are calculated, eagerly awaited by the industry for several years, was introduced through the addition of new provisions to the Online Gaming Act of 12 May 2010 (Article 55). The reform means that the base on which the levy on table games is calculated is no longer the same as that for slot machines (Article L. 2333-54 of the French Local Authorities Code). This is a departure from the previous method of calculating the levy on the aggregate of gross gaming revenue from table games and slot machines. This use of distinct bases on which the levy is calculated for table

games and slot machines means that casinos will pay a lower levy rate on table game revenue.

New tax measures were introduced during the 2015 financial year, with effect for the whole of the financial year, by the promulgation on 30 December 2014 of Act 2014-1655 of 29 December 2014, the Amending Finance Act for 2014.

This Finance Act removed the following:

- the principle of the «applicable levy» repealing Article L. 2333-57 of the General Local Authorities Code;
- the 0.5% fixed-percentage levy on gross gaming revenue from table games and the 2% fixed-percentage levy on slot machines by repealing Article 50 of Law No. 90-1168 of 29 December 1990, the 1991 Finance Act;

In addition, it transposes into the General Local Authorities Code, in Article L. 2333-56, a sliding-scale levy on gross gaming revenue after deduction of a 25% tax allowance, and where appropriate an allowance "for hotel or spa acquisition, equipment and maintenance costs". The sliding-scale levy rate applicable to each of the shares will be set by decree, with a minimum of 6% and a maximum of 83.5% (instead of the previous limits of 10% and 80%).

To calculate the levy on table games, apart from electronically operated ones, a coefficient of 93.5% is applied to the amount of gross gaming revenue.

Another decree regarding provisions for levies on gaming revenue defers the time limit for monthly payment of levies to that laid down for the tax on turnover, instead of the fifth day of the month.

It should be noted that local councils undertaking activities to promote tourism can apply a levy on casinos' gross gaming revenue, using the same tax base as the state-imposed levy. Under no circumstances may this levy, which is applied in accordance with each casino's specifications, exceed 15%.

Furthermore, 10% of the state-imposed levy is paid over to each local council of an area in which a casino is located.

Where the combined total of the state and local council levies exceeds 83.5% of total gross gaming revenue, the state levy rate is reduced such that the combined total of both levies is 83.5%.

Furthermore, since the introduction of the Act of 12 May 2010 opening up online gaming to competition and regulation, a portion of the levies raised on online table games, not exceeding €10,150,000, is paid over to local councils within whose geographical boundaries are one or more casinos open to the public, in proportion to those casinos' gross gaming revenue.

The current scale for the sliding-scale levy payable to the state based on casinos' gross gaming revenue, in accordance with Act 2014-1654 of 29 December 2014 (the Amending Finance Act for 2014), is as follows:

GROSS GAMING REVENUE

6% up to	100 000		
16% from	100 001	to	200 000
25% from	200 001	to	500 000
37% from	500 001	to	1 000 000
47% from	1 000 001	to	1 500 000
58% from	1 500 001	to	4 700 000
63,3% from	4 700 001	to	7 800 000
67,6% from	7 800 001	to	11 000 000
72% from	11 000 001	to	14 000 000
83,5% above	14 000 000		

Since 1996, a 3% CRDS (Contribution to the Repayment of Social Debt) tax has been levied on gross gaming revenue, followed in 1997 by a 3.40% CSG (General Social Contribution) levy on gross gaming revenue from slot machines.

In January 1998 the CSG levy was increased to 7.5% and calculated on a reduced base of 68% of gross gaming revenue from slot machines. With effect from 1 January 2005, the CSG levy increased by two percentage points to 9.5%.

The Decree of 12 April 2002, which took effect on 1 May 2002, stipulates that gaming levies must be based on actual revenue taken in by slot machines, with a rebate of no more than 15% (unless theoretical revenue is higher than rebated actual revenue). The Decree of 28 October 2008 cancels the provisions concerning the 15% rebate coefficient set out in the Decree of 12 April 2002.

The tax on automatic machines, laid down in the General Tax Code and applicable to casino slot machines, was abolished by Act 2014-1654 of 29 December 2014 (the 2015 Finance Act), with effect from the 2014-2015 financial year.

Casino games – Groupe Partouche SA's core business – are exempt from value-added tax (VAT).

It should be noted that, in the matter of high-quality artistic productions, the additional allowance applicable in respect of financial year 2014-2015 has been replaced, starting with financial year 2015-2016, by a tax credit whose underlying principles are set forth in Article L.2333-55-3 of the General Local Authorities Code. The aim is to enhance the security of the system, which now falls within the scope of the regulation and is compatible with the domestic market.

The new mechanism does not call into question productions that had already been recognised as eligible for the allowance at the date of its entry into force. The new tax credit approach significantly reduces the time periods for reimbursement com-

pared to the previous situation. The introduction of a decision support system using a points-based scale makes it possible to assess the production eligibility criteria objectively.

The time required to process rebate requests in respect of this tax credit and for the authorities to make a decision is significantly reduced due to the elimination of the inter-ministerial committee provided for under Article 5 of Decree 97-663 of 29 May 1997 and the decentralisation of the procedure for managing the scheme.

C) CASINO LOCATIONS

At 31 October 2016, Groupe Partouche operated a total of 43 casinos via its directly or indirectly owned subsidiaries; 39 of these are located in France and four in other countries.

The Group generated 78.6% of its turnover from gaming, which remains its core business. Groupe Partouche's 43 casinos are spread throughout France and abroad as follows:

FRANCE - REGIONS	COMMUNE IN WHICH THE CASINO IS LOCATED
HAUTS DE FRANCE	ST-AMAND-LES-EAUX, CALAIS, BOULOGNE-SUR-MER, LE TOUQUET PARIS PLAGE, BERCK-SUR-MER
NORMANDIE	FORGES-LES-EAUX, DIEPPE, LE HAVRE, CABOURG, AGON-COUTAINVILLE
BRETAGNE	PLENEUF-VAL ANDRÉ, PLOUESCAT
PAYS DE LA LOIRE	PORNICHET, PORNIC
NOUVELLE AQUITAINE	LA TREMBLADE, LA ROCHE POSAY, ANDERNOS, ARCACHON, SALIES-DE-BÉARN
GRAND EST	CONTREXÉVILLE, PLOMBIÈRES-LES-BAINS
AUVERGNE-RHÔNE-ALPES	ÉVAUX-LES-BAINS, VICHY GRAND CAFÉ, ROYAT, LYON, LA TOUR DE SALVAGNY, ST-GALMIER, DIVONNE-LES-BAINS, ANNEMASSE
OCCITANIE	PALAVAS-LES-FLOTS, LA GRANDE-MOTTE
PROVENCE-ALPES-CÔTE D'AZUR	GRÉOUX-LES-BAINS, AIX-EN-PROVENCE, LA CIOTAT, BANDOL, HYÈRES, CANNES, JUAN-LES-PINS, NICE

COUNTRIES OUTSIDE FRANCE	COMMUNE IN WHICH THE CASINO IS LOCATED
BELGIQUE	OSTENDE
TUNISIE	DJERBA
SUISSE	MEYRIN, CRANS-MONTANA

D) CONCESSIONS TO OPERATE CASINOS

Concessions to operate casinos never exceed 20 years in France. At 31 October 2016, Groupe Partouche had 39 casinos in France with a concession contract and a ministerial authorisation for gaming operations.

There are no applications pending with the Ministry of the Interior in respect of gaming authorisations. The tender process is public (under the Sapin Act) and other casino operators are allowed to bid.

To date, Groupe Partouche has never lost a gaming concession.

E) CONCESSIONS EXPIRING

YEAR	NUMBER OF CONCESSIONS TO BE RENEWED
2017	5
2018	4
2019	1
2020	4
2021	2
2022	5
2023	3
2024	1
2025	1
2026	2
2027	2
2028	4
2029	2
2030	0
2031	0
2032	2
2033	0
2034	3

F) ANCILLARY OPERATIONS

The Group's casinos generate a portion of their turnover from complementary business areas, such as catering and entertainment; beyond the regulatory obligation resulting from the legal definition of a casino, these are regarded as a prime means of receiving and entertaining customers under optimum conditions. Some of the larger casinos, such as Saint-Amand-les-Eaux, Forges-les-Eaux and Divonne-les-Bains, have integrated hotel accommodation affording greater hospitality.

Most casinos provide private reception areas, whose size and style varies widely according to purpose, along with customised high-quality entertainment to enliven receptions. Lastly, the presence in some resorts of spas provides customers with "relaxation and well-being" solutions, including well-being and beauty treatments as well as themed spa cures.

At 31 October 2016, the Group operated:

- **11 hotels from 3* to 4*L** with more than 510 rooms;
- **80 restaurants**: diners, gourmet restaurants, theme restaurants;
- **5 health spas and 2 golf courses**.

Amongst their other activities, the following casinos also offer one hotel or more:

- Casino de Forges-les-Eaux
- Casino de Saint-Amand-les-Eaux
- Casino du Havre
- Casino de Divonne-les-Bains
- Casino du Lyon Vert à La Tour de Salvagny
- Casino de Hyères
- Casino de La Roche-Posay
- Casino de Dieppe
- Casino de Salies-de-Béarn

Casino de La Trinité-sur-Mer (after the casino business was wound up in June 2015, the hotel business was let out under a trading lease with effect from 1 November 2015).

6.1.2 HOTELS

Apart from hotels tied with casinos, and following the sale of the Hilton in Lyon in 2014 and the Garden Beach in Juan-les-Pins in 2015, the Group currently owns four independent hotels rated from 3* to 4*L with a total of 310 rooms. Revenue from these hotels accounts for the Group's entire turnover in the hotel sector.

These independent hotels are the following:

- The 3.14 hotel in Cannes;
- The Aquabella hotel in Aix-en-Provence;
- The Cosmos hotel and the Grand Hôtel du Parc in Contrexéville;
- The Georges hotel in Pléneuf-Val-André (the hotel business was let out under a trading lease with effect from 1 June 2015).

6.1.3 OTHER BUSINESSES

Groupe Partouche's other activities are marginal, accounting for less than 4% of total turnover. They mainly include the Interactive division, holding companies, real estate companies, online betting in Belgium and the thermal spa business in Aix-en-Provence.

INTERACTIVE DIVISION

A) DEVELOPMENT

In April 2006, Groupe Partouche created Partouche Interactive, a subsidiary specialising in the development of games using new technology platforms such as interactive television, mobile phones and the internet.

Following its subsidiary Partouche Interactive's announcement in a press release dated 14 September 2012 that it would be refocusing its strategy and the discontinuation of its French online gaming operations on 17 June 2013, Groupe Partouche continues to refocus its online and TV gaming business through its Partouche Images subsidiary.

In March 2014 the government added an article to the Consumer Affairs Act (Hamon Act) to prohibit free gaming with advances of refundable bets. This resulted in Partouche Images having to close down all its TV and online gaming operations in France. It was then decided to refocus the business of Partouche Images on the two core businesses in which it has developed unique know-how and unrivalled experience, on an international basis:

- development of an interactive TV programme offer for game developers;
- developing a mobile TV gaming offering (SMS/web app/USSD) for Africa.

These two offerings are now being actively marketed.

B) COMPANIES

- Through its subsidiaries, **Partouche Interactive** offers solutions and services designed for the web, mobile phones and interactive television, via the following key subsidiaries:
- **Partouche Technologies** provides a wide range of software solutions developed using various web and mobile programming languages, mainly intended for the Group's various establishments;
- **Partouche Images** offers an array of interactive game shows associated with an online gaming offering;
- **Partouche Productions** produces televised programmes and events;
- **Partouche Tournois**, which organised logistics for poker tournaments, is no longer active;
- **Quarisma** is an interactive platform dedicated to the real-time management of quality services between customers and casino operators;
- **Appolonia (Caskno)** manages casino information systems as well as data communication hardware and networks;
- **Partouche Interactive Holdings** is the entity that controls Partouche Interactive Gibraltar, whose role is now limited to administrative supervision;
- **International Gambling Systems**, a provider of online gaming technologies in Belgium, considered a Type E licensed provider by the Belgian gaming authorities, is no longer active;
- **Partouche Gaming France** held an online poker licence in France. The company began operations on 6 July 2010 and ceased trading on 17 June 2013.

6.2 MAIN MARKETS

6.2.1 FRENCH GAMING MARKET

THE CASINO SECTOR

In the financial year ended 31 October 2016, gross gaming revenue (GGR) for the French bricks-and-mortar casino sector as a whole totalled €2,236m, up 2.5%. GGR from slot machines totalled €1,930m, equating to 86.3% of total GGR, up 1.3%. A 1.4% year-on-year increase in GGR was recorded for table games, while electronic games saw a 28.3% rise in GGR.

France's casino sector consists of 200 authorised casinos, more than two thirds of which are operated by groups. The main market players are as follows:

NAMES OF GROUPS IN FRANCE	NUMBER OF CASINOS OPERATED	ACTUAL 2016 GROSS GAMING REVENUE (IN €M)
GROUPE PARTOUCHE SA	**39**	**538,2**
GROUPE BARRIÈRE SAS	26	668,6
GROUPE JOA	22	204,4
GROUPE TRANCHANT	16	184,5
GROUPE VICKING	10	52,4
GROUPE COGIT	9	80,1
GROUPE ÉMERAUDE	8	65,2
SMCFC	2	42,6

Source: Statistical report on the 2015-2016 season, Central Racing and Gaming Department. At 31 October 2016.

6.2.2 SWISS GAMING MARKET

Switzerland has a total of 21 casinos. Eight of them are operated under a Type A concession (Type A or large casinos), while the remaining 13 hold a Type B concession (Type B casinos).

The difference between Type A concessions and Type B concessions relates to the restrictions imposed on Type B casinos, which are limited to 250 slot machines with bets limited to CHF 25 and winnings to CHF 25,000. Casinos can have several jackpot systems for which the maximum amount is limited to CHF 200,000 for Type-B casinos. Concerning table games, Type-B casinos can only offer three types of games with limited bets. Only Type-A casinos can offer a multi-site jackpot. The following table presents the main regulatory differences between Type-A casinos and Type-B casinos:

	SWITZERLAND - MAIN DIFFERENCES BETWEEN TYPE-A CASINOS AND TYPE-B CASINOS	
	TYPE-B CASINO	TYPE-A CASINO
Number of slot machines	Limited to 250	Unlimited
Bets at slot machines	Limited to CHF 25	Unlimited
Winnings at slot machines	Limited to CHF 25,000	Unlimited
More than one jackpot system	Amount limited to CHF 200,000	Unlimited
Types of table games	Limited to three (e.g. English roulette, blackjack and poker)	Unlimited
Bets at table games	English roulette: limited to CHF 200 straight bet Blackjack: limited to CHF 1,000 Poker: limited to CHF 200	Unlimited

Swiss casinos offer games of chance in the form of both table games and slot machines. Slot machines can be linked to form a jackpot. In order to award a licence in respect of a slot machine or a jackpot system, the Swiss Gaming Commission (CFMJ) must be in possession of an assessment report prepared by an authorised certification firm.

CHF 000	CALENDAR YEAR 2015	CALENDAR YEAR 2014	CHANGE
Gross gaming revenue	681'245K	709'812K	-4,02 %
Casino taxes	319'552K	336'052K	-4,91 %
Net gaming revenue	361'693K	373'760K	-3,23 %

(Source: 2015 CFMJ report)

Provisions relating to online games are the main new element as far as casino games are concerned. Based on the experience of the CFMJ, they meet an urgent need. Furthermore, the CFMJ, which will be responsible for carrying out the concession granting process and making proposals to the Swiss Federal Council, welcomes the transitional provision of Article 137 included in the draft legislation ensuring that adequate time is available for the concession renewal procedure.

In 2015, and for the seventh consecutive year, the Swiss gaming market saw a further decline in GGR, which was down 4.02%, thus a cumulative drop of 27.24% since 2009.

Among the factors contributing to this lacklustre performance are the growth in illegal gaming (mainly online), the strength of the Swiss franc and the availability of gaming in border areas.

On 21 October 2015, the Federal Council adopted the message relating to the draft of a federal law on gaming. This law aims to implement the new Article 106 of the Federal Constitution adopted in 2012. Regulations arising from the current law on gaming establishments, which have proven their effectiveness, will for the most part be included within the new law.

6.2.3 BELGIAN GAMING MARKET

The regulatory authority in Belgium is the Belgian Gaming Commission, which falls under the Ministry of Justice.

A. CASINOS

Licensed games consist of roulette, blackjack, all forms of poker, and slot machines.

The Belgian market consists of nine casinos (Knokke, Ostend, Blankenberge, Middelkerke, Brussels, Chaudfontaine, Spa, Namur and Dinant).

Groupe Partouche owns one casino in Belgium, at Ostend.

The information provided below on market developments in 2016 (covering the period from Q4 2015 to Q3 2016) does not include the figures for the Knokke casino, as the latter derive from internally sourced information.

At end-September 2016, the total GGR (from slot machines and table games) of casinos in Belgium was €99 million, up 2.3% year on year.

GGR from table games in the Belgian market saw an increase of €2.4 million, while that of the Ostend casino was up 51.1%, an increase of €1.6 million.

GGR from slot machines remained stable across the market (down 0.3%). GGR from slot machines for the Ostend casino fell 4.0% over the same period (a decline of €0.4 million), a development tied to the prohibition in place since August 2016 on operating slot machines in smoking areas.

At 30 September 2016, the casino owned by Groupe Partouche (Ostend) had a market share (based on GGR from table games and slot machines, not including online gaming) of 15.22%.

B. ONLINE CASINOS

In Belgium, licences to operate online casinos (Type A+ licences) are only granted to casinos holding a Type A licence. There are nine such licences in Belgium.

In Ostend, since February 2013, an A+ licence has been operated under the name www.bwin.be, as part of a joint operation between the Ostend casino, CKO Betting and Bwin. Party. The www.bwin.be website offers an online casino (under the Ostend casino A+ licence) and sports betting (under the CKO Betting F+ licence).

During financial year 2015-2016 as defined above, the website made a contribution of €15.0 million to GGR, comprised of €5.8 million for the casino and poker offering (Ostend casino) and €9.2 million from sports betting (CKO Betting).

C. GAMING LEVIES IN BELGIUM

Gaming levies fall under the authority of the Belgian regions, namely Flanders for the Ostend casino.

There are three types of levies in Flanders, all based on GGR.

Levies on GGR for table games

Range:	0 – 865 000,00	33 %
Range:	More than €865 000,00	44 %

Levy on GGR from slot machines

Range:	0 – 1 199 999	20 %
Range:	1 200 000 – 2 449 999	25 %
Range:	2 450 000 – 3 699 999	30 %
Range:	3 700 000 – 6 149 999	35 %
Range:	6 150 000 – 8 649 999	40 %
Range:	8 650 000 – 12 349 999	45 %
Range:	From €12 350 000	50 %

Levies on online GGR (common to both regions)

Range:	From €1	11 %

Online GGR has been subject to VAT at the rate of 21% since 1 August 2016.

6.3 EXCEPTIONAL EVENTS AFFECTING BUSINESS AND MARKETS

The 2008 to 2015 financial years were affected by the following exceptional events:

- On 1 January 2008, smoking became prohibited in all public establishments. The Group's casinos apply this rule in all areas. A significant proportion of the customer base has changed its attendance habits as a result;
- The financial crisis that initially struck the banks led to a more generally pervasive economic crisis which, today, is directly affecting the resources of customers; both casino traffic and the volume of bets have fallen as a result.

6.4 ISSUER'S DEGREE OF DEPENDENCY

There is no significant dependency on licences, industrial, commercial or financial contracts, or production procedures. In order to build and operate their casinos, casino operators in France enter into municipal service agreements with a maximum renewable term of 20 years.

Please refer to Section 4.2.11 "Casino public service concessions and gaming licences".

6.5 EVIDENCE ON WHICH THE STATEMENT OF COMPETITIVE POSITION IS BASED

Please refer to Section 6.2, which sets out the Group's position with regard to its competitors and the sources used.


+200
+200
+50
+50
+100
+50
+50

07

ORGANISATIONAL STRUCTURE

7.1 INTERNAL ORGANISATION OF THE GROUP

Groupe Partouche SA is a holding company for a group of leisure industry companies that operate casinos, hotels, restaurants, dancehalls and bars. As the Group's parent company, its shares are traded on Compartment B of the NYSE Euronext stock exchange in Paris. Groupe Partouche SA, which does not directly operate the establishments of the Group, fulfils a guidance role, ensuring that its consolidated companies benefit from its knowledge, resources and skills, particularly in terms of human and technical resources. Upon their requests, it provides its consolidated companies with a package of services defined under a head office services agreement. These services notably cover intellectual services in the areas of strategic planning, marketing, communication, business development, administration, legal affairs, finance and information technology.

The remuneration paid by each of Groupe Partouche's subsidiaries is calculated on the basis of a margined share of the expenses incurred by them, in terms of human and technical resources, which is allocated in relation to the turnover generated by each of the subsidiaries bound by the head office services agreement.

For the financial year ended 31 October 2016, the total amount received under head office services agreements was €9,355k excluding VAT.

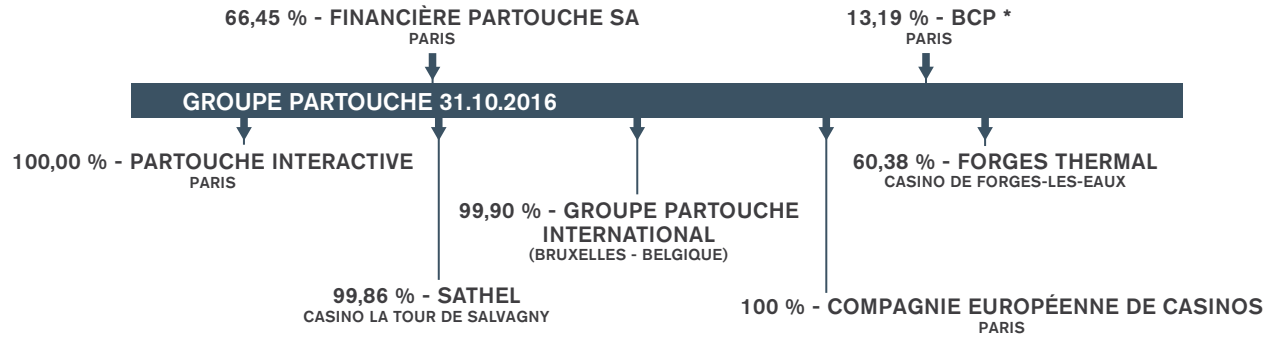
Furthermore, Groupe Partouche SA maintains a parent-subsidiary relationship with each of the consolidated companies, for which the main related elements for the year ended 31 October 2016 are centralised cash management and the administration of a French tax consolidation structure.

As the Group's holding company, which does not have any independent operating activity of its own, Groupe Partouche SA has substantial fixed assets with €556m in net value, essentially attributable to investments in the Group's subsidiaries. The other significant portion comprises receivables of €132m, net of provisions, mainly relating to the Group's subsidiaries.

Groupe Partouche SA's liabilities and equity comprise €422m in equity, €20m in the current account of the majority shareholder Financière Partouche, €240m in the current accounts of the subsidiaries and €153m in bank debt.

7.2 GROUP STRUCTURE

In order to provide a graphical representation of the entire group of consolidated companies, on the following pages we present the organisation chart of Group companies.



(*) BCP holds 1,200,399 shares through FCPR France Private Equity III and 76,621 shares through Butler Capital Partners SA, representing holdings in Group Partouche SA of 12.40% and 0.79%, respectively.

GROUPE PARTOUCHE 31.10.2016

99,90 % - GROUPE PARTOUCHE INTERNATIONAL

(BRUXELLES - BELGIQUE)

- 99,99 % — STÉ DU CASINO DE DJERBA — Casino de Djerba (Tunisie)
- 99,00 % — CASINO NUEVO SAN ROQUE — Casino de San Roque (Espagne)
- 99,90 % — CASINO DE CHAUDFONTAINE — Chaudfontaine (Belgique) *
- GRAND CASINO DE TABARKA — Casino de Tabarka (Tunisie) — 99,99 %

60,38 % - FORGES THERMAL

CASINO FORGES-LES-EAUX

- 20,00 % — CASINO DE VICHY — Casino Vichy « Les 4 Chemins » — 79,93 %
- 20,00 % — ÉLYSÉE PALACE HÔTEL — Vichy — 79,68 %
- 17,24 % — CHM — Vichy — 76,63 %
- 20,00 % — ÉLYSÉE PALACE EXPANSION — Vichy — 79,68 %
- SOCIÉTÉ DE L'ÉLYSÉE PALACE — Vichy — 99,97 %
- 98,71 % — CASINO DE DIVONNE — Casino Divonne-les-Bains
- 99,92 % — CASINO D'ANNEMASSE — Casino Annemasse
- 0,04 % — SCI L'ARVE — Annemasse — 99,96 %
- 57,00 % — CASINO CRANS-MONTANA — Casino Crans-Montana (Suisse)
- SOCIÉTÉ D'EXPLOITATION DU CASINO DE DIVONNE — Divonne-les-Bains — 100,00 %

100 % - PARTOUCHE INTERACTIVE

PARIS

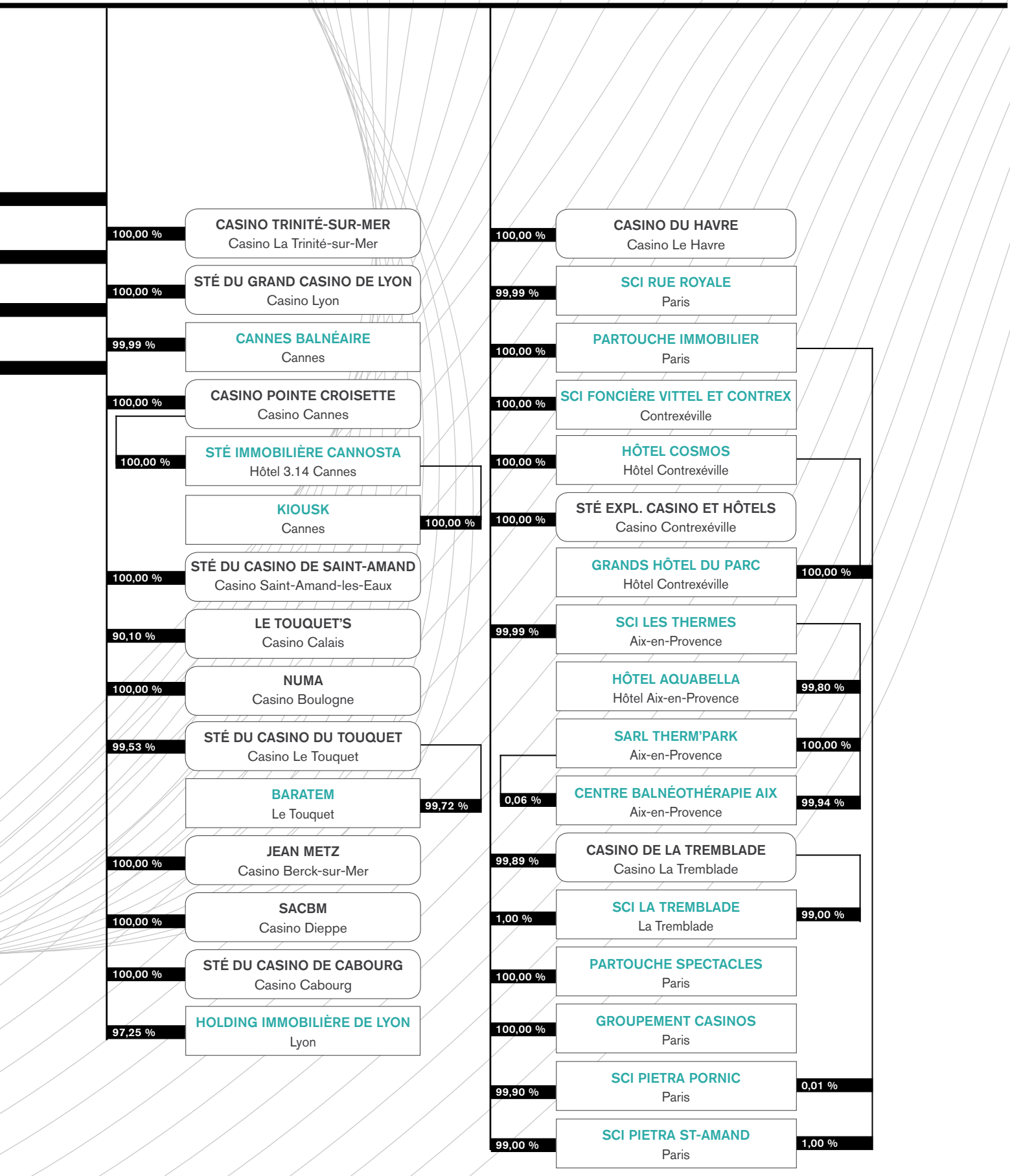
- 95,07 % — QUARISMA — Paris
- 75,43 % — PARTOUCHE PRODUCTION — Paris
- 100,00 % — PARTOUCHE TECHNOLOGIES — Saint-Avertin
- 88,66 % — PARTOUCHE IMAGES — Paris
- 100,00 % — PARTOUCHE TOURNOIS — Paris
- 100,00 % — WORLD SERIES OF BACKGAMMON — Londres
- 70,00 % — APPOLONIA — Antibes
- 100,00 % — PARTOUCHE INTERACTIVE HOLDINGS — Gibraltar
- 100,00 % — PARTOUCHE BET — France
- 88,66 % — PARTOUCHE IMAGES AFRIQUE — Paris

LÉGENDE

CASINOS

AUTRES ENTITÉS

** 0,10 % sont détenus par Belcasinos*


100,00 %
CASINO TRINITÉ-SUR-MER
Casino La Trinité-sur-Mer
100,00 %
STÉ DU GRAND CASINO DE LYON
Casino Lyon
99,99 %
CANNES BALNÉAIRE
Cannes
100,00 %
CASINO POINTE CROISETTE
Casino Cannes
100,00 %
STÉ IMMOBILIÈRE CANNOSTA
Hôtel 3.14 Cannes
KIOUSK
Cannes
100,00 %
100,00 %
STÉ DU CASINO DE SAINT-AMAND
Casino Saint-Amand-les-Eaux
90,10 %
LE TOUQUET'S
Casino Calais
100,00 %
NUMA
Casino Boulogne
99,53 %
STÉ DU CASINO DU TOUQUET
Casino Le Touquet
BARATEM
Le Touquet
99,72 %
100,00 %
JEAN METZ
Casino Berck-sur-Mer
100,00 %
SACBM
Casino Dieppe
100,00 %
STÉ DU CASINO DE CABOURG
Casino Cabourg
97,25 %
HOLDING IMMOBILIÈRE DE LYON
Lyon
100,00 %
CASINO DU HAVRE
Casino Le Havre
99,99 %
SCI RUE ROYALE
Paris
100,00 %
PARTOUCHE IMMOBILIER
Paris
100,00 %
SCI FONCIÈRE VITTEL ET CONTREX
Contrexéville
100,00 %
HÔTEL COSMOS
Hôtel Contrexéville
100,00 %
STÉ EXPL. CASINO ET HÔTELS
Casino Contrexéville
GRANDS HÔTEL DU PARC
Hôtel Contrexéville
100,00 %
99,99 %
SCI LES THERMES
Aix-en-Provence
HÔTEL AQUABELLA
Hôtel Aix-en-Provence
99,80 %
SARL THERM'PARK
Aix-en-Provence
100,00 %
0,06 %
CENTRE BALNÉOTHÉRAPIE AIX
Aix-en-Provence
99,94 %
99,89 %
CASINO DE LA TREMBLADE
Casino La Tremblade
1,00 %
SCI LA TREMBLADE
La Tremblade
99,00 %
100,00 %
PARTOUCHE SPECTACLES
Paris
100,00 %
GROUPEMENT CASINOS
Paris
99,90 %
SCI PIETRA PORNIC
Paris
0,01 %
99,00 %
SCI PIETRA ST-AMAND
Paris
1,00 %

GROUPE PARTOUCHE 31.10.2016

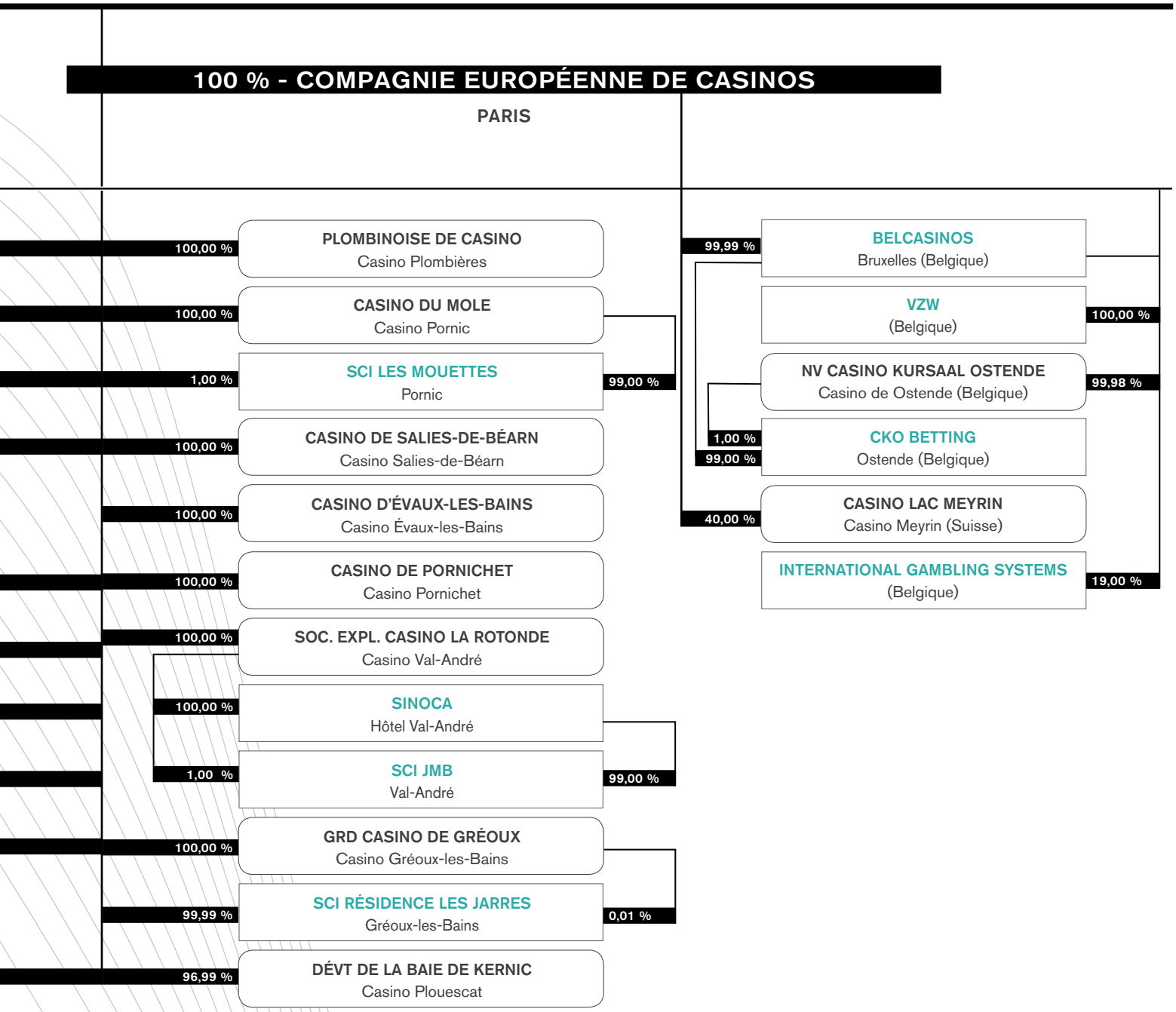
99,86 % - SATHEL

CASINO LA TOUR DE SALVAGNY

- 98,09 % — **STÉ DU CASINO DE ROYAT** — Casino de Royat — 1,91 %
- 61,99 % — **STÉ DU CASINO DU GRAND CAFÉ** — Casino Vichy — 0,05 %
- 61,06 % — **SCMAT** — Casino Aix-en-Provence — 38,63 %
- **CASINO LES FLOTS BLEUS** — Casino La Ciotat — 99,96 % / 0,02 %
- 100,00 % — **SEK** — Juan-les-Pins
- **STÉ DE L'EDEN BEACH CASINO** — Casino Juan-les-Pins — 98,34 % / 1,44 %
- 1,00 % — **SCI HÔTEL GARDEN PINÈDE** — Juan-les-Pins — 99,00 %
- **HOLDING GARDEN PINÈDE** — Juan-les-Pins — 100,00 %
- 90,91 % — **CASINO DE PALAVAS** — Casino Palavas-les-Flots — 9,09 %
- 90,00 % — **SCI PALAVAS INVESTISSEMENT** — Palavas-les-Flots — 10,00 %
- 99,84 % — **STÉ DU CASINO LE LION BLANC** — Casino Saint-Galmier — 0,16 %

0,03 %

- **LE MIAMI** — Casino Andernos — 99,98 %
- **CASINO DE COUTAINVILLE** — Casino Coutainville — 95,39 %
- **STÉ DU CASINO D'ARCACHON** — Casino Arcachon — 98,75 %
- **LUDICA** — Paris — 100,00 %
- 99,99 % — **GRAND CASINO DE BANDOL** — Casino Bandol
- 95,24 % — **CASINO DE LA GRANDE-MOTTE** — Casino La Grande-Motte — 4,74 %
- **CIE DÉVT TOURISME HYÉROIS** — Casino Hyères — 99,90 %
- **CASINO DU PALAIS DE LA MÉDITERRANÉE** — Casino Nice — 100,00 %
- **CPLXE CCIAL DE LA ROCHE-POSAY** — Casino La Roche-Posay — 95,24 %
- 99,00 % — **SCI GAFA** — La Roche-Posay — 1,00 %
- 80,00 % — **SARL HÔTEL DU CHÂTEAU** — La Roche-Posay
- 99,90 % — **SCI PARC DE POSAY** — La Roche-Posay — 0,10 %



LÉGENDE

CASINOS

AUTRES ENTITÉS

08 PROPERTY, PLANT AND EQUIPMENT

8.1 EXISTING OR PLANNED MAJOR ITEMS OF PROPERTY AND EQUIPMENT

The Group's property and equipment, consisting mainly of buildings and slot machines, is virtually entirely dedicated to use in the operation of casinos and hotels. These assets' utilisation rate is close to 100%.

The Group holds the property ownership, directly or under long leases, of 26 out of the 43 casinos at the end of financial year 2016, and rents the buildings of the remaining 17 under classic commercial leases or local authority occupancy agreements. It also owns 16 hotels compared with the 14 the Group operated at the end of financial year 2016.

At the close of financial year 2016, the Group's main real estate assets, based on floor space, were as follows:

ESTABLISHMENT	LEGAL STATUS	FLOOR SPACE
Aix-en-Provence casino	Long lease agreement	9 907 m²
Cannes 3.14 hotel	Full ownership	3 445 m²
Contrexéville casino and hotel	Full ownership	13 398 m²
Divonne-les-Bains casino, hotel and golf course	Full ownership	16 399 m²
Forges-les-Eaux casino and hotel	Full ownership	34 273 m²
La Grande-Motte casino	Long lease agreement	8 248 m²
La Tour de Salvagny casino and hotel	Full ownership	12 243 m²
St-Amand-les-Eaux casino and hotel	Long lease agreement	10 584 m²

At 31 October 2016, Groupe Partouche had 5,074 slot machines installed in France and 645 machines installed abroad.

In view of the market's maturity and the amendment of the regulations concerning the installation of these machines (see Section 6.1.1.a "Statutory framework"), the number of slot machines is not expected to develop significantly.

The planned tangible fixed assets are detailed in Sections 5.2.2 "Major investments in progress" and 5.2.3 "Major investments either scheduled or arising from firm commitments made by the Group's executive bodies".

8.2 STATUS AND VALUATION OF THE PROPERTY PORTFOLIO

With regard to its fully owned property assets, in 2005 Groupe Partouche commissioned a real estate expert to provide the Group with a summary estimate of its properties located in France; the estimate is based primarily on applying market values to premises considered "occupied", except those that are commonly known to be vacant. This study was completed at the end of 2005 and has since been updated, most recently in December 2011. This latest update was included in Groupe Partouche's 2012 Reference Document.

Since this latest update, no further updates have been made and information on the valuation of the property portfolio is no longer provided.

8.3 PROPERTY ASSETS OWNERSHIP POLICY AND DIVESTMENT PROGRAMME

The Group's investment policy in the past has been aimed at maintaining an ongoing offering of competitive products while at the same time seeking opportunities for external growth.

The inclusion in the Group of the Compagnie Européenne de Casinos (CEC) establishments in 2002 and those of Groupe de Divonne in 2005 went hand-in-hand with sales of casinos, particularly those of the Société Française de Casinos (Gruissan, Châtelguyon, Port-la-Nouvelle and Agadir) and of the casino at Saint-Julien-en-Genevois, since these establishments were of lesser strategic value from the standpoint of the Group's territorial coverage.

The same thinking underlay early divestments from non-strategic activities, such as the thermal spa establishments at Vittel and Contrexéville and the minority interest in SFCMC (Société Fermière du Casino Municipal de Cannes).

Today, the investment policy of the Group is being reshaped according to the following major thrusts:

- a halt to the establishment of new casinos with the sole aim of increasing territorial coverage;
- limiting the development of new establishments.

Regarding disinvestment, Groupe Partouche has no further obligations to meet.

The Safeguard Procedure ended without there being any obligation to dispose of assets to pay financial creditors.

Furthermore, as a result of the disposals carried out over the past few years that exceed the €25 million threshold, the commitment made by Financière Partouche, in the scope of the shareholders' pact entered by BCP and Financière Partouche, was met in late January 2014.

8.4 EXISTENCE OF ASSETS USED BY THE GROUP BELONGING TO SENIOR EXECUTIVES OR THEIR FAMILY

Significant assets operated by the Company and belonging to the senior executives or their family are owned through Financière Partouche, namely:

- a property complex housing the premises of the Le Touquet casino;
- a portion of a building located on rue de Saussure in Paris (17th arrondissement) housing the registered offices of Groupe Partouche SA and of several other Group companies.

8.5 ENVIRONMENTAL CONSTRAINTS LIKELY TO HAVE AN IMPACT ON THE UTILISATION OF THESE PROPERTY ASSETS

There are no environmental constraints likely to have a significant impact on the utilisation of property assets, given the nature of the service activities related to these property assets.

09 REVIEW OF FINANCIAL POSITION AND RESULTS

9.1 GROUP FINANCIAL POSITION AND PERFORMANCE

Pursuant to Article 28 of Regulation (EC) 809/2004, the following information is referenced in this document:

- The Group's financial position and results for the financial year ended 31 October 2014 prepared in accordance with IFRS/IAS as adopted by the European Union, shown on pages 56 et seq. of the Company's Reference Document, registered with the AMF on 26 February 2015 under No. D.15-0083.
- The Group's financial position and results for the financial year ended 31 October 2015 prepared in accordance with IFRS/IAS as adopted by the European Union, shown on pages 67 et seq. of the Company's Reference Document, registered with the AMF on 25 February 2016 under No. D.16-0079.

Both of the Reference Documents referred to above are available on the websites of the Company

(www.partouche.com) and the Autorité des Marchés Financiers (www.amf-france.org).

9.1.1 MAIN CHANGES IN CONSOLIDATION SCOPE AND BUSINESS ACTIVITIES

The Group's acquisition of minority stakes in Partouche Interactive and the La Roche-Posay and Agon Coutainville casinos resulted in a significant reduction in minority interests as a proportion of consolidated equity of €4.4m.

The impact of changes in the Group's consolidation scope in 2016 was minor (with the consolidation of Partouche Images Afrique and SCI Pietra Pornic on one hand, and the deconsolidation of Partouche Interactive Gibraltar following its liquidation on the other).

Activity over the period should nevertheless be considered in the light of changes to the scope of consolidation in 2015, in particular the disposals of the Chaudfontaine casino and the Garden Beach Hotel in Juan-les-Pins on the one hand and the closure of the La Trinité-sur-Mer casino on the other. This analysis does not take account of the closure on 31/12/2015 of the Vichy 4 Chemins casino, due to the transfer of operations to the Vichy Grand Café casino, another facility operated by Groupe Partouche.

9.1.2 GROUP POSITION AND ACTIVITY IN THE FINANCIAL YEAR ENDED 31 OCTOBER 2016

GROUP ACTIVITY

In the financial year ended 31 October 2016, Groupe Partouche generated consolidated turnover of €405.2m.

- Like-for-like (*) turnover grew by 2.0%;
- Including businesses sold off, consolidated total turnover rose by 1.2%.

€M	2016	2015	CHANGE
First quarter	112,1	109,2	2,6 %
Second quarter	98,3	97,0	1,3 %
Third quarter	98,1	93,5	5,0 %
Fourth quarter	96,7	100,6	-3,9 %
Consolidated total turnover	**405,2**	**400,3**	**1,2 %**

(*) Throughout this section, the expression "like-for-like" means after adjusting to exclude the contribution from the following:
- the Chaudfontaine casino (sold in 2015) and the Trinité-sur-Mer casino (closed in 2015);
- the Garden Beach hotel (sold in 2015).

The following table shows a breakdown of turnover.

SUMMARY OF TURNOVER

€M		2016	2015	CHANGE	% CHANGE
	France	76,5	66,2	10,2	15,4 %
	Other countries	28,9	28,2	0,7	2,5 %
GGR FROM TABLE GAMES		105,3	94,4	10,9	11,6 %
% OF ACTUAL GGR		16,6 %	15,2 %		
	France	461,7	455,4	6,3	1,4 %
	Other countries	68,7	69,2	-0,5	-0,7 %
GROSS REVENUE FROM SLOT MACHINES		530,4	524,7	5,8	1,1 %
% OF ACTUAL GGR		83,4 %	84,8 %		
	France	538,2	521,7	16,5	3,2 %
	Other countries	97,6	97,4	0,2	0,2 %
GROSS GAMING REVENUE (TOTAL)		635,8	619,1	16,7	2,7 %
	France	280,2	270,3	10,0	3,7 %
	Other countries	38,3	37,5	0,9	2,3 %
GROUP LEVIES		318,5	307,7	10,8	3,5 %
	France	52,1%	51,8 %		
	Other countries	39,3 %	38,4 %		
LEVY RATE		50,1 %	49,7 %		
	France	258,0	251,4	6,5	2,6 %
	Other countries	59,3	60,0	-0,7	-1,1 %
NET GAMING REVENUE (NGR)		317,2	311,4	5,8	1,9 %
% OF TOTAL TURNOVER		78,3 %	77,8 %		
	France	84,0	84,7	-0,7	-0,8 %
	Other countries	4,0	4,3	-0,3	-6,7 %
TURNOVER EXCLUDING NGR		88,0	89,0	-1,0	-1,1 %
% OF TOTAL TURNOVER		21,7%	22,2%		
	France	341,9	336,1	5,8	1,7 %
	Other countries	63,3	64,3	-1,0	-1,5 %
TURNOVER		405,2	400,3	4,9	1,2 %

N.B. Net gaming revenue of €8.1m (2015: €6.5m) from Belgian subsidiary CKO Betting is included in NGR from other countries.

When analysing activity, the significant change in the scope of consolidation must be taken into account. The following tables present the like-for-like change in activity:

LIKE-FOR-LIKE ACTIVITY

AT 31 OCTOBER, €M	2016	IMPACT OF CHANGES IN SCOPE	2016 LIKE-FOR-LIKE	2015	IMPACT OF CHANGES IN SCOPE	2015 LIKE-FOR-LIKE	LIKE-FOR-LIKE GROWTH
GGR	635,8	-	635,8	619,1	2,8	616,2	3,2 %
Levies	(318,5)	-	(318,5)	(307,7)	(1,0)	(306,7)	3,9 %
NGR	317,2	-	317,2	311,4	1,9	309,5	2,5 %
Turnover excluding NGR	88,0	0,0	87,9	89,0	1,3	87,7	0,3 %
Total turnover	**405,2**	**0,0**	**405,2**	**400,3**	**3,1**	**397,2**	**2,0 %**

AT 31 OCTOBER, €M	2016	IMPACT OF CHANGES IN SCOPE	2016 LIKE-FOR-LIKE	2015	IMPACT OF CHANGES IN SCOPE	2015 LIKE-FOR-LIKE	LIKE-FOR-LIKE GROWTH
Casinos	379,0	0,0	379,0	374,5	2,1	372,4	1,8 %
Hotels	12,5	-	12,5	14,2	1,0	13,2	-5,4 %
Other	13,7	-	13,7	11,6	-	11,6	18,0 %
Total turnover	**405,2**	**0,0**	**405,2**	**400,3**	**3,1**	**397,2**	**2,0 %**

NB: Following the strategic reduction carried out in financial years 2013 and 2014, specific internal control is no longer carried out for the Interactive division, since its business is no longer significant. From financial year 2015 onwards, the companies that comprise this sector are included under "Other". Similarly, turnover from Belgian betting subsidiary CKO Betting is shown under this sector.

GROUP FIGURES (LIKE-FOR-LIKE)

For the 2016 financial year (ended 31 October), the Group reported a 3.2% increase in GGR. This positive trend has now been observed over five consecutive half-year periods. Total GGR from casinos rose by 2.9%, with a favourable trend in both slot machines (up 1.5%) and table games (up 11.2%). Meanwhile, GGR from sports betting generated by the CKO Betting Ostende subsidiary rose by 24.3%.

GAMING BUSINESS IN FRANCE (LIKE-FOR-LIKE)

Like-for-like GGR grew by 3.4% to €538.2m (from €520.5m). GGR from table games (€76.5m) saw strong growth of 15.5%, once again primarily thanks to the development of electronic English roulette, with GGR up from €23.8m to €30.4m. A total of 35 casinos are now equipped compared with 28 in 2015.

The return to growth in GGR from slot machines was confirmed, with an increase of 1.6% in 2016, following 0.1% in financial year 2015.

At the same time, attendance rose by 1.2% and the average spend by 1.9%.

The restructuring of the Vichy division was also a success, with a very satisfactory transfer of operations to the Vichy Grand Café casino following the closure of the Vichy 4 Chemins casino.

The total number of slot machines operated in French casinos was 5,074 at the financial year-end (5,106 in 2015).

GAMING BUSINESS ABROAD (LIKE-FOR-LIKE)

Like-for-like GGR generated outside France grew by 1.9%, broken down as follows:

€M	2016	2015	CHANGE	%
GGR: "bricks and mortar" casinos	82,6	81,2	1,4	1,7 %
GGR: online and sports betting	15,0	14,5	0,4	3,1 %
GGR outside France on a like-for-like basis	**97,6**	**95,8**	**1,8**	**1,9 %**

In Belgium, the Ostend casino suffered a 3.1% fall in GGR, mainly due to the ban on machines in smoking rooms introduced in August 2016.

GGR from the Group's two Swiss casinos – Meyrin and Crans-Montana – rose by 1.8%. The Meyrin casino achieved an impressive 2.4% increase (including currency effects), while GGR from Crans-Montana remained stable (including currency effects), having temporarily been penalised by works at the resort.

Lastly, GGR from sports betting generated by CKO Betting saw further strong growth of 24.3%.

NET GAMING REVENUE (LIKE-FOR-LIKE)

After levies on GGR by the State and the municipalities, net gaming revenue for the Group as a whole totalled €317.2m, up 1.9% relative to 2015 and 2.5% on a like-for-like basis.

The taxation rate at the end of the 2016 financial year was 50.1%.

TURNOVER EXCLUDING NET GAMING REVENUE (LIKE-FOR-LIKE)

Like-for-like turnover excluding net gaming revenue rose by 0.3%, broken down as follows:

AT 31 OCTOBER, €M	2016	IMPACT OF CHANGES IN SCOPE	2016 LIKE-FOR-LIKE	2015	IMPACT OF CHANGES IN SCOPE	2015 LIKE-FOR-LIKE	LIKE-FOR-LIKE CHANGE	LIKE-FOR-LIKE GROWTH
Casinos	69,9	0,0	69,9	69,7	0,3	69,4	0,4	0,6 %
Hotels	12,5	-	12,5	14,2	1,0	13,2	-0,7	-5,4 %
Other	5,6	-	5,6	5,0	-	5,0	0,5	10,8 %
Turnover excluding NGR	**88,0**	**0,0**	**87,9**	**89,0**	**1,3**	**87,7**	**0,3**	**0,3 %**

Ancillary casino activities – primarily foodservice – remained solid, with growth of 0.6% like-for-like.

Hotel turnover fell by 5.4%, mainly as a result of the slowdown in the tourist season. This impacted the running of Hotel 3.14 in Cannes, which is also preparing for works to allow for authorisation of the transfer of the Palm Beach casino.

Lastly, growth in "Other" activities was mainly due to the development of merchandise sales by Appolonia.

Taking into account all of the above factors, the Group's consolidated total turnover grew by 2.0% on a like-for-like basis.

CONSOLIDATED RESULTS

The Group achieved further improvement in profitability in financial year 2016. On a reported basis, the increase in turnover (€4.9m) was accompanied by growth in current operating profit of €7.5m and growth in EBITDA of €5.1m.

Figures, like-for-like

On a like-for-like basis (see table below), additional turnover of €8m generated over the year was accompanied by additional current operating profit of €4.6m, reflecting a conversion rate of 58%, while EBITDA rose by 2.5% to represent 19.8% of turnover.

€M	GROUP FIGURES, LIKE-FOR-LIKE			
	2016	2015	Change	% change
Turnover	405,2	397,2	8,0	2,0 %
Purchases and external expenses	(133,5)	(125,8)	(7,7)	6,1 %
Taxes and duties	(18,0)	(17,5)	(0,5)	2,6 %
Employee expenses	(168,3)	(169,7)	1,4	-0,8 %
Amortisation, depreciation and impairment of non-current assets	(35,4)	(36,9)	1,5	-4,1 %
Other current operating income and expenses	(8,5)	(10,4)	1,9	-18,0 %
Current operating profit	41,4	36,8	4,6	12,4 %
Current operating margin/turnover	10,2 %	9,3 %	57,5 %	
EBITDA	80,1	77,6	2,5	3,3 %
EBITDA margin/turnover	19,8 %	19,5 %	31,8 %	

The increase in operating expenses (€3.4m) is mainly due to the change purchases and external expenses (up €7.7m). This is primarily as a result of:

- higher advertising expenditure (up €5.5m), in particular in relation to one-off campaigns (Cannes, St-Galmier etc.), and an increase in promotional credits, which are recognised as expenses but inflate GGR;
- higher security costs.

Employee expenses decreased by €1.4m, thanks primarily to the restructuring of the Vichy division.

Depreciation, amortisation and impairment of non-current assets totalled €35.4m, down 4.1%.

Lastly, "Other current operating income and expenses" fell by €1.9m. In addition to the Vichy restructuring, this item benefited from a favourable impact relating to changes in regulations over the period, resulting in a one-off recognition of €1.8m of additional tax relief for high-quality artistic events.

To make its segment performance easier to interpret, with effect from financial year 2015 Groupe Partouche has opted to show segment contributions before eliminating intra-group transactions. The following table shows like-for-like segment performance (note that turnover by sector set out under "Summary of turnover" above is after eliminating intra-group transactions):

€M	LIKE-FOR-LIKE TOTAL: GROUP		LIKE-FOR-LIKE TOTAL: CASINOS		LIKE-FOR-LIKE TOTAL: HOTELS		OTHER		ELIMINATIONS	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Turnover	405,2	397,2	379,6	373,1	13,3	14,1	35,5	35,0	(23,2)	(24,9)
Purchases and external expenses	(133,5)	(125,8)	(116,7)	(111,2)	(7,0)	(7,4)	(24,1)	(23,0)	14,2	15,9
Taxes and duties	(18,0)	(17,5)	(25,8)	(25,0)	(0,7)	(1,1)	(1,2)	(1,2)	9,7	9,8
Employee expenses	(168,3)	(169,7)	(152,0)	(152,9)	(6,0)	(6,0)	(10,2)	(10,7)	(0,1)	(0,1)
Depreciation, amortisation and impairment of non-current assets	(35,4)	(36,9)	(30,6)	(31,0)	(1,1)	(1,1)	(3,7)	(4,8)	0,0	0,0
Other current operating income and expenses	(8,5)	(10,4)	(7,4)	(9,6)	(0,3)	0,6	(0,3)	(0,8)	(0,6)	(0,6)
Current operating profit (loss)	**41,4**	**36,8**	**47,2**	**43,3**	**(1,8)**	**(0,9)**	**(4,0)**	**(5,6)**	**0,0**	**(0,0)**

NB: The online betting operator (CKO Betting) is included under "Other" in the above table.

Taking account of Groupe Partouche's refocusing on its core business of gaming, the change in current operating profit relates primarily to casinos, as illustrated by the above table. Mention should also be made of the positive effect of the restructuring of the Vichy division. Following the closure of the Vichy 4 Chemins casino on 15 December 2015, the Group reported a very satisfactory transfer of clients to the Vichy Grand Café casino, which benefits from enlarged gaming areas and a wider range of games.

Hotels saw a decline in turnover, which is reflected in current operating profit.

In the "Other" segment, current operating profit increased by €1.5m thanks to a greater contribution from sports betting, the end of depreciation cycles for the former interactive division, head office expenses incurred in 2015 and not repeated, and miscellaneous individual items that are not material.

On a reported basis:

Non-current operating profit (loss) was a net expense of €19.2m, compared with €11.9m in 2015.

In non-current operating profit (loss), impairment of non-current assets totalled €16.4m, down relative to 2015 (€21.5m). This includes:

- goodwill impairment reduced to €5.7m compared with €21.5m in 2015;
- and impairment of property assets in the amount of €10.6m as a result of specific local situations.

In addition to the above, the change in non-current operating profit (loss) is primarily due to:

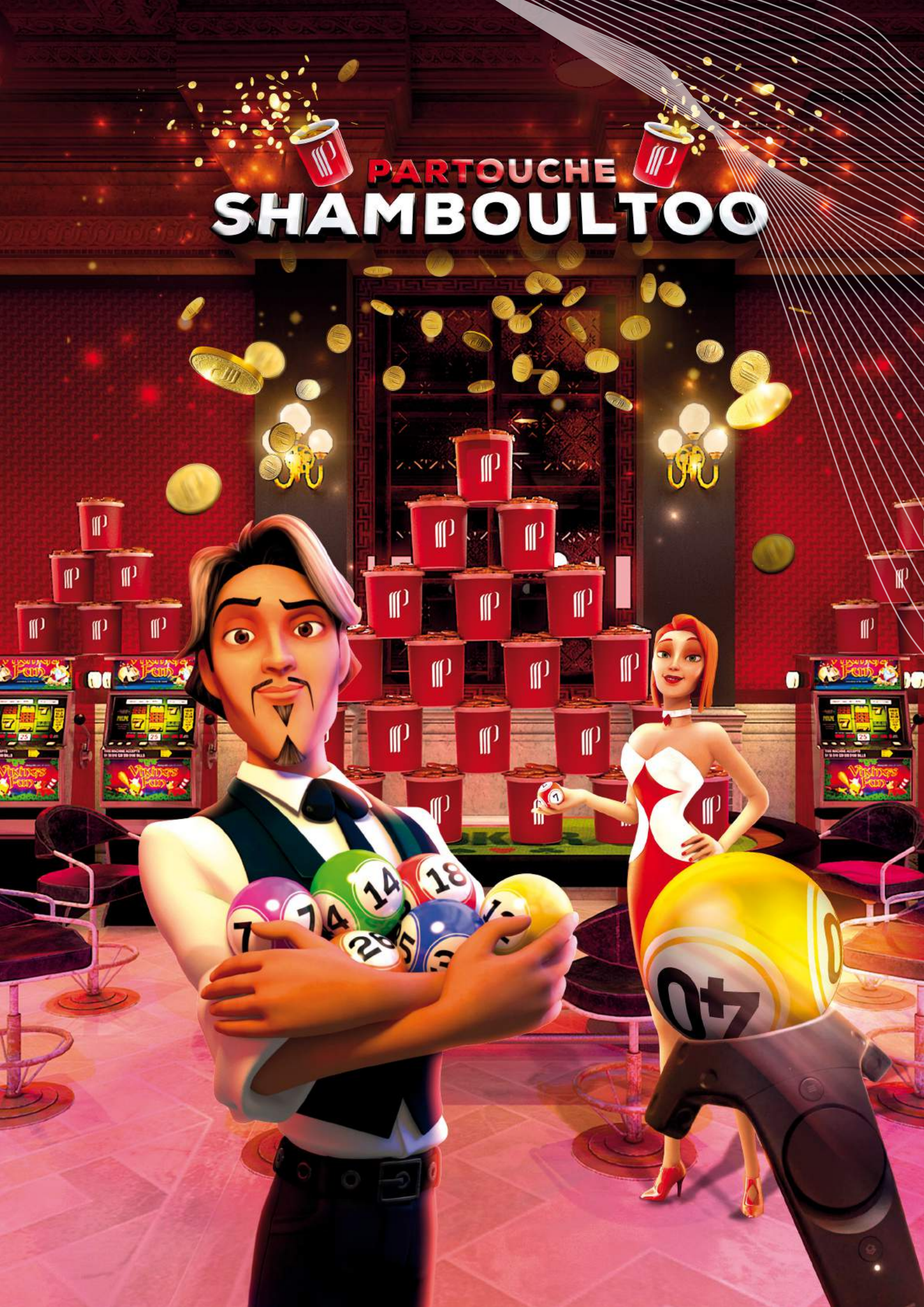
- lower proceeds from asset sales, with a net gain of €0.1m recognised in 2016 compared with €7.8m in 2015;
- and the change in "Other non-current operating income and expenses" from net profit of €1.8m in 2015 to a net expense of €3.0m in 2016, relating chiefly to exceptional depreciation charges (relocation of the Palm Beach casino in Cannes, the Juan-les-Pins casino and renovation works at Aix-en-Provence).

Taking into account these items, operating profit for the year rose and totalled €22.1m, compared with €22.0m in 2015.

Net financial items represent a net expense of €2.5m compared with €3.5m in 2015, thanks primarily to the reduction in financial expenses relating to bank debt.

Profit before tax rose from €18.4m in 2015 to €19.6m in 2016.

The Group's total tax expense declined sharply by €8.2m, down from €9.1m in 2015 to €0.9m in 2016. While CVAE added value contribution tax remained stable at €3.3m, tax on income (including deferred taxes) went from an expense of €5.7m in 2015 to income of €2.4m in 2016, mainly as a result of the capitalisation of tax-loss carryforwards over a


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reasonable horizon in the amount of €5.3m, as well as the automatic effect of reversals of deferred taxes resulting from the impairment of property assets as mentioned above, in the amount of €3.5m.

Net profit grew significantly to double the level achieved in 2015, up from €9.3m to €18.6m in 2016. The share of this net profit attributable to equity holders of the Group was €11.1m, compared to €2.0m previously.

BALANCE SHEET

Notable changes in consolidated balance sheet assets, not impacted over the period by asset sales, include an increase in "Trade and other receivables" of €6.9m and a reduction in cash of €12.4m, mainly for investments over the period.

Equity slightly increased to €335.2m.

Debt was reduced by €14.3m from €203.6m in 2015 to €189.3m. Over the period, the syndicated loan had an annual repayment due of €21.5m, the shareholder advance was repaid in the amount of €2.2m and new medium-term borrowings were taken out representing a total of €11.0m.

The following table summarises the Group's capital structure, which has improved over the last few years and has now stabilised:

€M AT 31 OCTOBER	2016	2015
Equity	335,2	332,3
Consolidated EBITDA	80,1	75,0
Gross debt *	186,5	200,5
Cash less gaming levies	120,4	135,1
Net debt	66,1	65,4
Net debt / Equity (gearing)	0,2	0,2
Net debt / Consolidated EBITDA (leverage)	0,8x	0,9x

(*) Gross debt includes bank borrowings and restated capital leases, accrued interest, miscellaneous borrowings and financial debt, banking facilities and financial instruments.

RECENT EVENTS AND OUTLOOK

Amendment of the Safeguard Plan - End of legal dispute with Oaktree

Within the framework of agreements reached with OCM Luxembourg and putting the disputes between Financière Partouche and the company to an end, the Valenciennes Commercial Court, in its ruling of 19 September 2016, amended Financière Partouche's Safeguard Plan (plan de sauvegarde).

In addition, the Paris Commercial Court, in its ruling of 2 November 2016, amended Groupe Partouche's Safeguard Plan. This amendment - which had previously been unanimously approved by the committee of credit institutions and similar – authorises in particular:

- the immediate repayment by Groupe Partouche of the remainder of the shareholder advance to Financière Partouche, i.e. a total of €20.1m;
- simultaneous early repayment of mono-holder lenders of the syndicated loan in the amount of €5.3m;
- adjustment of the initial authorisation to pay advance dividends as of 1 January 2017, in accordance with certain specific application requirements and subject to consolidated EBITDA of at least €75m and consolidated Group cash, after payment of the dividend, of at least €85m.

In view of the dates of the aforementioned rulings and the conditions precedent attached to these rulings, the consolidated financial statements at 31 October 2016 have been prepared in accordance with the terms of the Safeguard Plan as approved on 29 September 2014, i.e. the presentation of current and non-current debt on the balance sheet is not affected by the aforementioned modified rulings.

The potential impact of the amended plan, and its repayment schedules, is set out in Note 16 of Section 20.2.1.

Operations

At the end of September 2016, the Juan-les-Pins casino left the Garden Beach hotel, sold in 2015, to move to a site of around 1,000 m2 in the city centre, and benefit from lower operating expenses.

The Palm Beach casino in Cannes obtained the town's approval and a licence from the Minister of the Interior to transfer its activities to the 3.14 Hotel in Cannes. Redevelopment works currently in progress will authorise the relocation before the 2017 Cannes Film Festival is held.

Construction of the new La Ciotat casino is continuing and the transfer of operations will take place in June 2017. The innovative design of this casino, which is open to the outside, will make it possible to offer games on the terrace, making it the first casino designed to offer a new gaming experience and to win back clients who wish to smoke while playing.

Other redevelopment works are due to begin in Aix-en-Provence, Royat, Dieppe, La Roche-Posay and Saint-Amand-les-Eaux.

Lastly, the construction of the new Pornic casino is due to begin in the second half of financial year 2017, with an expected completion date of October 2018.

In addition, the discussions initiated in June 2016 concerning the sale of Cannes Balnéaire SA – holder of the effective right of occupancy of the Palm Beach site in Cannes, which it leased under a commercial lease agreement to Casino de la Pointe Croisette – are continuing.

In view of these factors and the solidity of the trends observed in terms of both turnover and profits, Groupe Partouche is confident about financial year 2017.

ACTIVITY OF SUBSIDIARIES

GROSS GAMING REVENUE BY ENTITY			
€000 AT 31 OCTOBER	2016	2015	2014
CASINO-MEYRIN (Suisse)	53 634	52 354	50 748
CASINO-AIX-EN-PROVENCE	46 589	45 915	44 981
CASINO-CHARBONNIÈRE (LYON VERT)	41 479	40 964	40 739
CASINO-SAINT-AMAND	37 739	35 325	34 825
CASINO-DIVONNE	34 945	36 666	31 981
CASINO-FORGES	33 201	32 827	31 347
CASINO-LYON (PHARAON)	33 088	32 704	32 953
CASINO-LA GRANDE-MOTTE	25 938	24 859	23 496
CASINO-ANNEMASSE	25 045	25 242	25 831
CASINO-OSTENDE (Belgium)	20 609	21 273	20 912
CASINO-PORNICHET	18 434	18 009	16 777
CASINO-HYÈRES	16 839	16 250	15 922
CASINO-NICE-PALAIS	15 397	15 037	14 427
CASINO-LE HAVRE	14 620	14 223	13 378
CASINO-LA ROCHE-POSAY	14 574	14 372	14 237
CASINO-CRANS-MONTANA	13 538	13 631	12 785
CASINO-BANDOL	13 045	12 707	12 105
CASINO-PALAVAS	12 787	12 389	11 435
CASINO-JUAN-LES-PINS	11 333	11 217	11 913
CASINO-ROYAT	11 261	11 104	11 308
CASINO-CANNES-PALM BEACH	11 150	6 499	11 202
CASINO-SAINT-GALMIER	10 983	10 309	11 165
CASINO-VICHY GRAND CAFÉ	10 552	7 708	7 669
CASINO-PORNIC	9 414	8 720	8 444
CKO BETTING OSTENDE * (Belgium)	9 146	7 358	7 537
CASINO-DIEPPE	8 372	8 564	8 218
CASINO-PLOUESCAT	7 988	7 549	7 306
CASINO-LA CIOTAT	7 409	6 793	6 433
CASINO-BOULOGNE	7 392	7 006	6 761
CASINO-CALAIS	6 594	6 456	6 364
CASINO-CABOURG	6 167	5 659	5 366
CASINO-BERCK	5 276	5 502	5 291
CASINO-VAL ANDRÉ	5 258	4 904	4 526
CASINO-AGON COUTAINVILLE	4 877	4 649	4 350
CASINO-ANDERNOS	4 550	4 259	4 203

GROSS GAMING REVENUE BY ENTITY			
€000 AT 31 OCTOBER	2016	2015	2014
CASINO-PLOMBIÈRES	4 271	3 736	3 534
CASINO-GRÉOUX-LES-BAINS	3 759	3 281	3 576
CASINO-ARCACHON	3 738	3 493	3 613
CASINO-TOUQUET	3 641	3 505	3 554
CASINO-CONTREXÉVILLE	3 437	2 760	2 829
CASINO-ÉVAUX	2 606	2 265	2 190
CASINO-LA TREMBLADE	2 398	2 322	2 348
CASINO-SALIES	1 775	1 844	1 849
CASINO-DJERBA	669	1 148	1 128
CASINO-VICHY 4 CHEMINS	242	2 879	3 887
CASINO-CHAUDFONTAINE (LOISIRS)	-	1 637	6 833
CASINO-LA TRINITÉ	-	1 213	2 204
CASINO DINANT (Belgium)	-	-	1 503
CASINO-KNOKKE (ECK-Belgium)	-	-	964
CASINO-HAUTEVILLE-LOMPNES	-	-	548
CASINO TABARKA (Tunisia)	-	-	-
TOTAL GGR	**635 759**	**619 084**	**617 496**

(*) GGR from this entity is related to sports betting.

TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	2016	2015	2014
CASINO-MEYRIN (Switzerland)	28 883	28 594	26 889
CASINO-DIVONNE	25 641	26 103	24 006
CASINO-AIX-EN-PROVENCE	24 740	24 899	24 434
CASINO-FORGES	23 533	23 585	22 541
CASINO-SAINT-AMAND	23 001	22 336	21 922
CASINO-CHARBONNIÈRE (LYON VERT)	22 855	22 600	21 929
CASINO-LYON (PHARAON)	15 488	15 273	15 185
CASINO-OSTENDE (Belgium)	14 730	15 530	15 036
CASINO-LA GRANDE-MOTTE	14 499	14 009	13 172
CASINO-ANNEMASSE	11 811	11 880	11 982
CASINO-CRANS-MONTANA (Switzerland)	10 716	11 007	10 202
CASINO-PORNICHET	10 709	10 737	9 791
CASINO-LE HAVRE	10 407	10 047	9 734
CASINO-HYÈRES	8 969	8 600	8 216
CASINO-NICE-PALAIS	8 765	8 780	7 945
CASINO-LA ROCHE-POSAY	8 305	8 233	8 168
CASINO-CANNES-PALM BEACH	7 791	5 732	7 778
CASINO-BANDOL	6 814	6 610	6 062

TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	2016	2015	2014
CASINO-ROYAT	6 787	6 400	6 357
CASINO-PALAVAS	6 721	6 495	5 832
CASINO-PORNIC	6 646	6 210	6 025
CASINO-VICHY GRAND CAFÉ	6 542	5 188	5 044
CASINO-JUAN-LES-PINS	5 994	6 212	6 457
CASINO-SAINT-GALMIER	5 925	5 540	5 869
CASINO-CABOURG	5 586	5 291	4 885
CASINO-DIEPPE	5 573	5 549	5 148
CASINO-PLOUESCAT	4 898	4 665	4 419
CASINO-BOULOGNE	4 679	4 434	4 246
CASINO-VAL ANDRÉ	4 427	4 088	3 710
CASINO-LA CIOTAT	4 151	3 821	3 557
CASINO-CALAIS	3 888	3 742	3 574
CASINO-BERCK	3 276	3 458	3 340
CASINO-TOUQUET	3 250	3 270	3 160
CASINO-PLOMBIÈRES	3 011	2 601	2 304
CASINO-ANDERNOS	2 950	2 683	2 616
CASINO-AGON COUTAINVILLE	2 771	2 666	2 472
CASINO-ARCACHON	2 602	2 416	2 367
CASINO-GRÉOUX-LES-BAINS	2 476	2 246	2 298
CASINO-CONTREXÉVILLE	2 278	1 955	1 886
CASINO-SALIES	2159	2 142	2 093
CASINO-ÉVAUX	1 933	1 724	1 610
CASINO-LA TREMBLADE	1 818	1 751	1 686
CASINO-DJERBA	801	1 258	1 401
CASINO-VICHY 4 CHEMINS	200	2 045	2 747
CASINO-LA TRINITÉ	48	1 030	1 539
CASINO-CHAUDFONTAINE (LOISIRS)	-	1 094	4 964
CASINO DINANT (Belgium)	-	-	1 111
CASINO-KNOKKE (ECK-Belgium)	-	-	701
CASINO-HAUTEVILLE-LOMPNES	-	-	457
CASINO TABARKA (Tunisia)	-	-	-
CASINO-SAN ROQUE	-	-	-
CASINOS TOTAL	**379 044**	**374 530**	**368 863**
HÔTEL-AIX-AQUABELLA	6 649	6 630	6 335
HÔTEL-CANNES-3.14	4 100	4 805	4 673
HÔTEL-CONTREX-COSMOS	1 629	1 681	1 552
HÔTEL-VAL ANDRÉ-SINOCA	42	24	120

TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	2016	2015	2014
HÔTEL-CONTREX-GRAND HÔTEL DU PARC	28	28	21
HOTEL-LYON-HIL	23	23	7 652
HÔTEL-JUAN-GARDEN BEACH	-	1 023	7 340
HOTELS TOTAL	**12 472**	**14 213**	**27 692**
CKO BETTING OOSTENDE	8 095	6 549	6 708
APPOLONIA	2 248	1 349	1 300
THERMES-AIX -CBAP (spa resort)	2 241	2 270	2 331
BARATEM	453	514	500
PARTOUCHE TECHNOLOGIE	160	44	37
GROUPE PARTOUCHE	156	193	193
SARL THERM'PARK	131	150	180
BELCASINOS	68	140	132
PARTOUCHE IMAGES	53	112	1 324
SCI RUE ROYALE	42	38	38
PARTOUCHE IMMOBILIER	32	35	35
CANNES BALNÉAIRES	7	28	25
SCI FONCIÈRE DE VITTEL ET CONTREXÉVILLE	2	2	2
PARTOUCHE SPECTACLES	1	-	112
ELYSEE PALACE (EPSA)	-	82	88
INTERNATIONAL GAMBLING SYSTEMS	-	80	55
PARTOUCHE BETTING LTD	-	10	-
CHM	-	3	4
PARTOUCHE TOURNOIS	-	0	0
PI GIBRALTAR	-	-	20
PARTOUCHE PRODUCTION	-	-	1
CASINO VIRGINIAN DE RENO	-	-	0
PASINO BET (formerly P. Gaming)	-	-	-
PARTOUCHE INTERACTIVE	-	-	-
WS BACKGAMMON	-	-	-
SCI PIETRA PORNIC	-	-	-
PARTOUCHE IMAGES AFRIQUE	-	-	-
OTHER TOTAL	**13 687**	**11 599**	**13 086**
TOTAL TURNOVER	**405 203**	**400 342**	**409 641**

9.2 COMPANY FINANCIAL POSITION AND PERFORMANCE (PARENT COMPANY FINANCIAL STATEMENTS)

The 12-month period under review, which ran from 1 November 2015 to 31 October 2016, was covered by the Groupe Partouche SA Safeguard Plan, approved in a ruling by the Paris Commercial Court on 29 September 2014. The key highlights of this financial year were as follows:

- the recapitalisation of our subsidiaries Casino de la Pointe Croisette, Grand Casino du Havre, Partouche Spectacles & Évènements and Centre de Formation Professionnelle des Casinos in the amount of €37.4m in total;
- repayment of the syndicated loan in the amount of €21.5m and repayment of €2.2m on the shareholder advance.

Turnover for the financial year was stable at €10.9m, mainly consisting of €9.4m in fees paid by subsidiaries.

Operating income totalled €12.3m compared with €12.8m in 2015, and operating expenses were €18.8m compared with €19.3m in 2015. This fall was mainly due to a self-supply entry of €1.4m in the year-earlier period, with a balancing entry for the same amount recognised in operating income.

The company posted an operating loss of €6.5m, in line with the loss posted in 2015.

Financial income totalled €39.1m (up €2.5m), including €11.9m in dividends paid by subsidiaries, and financial expenses rose from €25.9m in 2015 to €42.8m in 2016. Financial income and expense was impacted in particular by changes in provisions and reversals of provisions for securities and receivables relating to the recapitalisation of subsidiaries. The reduction in interest expenses of €1.4m corresponds to the saving on the cost of the syndicated loan. The company posted a net financial expense of €3.7m, compared with income of €10.7m in 2015.

Exceptional items represented a slight loss of €0.1m, with no transactions of note within this amount.

Under its tax consolidation agreement, the company recognised a Group tax expense of €1.3m in respect of the financial year ended 31 October 2016 and a tax saving of €12.5m.

In light of the above items, the company posted a net profit for the year of €1.0m, compared with €15.0m in 2015.

With respect to assets, net fixed assets totalled €650.5m, a slight increase of €3.8m, and current assets came to €190.5m, down €15.2m, mainly due to the reduction in cash and investments in the amount of €16.4m.

With respect to equity and liabilities, equity increased slightly by €1.0m to €421.9m.

Bank borrowings and debt were down €21.5m year on year, after the payment on 15 December 2015 of an instalment due on the syndicated loan of the same amount. The principal amount outstanding at 31 October 2016 was €153.3m.

Other liabilities increased by €11.2m, including €11.1m under “Subsidiaries and associates”.

PROPOSED APPROPRIATION OF INCOME FOR FINANCIAL YEAR 2016

NET PROFIT TO 31 OCT 2016 (€)	972 181
Legal reserve	48 609
Retained earnings	923 572
After appropriation, retained earnings will amount to:	**149 822 200**

10 CASH AND CAPITAL RESOURCES

10.1 INFORMATION CONCERNING THE GROUP'S EQUITY

Please refer to Note 11 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2016.

Please refer to Note 11 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2015.

Please refer to Note 14 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2014.

10.2 THE GROUP'S CONSOLIDATED CASH FLOWS

Please refer to Note 13 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2016.

Please refer to Note 13 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2015.

Please refer to Note 28 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2014.

10.3 INFORMATION REGARDING ANY RESTRICTIONS ON THE USE OF CAPITAL RESOURCES THAT HAVE MATERIALLY AFFECTED, OR COULD MATERIALLY AFFECT, DIRECTLY OR INDIRECTLY, THE COMPANY'S OPERATIONS

10.3.1 FINANCIAL STRUCTURE, CASH FLOWS

Please refer to Note 9.3 of Section 20.2.1 related to bank debt and to Note 9.2 of Section 20.2.1 relating to cash and cash equivalents for financial year 2016.

Please refer to Note 9.3 of Section 20.2.1 related to bank debt and to Note 9.2 of Section 20.2.1 relating to cash and cash equivalents for financial year 2015.

Please refer to Note 17 of Section 20.2.1 related to bank debt and to Note 13 of Section 20.2.1 relating to cash and cash equivalents for financial year 2014.

Please refer to Note 16 of Section 20.2.1 and to Section 4.1.1 for information on the Safeguard Procedure (procédure de sauvegarde) for Groupe Partouche SA.

10.3.2 CASH POOLING AGREEMENT

Groupe Partouche has a signed cash pooling agreement with all of its subsidiaries.

This agreement provides a strong incentive to subsidiaries to invest their cash surpluses with Groupe Partouche SA to obtain a rate of return on cash that is higher than the market rates. Groupe Partouche SA can thereby ensure the cash requirements of certain subsidiaries are met and can invest the cash surpluses in an optimal manner. This management is handled by the Finance Department.

This organisation thus allows a certain measure of independence to be achieved in the cash management of subsidiaries.

It should be noted that the Swiss casinos (Meyrin and Crans-Montana), in light of applicable regulations, invest their cash surpluses themselves.

10.3.3 RESTRICTIONS ON THE TRANSFER OF FUNDS FROM ABROAD

For the two Swiss casinos owned by the Group, Meyrin and Crans-Montana, the country's legal constraints prohibit the transfer of funds except for dividend distributions.

10.4 10.4 INFORMATION REGARDING THE ANTICIPATED SOURCES OF FUNDS NEEDED TO FULFIL COMMITMENTS REFERRED TO IN ITEMS 5.2.3 AND 8.1

Please refer to Section 4.1.2 "Liquidity risks" and Section 5.2.5 "Relations between investments and financing activities".

11

RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

Groupe Partouche invests in innovative projects through its subsidiary Partouche Interactive.

Partouche Images, whose activities in France were discontinued due to changes in the law, transferred its businesses abroad. This company continues to provide dynamic, interactive systems for broadcasting and enabling participation in games made available both on television and online.

Partouche Images already has its own unique system that allows real-time interaction with a TV game show using a smartphone, a tablet or a computer.

Appolonia and Partouche Technologies focus their efforts on designing and developing applications, information systems and electronic products dedicated to use in casinos (virtual slot machine chip system to replace physical chips, various digital games, management software, etc.).

All these projects are aimed at improving customer service and optimising costs.



12 TREND INFORMATION

Groupe Partouche has not communicated about activity trends since the end of the financial year ended 31 October 2016.

Financial information at 31 January 2017 will be published in the evening of Wednesday, 15 March 2017.

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COMPANY PROJECTIONS AND TARGETS

In its press release dated 16 July 2014 entitled "Information regarding the Safeguard Plan", in Section B: "Forward-looking data", Groupe Partouche informed the public about provisional data from a business plan for the period from 2014 to 2024 drawn up with the support of a specialised firm to facilitate discussions to the syndicate of lenders in connection with the Safeguard Procedure of Groupe Partouche SA.

Since then, significant divestments have been made during the past three financial years, affecting the aggregates in question (activity, profitability, investments) on the one hand, and the repayment schedule for the syndicated loan on the other. Modifications have been made to the amount and the timescale of the investment programme. Lastly, the gaming industry now operates in a better environment. Thus, even if some of the hypotheses used to draw up this business plan remain sound, the global presentation, which cannot constitute a profit forecast (for the reasons mentioned in Section 13 of the 2015 Annual Report), has become less relevant and the reference to provisional elements is no longer valid.

14 ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 INFORMATION ON MANAGEMENT BODIES

14.1.1 SUPERVISORY BOARD

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP *
PATRICK PARTOUCHE **BORN ON 13 JUNE 1964 IN ORAN (ALGERIA)** 44 964 shares held	Co-opted to replace Isidore Partouche by decision of the Supervisory Board at its meeting held on 18 March 2011, approved by the Shareholders' Meeting held on 29 April 2011	31 October 2019	Chairman of the Supervisory Board	Chairman of the Executive Board of Financière Partouche SA	Director: Société Européenne des Grands Restaurants SA (Paris) Ispar Holding SA (Fribourg) Chairman and member of the Executive Committee: Mereal Biometrics SAS Chairman: Groupe Partouche Bahamas Limited (Bahamas)

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP *

IN FRANCE:

Chairman of the Supervisory Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Chairman of the Board of Directors, Director: Partouche Interactive SA (Paris)
Chairman: Partouche Immobilier SAS (Paris)
Deputy General Manager: Compagnie Européenne de Casinos SAS (Paris)
Deputy General Manager and Director: Eden Beach Casino SA (Juan-les-Pins), Cannes Balnéaire SA (Cannes), Casino de la Pointe Croisette SAS (Cannes)
Director: Casino de Saint-Amand SAS (Saint-Amand-les-Eaux), Le Touquet's SAS (Calais), Société du Casino et des Bains de Mer SAS (Dieppe), Société d'exploitation du Casino de Contrexéville SAS, Grand Casino de Lyon SAS, Forges Thermal SA (Forges-les-Eaux), Société du Grand Casino d'Annemasse SA (Annemasse), Société Touristique Thermale et Hôtelière de Divonne SA - "TTH Divonne" (Divonne-les-Bains), Partouche Technologies SAS (Saint-Avertin), Société d'exploitation du Casino de Divonne SAS - "SECD" (Divonne-les-Bains), Holding Garden Pinède SAS (Paris), SA Société Immobilière Cannosta (Cannes)
Corporate Manager: Sek SARL (Paris)
Member of the Executive Committee: Partouche Images SAS (Paris), Partouche Images Afrique SAS (Paris)
Permanent Representative:
- Legal entity of Compagnie Européenne de Casinos SAS (Paris), Director of Développement de la Baie de Kernic SAS (Plouescat), Casino de Pornichet SAS (Pornichet) and Casino de Mole SAS (Pornic)

OUTSIDE FRANCE:

Chairman of the Board of Directors, Deputy Director: Belcasinos SA (Belgium), Grand Casino de Djerba SA (Tunisia)
Director: Grand Casino de Tabarka SA (Tunisia), Casino Kursaal Oostende SA (Belgium), Club Privé du Casino de Knokke (Belgium)
CKO Betting SA (Belgium)
Permanent Representative: Groupe Partouche SA, Director of Groupe Partouche International SA (Belgium)

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP *	
ISIDORE PARTOUCHE **BORN ON 21 APRIL 1931** **IN TREZEL (ALGERIA)** 116 092 shares held directly; 288 628 shares held indirectly	Ordinary Shareholders' Meeting of 20 June 1996	31 October 2019	Vice-Chairman of the Supervisory Board	Chairman of the Supervisory Board of Financière Partouche SA	**IN FRANCE:** Managing Director: Société Européenne des Grands Restaurants SA (Paris) Director: Socle SA (Lille), Losc SA (Lille) **OUTSIDE FRANCE:** Chairman: Société Enderbury GR LTD (Cayman Islands) Chairman, Director: Ispar Holding SA (Switzerland)	
GASTON GHRENASSIA AKA ENRICO MACIAS **BORN ON 11 DECEMBER 1938 IN CONSTANTINE (ALGERIA)** 7 shares held	Co-opted to replace Jacques Benhamou by decision of the Supervisory Board at its meeting held on 11 December 1998	31 October 2019	Member of the Supervisory Board	Singer	Director: Société Européenne des Grands Restaurants SA (Paris)	
HUBERT BENHAMOU **BORN ON 15 DECEMBER 1948 IN TIARET (ALGERIA)** 66,238 shares held directly; 2,927 shares held indirectly	Shareholders' Meeting held on 29 April 2011	31 October 2016 Resigned on 1 November 2016	Member of the Supervisory Board until 31 October 2016	Managing Director of Société Touristique Thermale Hôtelière de Divonne	Director: Shal & Co SA (Luxembourg)	

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP *

IN FRANCE:
Vice-Chairman of the Supervisory Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman of the Supervisory Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Chairman, Director: Compagnie Européenne de Casinos SAS - "CEC" (Paris), Société du Casino de Saint-Amand SAS (Saint-Amand-les-Eaux)
Director: Casinos du Touquet SAS (Le Touquet), Société du Casino et des Bains de Mer SAS (Dieppe), Grand Casino de Cabourg SAS (Cabourg), Société du Casino Municipal de Royat SAS (Royat), Casino de Palavas SAS (Palavas-les-Flots), Forges Thermal SA (Forges-les-Eaux), Sathel SA (La Tour de Salvagny), Société Touristique Thermale et Hôtelière de Divonne SA - "TTH Divonne" (Divonne-les-Bains), Société de Brasseries et Casinos SA "Les Flots Bleus" (La Ciotat), Cannes Balnéaire SA (Cannes), Société du Casino Municipal d'Aix Thermal SA (Aix-en-Provence), Eden Beach Casino SA (Juan-les-Pins), Holding Garden Pinède SAS (Paris)
Corporate Manager: SCI Foncière de Vittel et Contrexéville (Contrexéville), SCI Les Thermes (Aix-en-Provence), Société Civile Immobilière et Mobilière Partouche ("SCIMP") (Paris)

Permanent representative of:
- Legal entity of Compagnie Européenne de Casinos SAS, Director of Casino de La Grande-Motte SAS.

OUTSIDE FRANCE:
Chairman, Deputy Director: Groupe Partouche International SA - "GPI" (Belgium)
Director: Le Grand Casino de Djerba SA (Tunisia)

IN FRANCE:
Member of the Supervisory Board of Groupe Partouche SA and Financière Partouche SA (with Executive Board and Supervisory Board) (Paris)

IN FRANCE:
Member of the Supervisory Board of Groupe Partouche SA with Executive Board and Supervisory Board (Paris) until 31 October 2016
Managing Director, Director: Société Touristique Thermale et Hôtelière de Divonne SA - TTH Divonne (Divonne-les-Bains)
Director: Société du Grand Casino d'Annemasse SA, Société d'exploitation du Casino de Divonne - "SECD" (Divonne-les-Bains)

OUTSIDE FRANCE:
Chairman, Director, member: Club Privé du Casino de Knokke (Belgium)
Director: Groupe Partouche International SA (Belgium), Grand Casino de Djerba SA (Tunisia), Belcasinos SA (Belgium)

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP *	
WALTER BUTLER BORN ON 16 AUGUST 1956 IN RIO DE JANEIRO (BRAZIL) 1 share held	Shareholders' Meeting held on 29 April 2011	31 October 2016	Member of the Supervisory Board	Managing Director of Butler Capital Partners SA	Managing Director: Butler Industries SA, Butler Capital Partners SA, WB Debt Partners SA Chairman: Eden Innovations SAS, Doc SA, FBT Developpement SAS, Amstar Entreprises SAS, NXO Expansion SAS, NXO France SAS Director: NXO Experts SAS, NXO Securite SAS Corporate Manager: SCI 30 Albert 1er Member of the Supervisory Board: Corum Asset Management SAS Representing Butler Capital Partners as Chairman: Financière Accès Industrie SAS, Access Investissement SAS, ANS Holding SAS Representative of Butler Capital Partners on the Supervisory Board: Accès Industrie SA Permanent representative of Butler Capital Partners at the Board of Directors: Holdings Sports & Événements SA Representative of Butler Capital Partners on the Supervisory Committee: Colfilm SAS Representing FBT Développement as Chairman: Fichet-Bauche Télésurveillance SA **OUTSIDE FRANCE:** Director of the English companies: Butler Investment Managers Limited, Butler Management Limited, Almas Industries Ltd, and ALMAS Industries UK ltd Chairman of the Swiss company: Nexis Fibers Holding Chairman of the Supervisory Board of the following German company: Safetic AG SA Corporate Manager of the following Luxembourg limited liability company (SARL): GP Lux Investissements Director of the following Belgian companies: Econom SA, Butler Industries Benelux SA	

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP *

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP *	
LAURENT PARQUET **BORN ON 27 JULY 1965 IN BRIVE-LA-GAILLARDE (FRANCE)**	Supervisory Board Meeting held on 13 September 2016 to replace Lionel Mestre	31 October 2016	Permanent representative of Butler Capital Partners Member of the Supervisory Board		Chairman of the Board of Directors of Nxo Experts and Nxo Securite SAS Vice-Chairman of the Supervisory Board of SAS Nxo France Vice-Chairman of the Board of Directors and Director of SAS Nxo Expansion Permanent representative of Amstar Entreprises on the Board of Directors of SA Butler Industries Representative of Ans Holding as Director of ANovo Comlink Espana Slu and Anovo Iberica Madrid Slu	
BUTLER CAPITAL PARTNERS **PERMANENT REPRESENTATIVE: LAURENT PARQUET** 76,621 shares held directly; 1,200,399 shares held indirectly	Co-opted on 12 December 2012	31 October 2016	Member of the Supervisory Board		Chairman: Financière Accès Industrie SAS, Accès Investissements SAS, ANS Holding SAS, Christian Bernard SAS Member of the Supervisory Board: Acces Industrie SA Member of the Supervisory Committee: Colfilm SAS Director: Holdings Sports et Événements SA	
DANIEL COHEN **BORN ON 27 OCTOBER 1962 IN CASABLANCA (MOROCCO)** 150 shares held	Supervisory Board Meeting held on 13 December 2011 in replacement of Maurice Sebag, who resigned	31 October 2019	Member of the Supervisory Board	Chairman of Zalis SAS (Toulouse)	Chairman: Zalis SAS (Toulouse), FVM SA (Villers-la-Montagne) Independent Director: Arche Industrie (Paris) Corporate Manager: SCI Cohen Investissements (Toulouse)	
VÉRONIQUE MASI FORNERI **BORN ON 12 MAY 1963 IN NICE (FRANCE)** 69 shares held	Shareholders' Meeting held on 24 April 2014	31 October 2019	Member of the Supervisory Board	General Manager of Adelphos SAS (Neuilly-sur-Seine)	Member of the Board of Directors: Erda Accentus Association – education, research and artistic development (Paris)	
SALOMÉ PARTOUCHE **BORN ON 19 SEPTEMBER 1989 IN DIEPPE** 5 shares held	Co-opted in replacement of Hubert Benhamou, who resigned on 1 November 2016		Member of the Supervisory Board	Co-Corporate Manager: SCI Sany (Saint-Ouen)	**OUTSIDE FRANCE:** Director: International Gambling Systems SA (Belgium)	

The business address of the members of the Supervisory Board with regard to their functions within Groupe Partouche is the registered office of Groupe Partouche (141 bis rue de Saussure - 75017 Paris - France).

(*) The aforementioned mandates are in force except for those whose date of expiration is expressly indicated.

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP *

14.1.2 MEMBERS OF THE EXECUTIVE BOARD

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP *
FABRICE PAIRE **BORN ON 10 OCTOBER 1969 IN MONTMORENCY (FRANCE) (VAL D'OISE)** 377 shares held	Supervisory Board Meeting held on 3 November 2008	30 October 2019	Chairman of the Executive Board		Member of the Executive Committee: Mereal Biometrics SAS (Paris) Corporate Manager: SCI Haute Bourgeois (Paris), Sci Faroy Mu (Paris) Director: Ispar Holding SA (Switzerland)

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP *

IN FRANCE:

Chairman of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman, Director: Ludica SAS (Paris), Grand Casino de Bandol SAS, Compagnie pour le Développement du Tourisme Hyérois SAS, Partouche Technologies SAS (Saint-Avertin), Société d'Exploitation du Casino et Hôtels de Contrexéville SAS, Société Touristique de La Trinité SAS (Paris).
General Manager, Director: Partouche Interactive SA (Paris)
Deputy General Manager: Partouche Spectacles et Événements SAS (Paris), Compagnie Européenne de Casinos SAS (Paris)
Member of the Executive Committee: Partouche Images SAS (Paris), Partouche Images Afrique SAS (Paris)
Director: Le Touquet's SAS (Calais), Développement de la Baie de Kernic SAS (Plouescat), Casino de Pornichet SAS, Casino du Mole SAS (Pornic), Société du Casino Municipal de Royat SAS, Société d'exploitation du Casino de Divonne - "SECD" (Divonne-les-Bains), Casinos de Vichy SAS, Société des Chemins de Fer et Hôtel de Montagne aux Pyrénées SA - "CHM" (Paris), Élysée Palace Expansion SA (Paris), Casino de La Grande-Motte SAS, Casino de Palavas SAS (Palavas-les-Flots), Pasino Bet SAS (La Grande Motte)

Permanent Representative:
- Legal entity of Compagnie Européenne de Casinos SAS, Director of Casino de Coutainville SA and of Le Miami SA (Andernos)
- Legal entity of Groupe Partouche SA, Director of Complexe Commercial de la Roche-Posay SA, Plombinoise de Casino SAS, Société d'Exploitation du Casino de la Rotonde SAS (Pléneuf-Val-André), Casino du Grand Café SAS (Vichy), Société du Casino du Palais de la Méditerranée SAS (Nice), Casino de Salies-de-Béarn SAS, Société d'Activités Thermales Hôtelières et de Loisirs - "Sathel" (La Tour de Salvagny), Société du Grand Casino de Gréoux-les-Bains SAS, Société du Casino d'Arcachon SA, Société du Grand Casino de Cabourg SAS, Casino d'Evaux-les-Bains SAS, Grand Casino du Havre SAS, Casino de la Tremblade SAS, Casino de la Pointe Croisette SAS (Cannes), Société Touristique Thermale et Hôtelière de Divonne SA (Divonne-les-Bains), Société Forges Thermal SA (Forges-les-Eaux), Eden Beach Casino SA (Juan-les-Pins), Casino Le Lion Blanc SAS (Saint-Galmier), Société du casino de St Amand les Eaux SAS, Grand casino de Lyon SAS
- Legal entity of Groupe Partouche SA, Corporate Manager of SCI Rue Royale (Paris)
Corporate Manager: Société du Casino de Bourbon Lancy SARL, Quarisma SARL (Paris), Partouche Tournois SARL (Paris), SCI du Casino de la Tremblade
Co-Corporate Manager: Appolonia SARL (Antibes)

OUTSIDE FRANCE:

Director: Casino Kursaal Oostende SA (Belgium), CKO Betting SA (Belgium)
Deputy Director: Belcasinos SA (Belgium), Casino de Chaudfontaine SA (Belgium)
Deputy Director, Member: Cercle Privé du Casino de Spa (Belgium), Club Privé du Casino d'Ostende (Belgium)

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP *	
ARI SEBAG **BORN ON 25 SEPTEMBER 1961 IN TIARET (ALGERIA)** 5 682 shares held	Supervisory Board Meeting held on 20 June 1996	30 October 2019	Member of the Executive Board	Member of the Executive Board General Manager of Financière Partouche SA	Corporate Manager: SCI Elisa (Paris) General Manager: Groupe Partouche Bahamas Limited	
KATY ZENOU **BORN ON 6 AUGUST 1961 IN TIARET (ALGERIA)** 9 972 shares held	Supervisory Board Meeting held on 20 June 1996	30 October 2019	Member of the Executive Board	Member of the Executive Board General Manager of Financière Partouche SA		
JEAN-FRANCOIS LARGILLIÈRE	Supervisory Board Meeting held on 30 October 2013	30 October 2019	Member of the Executive Board	Deputy General Manager, Director of Société Touristique Thermale et Hôtelière de Divonne SA		

The business address of the members of the Executive Board with regard to their functions within Groupe Partouche is the registered office of Groupe Partouche (141 bis, rue de Saussure, 75017 Paris, France)

(*) The aforementioned mandates are in force except for those whose date of expiration is expressly indicated.

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP *

IN FRANCE:
Member of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
General Manager and Member of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Managing Director, Director: Forges Thermal SA (Forges-les-Eaux)
Chairman, Director: Société du Casino et Bains de Mer de Dieppe SAS, Casino du Grand Café SAS (Vichy), Casino de Salies de Béarn SAS, Casino Le Lion Blanc SAS (Saint-Galmier), Société d'Exploitation du Casino de Divonne SAS - "SECD" (Divonne-les-Bains), Casino Municipal de Royat SAS (Royat), Développement de la Baie de Kernic SAS (Plouescat), Casinos de Vichy SAS (Vichy), Partouche Spectacles & Evénéments SAS (Paris), Casino de la Tremblade SAS
Chairman of the Board of Directors: Le Miami SA (Andernos), Société du Casino d'Arcachon SA, Élysée Palace Hôtel SA (Paris)
Chairman: Association Biennale d'Art Contemporain du Havre - ABACH
Deputy General Manager, Director: Grand Casino du Havre SAS
General Manager: Partouche Immobilier SAS (Paris)
Director: Casino de Coutainville SA, Cannes Balnéaires SA (Cannes), Holding Garden Pinède SAS (Paris), Société du Grand Casino de Cabourg SAS (Cabourg), Société Touristique de La Trinité (Paris), Partouche Technologies SAS (Saint-Avertin), Le Touquet's SAS (Calais), Société du Casino de Saint-Amand SAS (Saint-Amand-les-Eaux), Société du Grand Casino de Gréoux-les-Bains SAS, Plombinoise de Casino SAS (Plombières-les-Bains), Société de L'Élysée Palace SA (Paris), Société d'Activités Thermales Hôtelières et de Loisirs SA - "Sathel" (La Tour de Salvagny), Pasino Bet SAS (La Grande Motte)
Corporate Manager: Hôtel Cosmos SARL (Contrexéville), Grands Hôtels du Parc SARL (Contrexéville), Centre de Formation Professionnelle des Casinos SARL - "CFPC" (Paris), Partouche Productions SARL (Paris), SCI Pietra Pornic (Paris), SCI Pietra St Amand (Paris)
Member of the Executive Committee: Partouche Images SAS (Paris), Partouche Images Afrique SAS (Paris)
Co-Corporate Manager: Appolonia SARL (Antibes)

Permanent Representative:
- Legal entity of Groupe Partouche SA, Director of Numa SAS (Boulogne), Grand Casino de Bandol SAS, Casino de Pornichet SAS, Compagnie pour le Développement du Tourisme Hyérois SAS (Hyères), Casino de La Grand Motte SAS, Casino du Mole SAS (Pornic), Société d'Exploitation du Casino et Hôtels de Contrexéville SAS, Société des Brasseries et Casinos SA - "Les Flots Bleus" (La Ciotat), Société du Grand Casino d'Annemasse SA, Jean Metz SAS (Berck)
- Legal entity of Compagnie Européenne de Casinos SAS, Director of Casino d'Évaux-les-Bains SAS, Complexe Commercial de La Roche-Posay SA, Société du Casino du Palais de la Méditerranée SAS (Nice), and Société d'Exploitation de la Rotonde SAS (Pléneuf-Val-André)

OUTSIDE FRANCE:
Chairman of the Board of Directors: Casino de Chaudfontaine SA (Belgium), Club Privé du Casino d'Oostende (Belgium), Cercle Privé du Casino de Spa (Belgium)
Director: Groupe Partouche International SA - "GPI" (Belgium), Casino Kursaal Oostende SA (Belgium), Belcasinos SA (Belgium)
Permanent Representative:
- Groupe Partouche International SA, Director of Grand Casino de Djerba SA (Tunisia)
- Belcasinos SA, Chairman, Director of CKO Betting SA (Belgium) and of Casino Kursaal Oostende SA (Belgium)

IN FRANCE:
Member of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
General Manager and Member of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
General Manager, Director: Société de L'Élysée Palace SA (Paris)
Deputy General Manager and Director: Casino du Touquet SAS (Le Touquet)
Director: Numa SAS (Boulogne-sur-Mer), Baratem SA (Le Touquet)
Permanent representative of the following legal entities:
- Groupe Partouche SA, Director of Cannes Balnéaire SA (Cannes), Société du Casino Municipal de Royat SAS
- Compagnie Européenne de Casinos SAS, Director of Société du Casino d'Arcachon SA, Compagnie pour le Développement du Tourisme Hyérois SAS

OUTSIDE FRANCE:
Director: Groupe Partouche International SA - "GPI" (Belgium)

IN FRANCE:
Member of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman, Director: Casino de Palavas SAS (Palavas-les-Flots)
Director and Deputy General Manager: Société Touristique Thermale et Hôtelière de Divonne SA (Divonne-les-Bains)
Director: Le Miami SA (Andernos)
Permanent representative of the legal entity Groupe Partouche SA, Director of Casino de Coutainville SA
Co-Corporate Manager: SCI Palavas Investissement (Palavas les Flots)


LAYERS PLUS
CASH

14.1.3 TYPE OF FAMILY RELATIONSHIPS BETWEEN MEMBERS OF THE EXECUTIVE AND SUPERVISORY BOARDS

DIRECTION OF RELATIONSHIP ▶▶	ISIDORE PARTOUCHE	GASTON GHRENASSIA	PATRICK PARTOUCHE	HUBERT BENHAMOU	SALOMÉ PARTOUCHE	WALTER BUTLER	DANIEL COHEN	VERONIQUE FORNERI	ARI SEBAG	KATY ZENOU	FABRICE PAIRE	JEAN-FRANCOIS LARGILLIERE
ISIDORE PARTOUCHE	-	-	Father	Uncle	Grandfather	-	-	-	Uncle	Uncle	-	-
GASTON GHRENASSIA	-	-	-	-	-	-	-	-	-	-	-	-
PATRICK PARTOUCHE	Son	-	-	Cousin	Father	-	-	-	Cousin	Cousin	-	-
HUBERT BENHAMOU	Nephew	-	Cousin	-	Cousin	-	-	-	Cousin	Cousin	-	-
SALOMÉ PARTOUCHE	Granddaughter	-	Daughter	Cousin	-	-	-	-	Cousin	Cousin	-	-
WALTER BUTLER	-	-	-	-	-	-	-	-	-	-	-	-
DANIEL COHEN	-	-	-	-	-	-	-	-	-	-	-	-
VERONIQUE FORNERI	-	-	-	-	-	-	-	-	-	-	-	-
ARI SEBAG	Nephew	-	Cousin	Cousin	Cousin	-	-	-	-	Cousin	-	-
KATY ZENOU	Niece	-	Cousin	Cousin	Cousin	-	-	-	Cousin	-	-	-
FABRICE PAIRE	-	-	-	-	-	-	-	-	-	-	-	-
JEAN-FRANCOIS LARGILLIÈRE	-	-	-	-	-	-	-	-	-	-	-	-

14.1.4 PROFESSIONAL EXPERIENCE

▸ **Isidore Partouche** arrived in France in 1965. In 1973 he took over the Saint Amand casino, thus laying the foundations of a business that brought together his brothers and sisters. During the following years he carried out a succession of takeovers, acquisitions and creations of casinos in France. In 1995, Groupe Partouche was the first French casino operator to carry out an initial public offering on the stock market, giving credibility to an industry which had suffered image problems until then. As the Group's Chairman, in 1998 he inaugurated its first Pasino in Djerba, a concept incorporating a gaming and leisure centre that he created. The second Pasino, the biggest casino in France, was opened in 2001 in Aix-en-Provence. In 1999, he opened the first casino in a major French city, Le Pharaon in Lyon. In 2002, he launched a successful counter-offer, opposing Accor, by means of a Public Cash Offer for the CEC, which propelled his Group into the position of European leader.

▸ **Patrick Partouche** arrived in France in 1965. He terminated his university studies in 1982 to join the business founded by his father Isidore Partouche. He took on his first operational position in the group at age 25, when he was appointed General Manager of the Dieppe casino, and held this position from 1989 to 1993. In 1993, he became Managing Director of Casino Eden Beach in Juan-les-Pins. In 1998, he took part in the acquisition of the Carlton casino and of Palm Beach in Cannes, which he obtained the authorisation to open in August 2002. As General Manager of Groupe Partouche until 2004, he assumed responsibility for the Group's business in South East France and was also in charge of marketing, communication and new technologies. He focused particularly on strategic issues and questions. He was Chairman of the Executive Board of Groupe Partouche from 31 January 2005 until 18 March 2011, when he was co-opted to the Supervisory Board.

▸ **Gaston Ghrenassia (aka Enrico Macias)** provides Groupe Partouche with his extensive knowledge and irreplaceable experience of live shows, which the casinos are legally required to provide.

▸ **Hubert Benhamou** arrived in France in 1962 at the age of 13. He actively participated in the growth of the Group by managing several significant establishments from 1973 to 1996. He then held the position of Chairman of the Executive Board of Groupe Partouche until 31 January 2005. He remained CEO and an Executive Board member of Groupe

Partouche until 2007, after which he took part in representing the profession as Chairman of the Syndicat des Casinos Modernes de France and in restoring the fortunes of Groupe de Divonne, acquired in September 2005.

▸ **Walter Butler** is a graduate of the ENA and head of the tax inspectorate. He is Chairman of Butler Capital Partners, which he founded in 1991. Over the last twenty years, Butler Capital Partners has invested in dozens of European companies including BDDP, Ipsos, Groupe Flo, SNCM, PSG, France Champignon, 1001 Listes, and Atys.
Before founding Butler Capital Partners, Butler was Executive Director of Goldman Sachs in New York. He was Chairman of the AFIC, member of the French Council for Economic Analysis. He is a member of the steering committee of the French Strategic Investment Fund (FSI).

▸ **Daniel Cohen** has managed several medium-sized and large companies in the technology sector. He created several companies and subsidiaries where he managed growth, mergers and restructuring in preparation for stock exchange listing in the following sectors: video games, multimedia, computing, technology, media, audio-visual, and telecoms. These companies gave him the latitude to manage units from 10 to 500 employees. An expert in strategy and the founding chairman of Zalis, which he created at the end of 2001, he managed around 50 assignments, acquired a reputation in turning round ailing companies thanks to his expertise in risk management, regarding both technical and financial aspects.

▸ After studying the history of art, **Véronique Masi Forneri** opened a gallery in the Carré Rive Gauche where she built up an upmarket international clientele of collectors of 18th century French furniture. She quickly combined this with a decoration consulting business in France and abroad which enabled her to meet important decision-makers in the industrial and financial sectors. These contacts led her to take her career in a new direction, providing promotion and development activities in France and abroad through the finance company Adelphos SAS.

▸ **Salomé Partouche** Partouche is a multi-disciplinary artist. She did a preparatory course at the Ateliers de Sèvres in Paris and graduated with a Fine Arts degree specialising in video from Central Saint-Martins, part of the University of the Arts of London. She set up her workshop on returning to France. Growing up in the world of the games and entertainment business, she acquired a unique vision and awareness of the casino professions in which her family has made its fortune. She is continuing the family business into the third generation.

▸ **Fabrice Paire** has a degree in Internal Audit and Chartered Accountancy (equivalent) (University of Paris Dauphine). He started his career with an Audit and Advisory firm, where he became a partner. He was in charge of the statutory audits of many of Groupe Partouche's casinos. He joined the latter in 2001 as administrative manager. Patrick Partouche appointed him company secretary of the Group in 2005; he became Managing Director in 2008 and Chairman of the Executive Board of the Group in 2011.

▸ **Ari Sebag** has a degree in business law and tax (University Paris 1 - 1984). After spending three years with a law firm and an experience in audiovisual production, he joined Groupe Partouche in 1989 as General Manager of Forges-Les-Eaux Casino. As General Manager and member of the Executive Board of Groupe Partouche following its initial public offering in 1995, he focuses on international business development while assuming operating responsibility of the establishments in northwest France.

▸ **Katy Zenou** joined the gaming business before the end of her business studies degree, as an employee in all departments. Over the last twenty years she has managed several casinos and provides a woman's perspective on this business, which is particularly important given the spectrum of the group's customer base.

▸ **Jean-François Largillière** has a degree from the Compiègne school of hotel management. He began his career at the Voile d'Or in Saint-Jean Cap Ferrat, then joined the Accor Group at the Grand Hôtel de Cabourg and completed several training programmes at the Académie Accor. He then took part in the opening of the Park Hotel in Aix-les-Bains on the occasion of the 1992 Winter Olympics. It was during this period that he joined Groupe Partouche, when it acquired the Européenne de Gestion Hôtelière (EGH). He pursued his career in several of the Group's hotel establishments, including the Mercure Centre Thiers in Nancy and the Méridien Part-Dieu in Lyon, and in February 2003 he was appointed general manager of the Aquabella hotel in Aix-en-Provence. In November 2008, he took the reins of the Domaine de Divonne hotel, an establishment containing a casino with 292 slot machines and table games, a four-star hotel with 133 rooms, and an 18-hole golf course.

14.1.5 ADDITIONAL INFORMATION

Each member of the Supervisory Board must own at least one share.

14.1.6 CONDEMNATIONS, BANKRUPTCIES, SANCTIONS, ETC.

To the best of the Company's knowledge, none of these people has been subject to the following during the five years prior to the date of registration of this document:

- condemnation for fraud;
- bankruptcy, sequestration of assets, liquidation as company officer, executive partner or CEO;
- prohibition by a court of law to act as a member of a management, executive or supervisory body of the issuer or participate in the management or the business operations of the issuer;
- incrimination and/or official public condemnation handed down by statutory or regulatory authorities (including designated professional bodies).

14.2 CONFLICTS OF INTEREST WITHIN ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.2.1 INDEPENDENCE OF EXECUTIVE BODIES

The Company is not aware of any potential conflicts of interest between responsibilities towards the issuer of any of the members of the Executive Board, or members of the Supervisory Board and their private interests and/or other duties.

The Supervisory Board applies the five qualification criteria outlined by the MiddleNext code for independent members of the Supervisory Board, namely that the member:

- is not an employee or corporate officer of the Company or of any other Group company, and has not been during the past five years;
- has no significant business relationship (client, supplier, competitor, service provider, creditor, or banker) with the Company or Group, and has not had such business relationship during the past two years;
- does not have any close relationship or family ties with a corporate officer or reference shareholder of the Company;
- has not been Statutory Auditor of the Company during the past six years.

It is stated that none of the members of the administrative, management and supervisory bodies are concerned by the provisions of Section 14.2 (arrangements or understandings entered into) of Annex I of Commission Regulation (EC) No. 809/2004.

Lastly, no restrictions have been accepted by any member of the management, executive or supervisory bodies in respect of the disposal, within a specific period, of their interest in the share capital of the issuer, aside from the partial lock-up commitment agreed upon with BCP, discussed in Section 18.3.

14.2.2 TRANSACTIONS IN SECURITIES BY GROUPE PARTOUCHE SENIOR EXECUTIVES

Members of the Supervisory Board must own at least one share. Otherwise, no restrictions have been accepted by any member of the management, executive or supervisory bodies in respect of the disposal, within the period of their ownership interest in the share capital of the issuer.

During the financial year ended 31 October 2016:

Fabrice Paire, Chairman of the Executive Board, acquired 110 shares;

Isidore Partouche, Vice-Chairman of the Supervisory Board, acquired 55,754 shares;

Hubert Benhamou, Member of the Supervisory Board, acquired 49,304 shares;

Daniel Cohen, Member of the Supervisory Board, sold 928 shares.

14.3 INTERNAL RULES OF PROCEDURE FOR THE SUPERVISORY BOARD

The guiding principles for the Supervisory Board's operations are presented in the internal rules of procedure adopted on 27 October 2005.

ARTICLE 1. STRATEGIC ORIENTATIONS

All important decisions pertaining to employment policies and labour-management relations as well as the strategic, economic, social, financial or technological orientations of the Company require the approval of the Supervisory Board, which also supervises their implementation by the Executive Board.

The Group's medium-term orientations are laid down in the form of a strategic plan, a draft of which is prepared and presented by the Executive Board for approval and adoption by the Supervisory Board. This draft notably includes forecasts for the development of the Group's main operating and financial indicators. In conjunction with this strategic plan, the Executive Board presents an annual budget proposal.

The Executive Board is responsible for implementing the orientations of the strategic plan.

ARTICLE 2. INFORMATION PROVIDED TO THE MEMBERS OF THE SUPERVISORY BOARD

In addition to the agenda of each meeting, the members of the Supervisory Board are individually provided with sufficient documentation to ensure that their decisions may be made in full possession of the facts concerning each of the issues before the meeting.

At each meeting of the Supervisory Board, its Chairman informs all members of the significant facts and events affecting the business of the Group that have come to pass or have been brought to his attention since its last meeting.

On the occasion of at least each review of the quarterly, half-yearly and annual financial statements, it seeks information

from the finance director and the accounts department, and reviews the scope of the consolidated companies.

When it reviews the half-year and annual financial statements, in addition consulting with the finance and accounts directors, the Supervisory Board questions the Auditors and receives their observations.

ARTICLE 3. CONTROL BY THE SUPERVISORY BOARD

The Supervisory Board may be convened by the Chairman to hear a proposal in support of a control or verification mission. In all circumstances, the Supervisory Board considers the matter at hand as quickly as possible.

Should the Supervisory Board decide that the control or verification needs to be performed, it enters into discussions to determine the objective and the procedures to be followed and either carries out the mission itself or entrusts it to one of its committees, one of its members or a third party.

Should the Supervisory Board decide that the control or verification mission shall be performed by one of its members or by a third party, the mission is defined under the terms and conditions set forth in Article 4.

The Chairman determines the conditions for the execution of the control or verification mission. In particular, the necessary measures are taken to ensure that the conduct of the mission disturbs the Group's operations as little as possible. Where required, employees of the Group are invited to appear before the Supervisory Board.

The Chairman ensures that the information required for control or verification is provided to the party carrying out the mission.

Irrespective of the party performing the control or verification mission, the conduct of such a mission does not authorise this party to intervene in any manner whatsoever in the Group's business operations.

A report is presented to the Supervisory Board upon the conclusion of the control or verification mission. The Supervisory Board then determines the actions to be taken based on these conclusions.

ARTICLE 4. OPTION TO ENTRUST A MISSION TO A MEMBER OF THE SUPERVISORY BOARD

Should the Supervisory Board decide to entrust a mission to one (or several) of its members or to one (or several) third parties, it enters into discussions to define the main parameters of the mission. Where the party or parties entrusted with the mission are members of the Supervisory Board, they are not allowed to participate in any votes pertaining to these determinations.

On the basis of the Supervisory Board's decisions, a proposed mission letter is prepared under the direction of the Chairman, which includes the following elements:

- a statement of the precise objective of the mission;
- the desired format for the mission report;
- the duration of the mission;
- the remuneration due, if applicable, to the party executing the mission, as well as the terms and conditions for payment of these sums to this party;
- indication, where applicable, of the ceiling for the reimbursement of travel and all other expenses incurred by the party that are related to the execution of the mission.

The mission report is distributed by the Chairman to the members of the Supervisory Board.

ARTICLE 5. SUPERVISORY BOARD COMMITTEES

To support its missions and to undertake preparatory work for its meetings, the Supervisory Board has formed a number of committees.

In these Rules of Procedure, the Supervisory Board sets forth the roles and responsibilities of each of these committees. Each committee drafts proposals, prepares recommendations or issues opinions, as applicable, in its particular area of expertise. To achieve these ends, the committees may decide to commission studies as necessary to facilitate the deliberations of the Supervisory Board.

The Supervisory Board appoints the members and the Chairman of each committee. Committee members are expected to attend meetings in person, or if necessary by way of telecommunication or videoconferencing methods.

Each committee decides how often meetings take place at the registered office or any other location set by its Chairman, who convenes each meeting at least five calendar days before the meeting date. The Chairman of each committee also establishes the agenda for its meetings and forwards this information to the Chairman of the Supervisory Board.

To reach a quorum, at least half of the members of a committee need be present.

Each committee deliberates on the basis of a simple majority of its present or represented members.

The Chairman of each committee may decide to invite one or several external persons without voting rights to certain meetings. He informs the Chairman of the Supervisory Board of the names of the persons he wishes to invite to a meeting.

The referral procedure for matters to be handled by committees functions as follows:

- Each committee handles all matters falling within the area of expertise assigned to it by these rules of procedure and determines its own annual schedule;
- It may be referred by the Supervisory Board with any matter falling within its specific area of expertise, and each committee may request that the Chairman of another committee convene a meeting with a specific agenda.

Each committee may decide, if required, on its other operational procedures. On a regular basis, it ensures that, under the responsibility of its Chairman, its rules and operational procedures help the Supervisory Board take valid decisions on matters in its field of competence.

ARTICLE 6. AUDIT COMMITTEE

The Audit Committee is responsible for the internal management control procedures and the reliability and clarity of the information to shareholders, banks and markets.

The Audit Committee effects an annual and half-year examination of the financial statements and consolidated financial

statements and periodically examines internal control procedures and more generally all the procedures for auditing accounting or management that are in force within the Group.

It also acts as an intermediary between the Supervisory Board and the Statutory Auditors of the Group, and reviews their audit reports.

It studies modifications of accounting standards applied in the preparation of financial statements, as well as any non-compliance with such standards.

Any event exposing the Group to a significant risk is referred by the Chairman of the Supervisory Board to the Audit Committee for its review.

The Audit Committee may request that an internal or external audit or survey be performed on any subject that it considers to be relevant to its mission. Should it decide that such an audit or survey is required, its Chairman notifies the Supervisory Board.

The expenses incurred for all missions of the Audit Committee, and in particular for surveys and audits performed, are paid by the company.

The Audit Committee may convene a meeting on any matter it considers to be relevant to its mission.

ARTICLE 7. APPOINTMENTS AND COMPENSATION COMMITTEE

The Appointments and Compensation Committee's task is to determine the remuneration of the members of the Executive Board, and to obtain, through the Executive Board, information relating to the remuneration and status of the Directors of the Group whose remuneration exceeds 120,000 euros.

The committee does not determine the allocation methods for bonuses in advance.

ARTICLE 8. MEETINGS OF THE SUPERVISORY BOARD

Acting upon a proposal from its Chairman, each year the Supervisory Board decides upon the meeting calendar for the following year.

This meeting calendar includes the dates for regular meetings of Supervisory Board (first- and third-quarter meetings, first-half results, meeting in advance of the Annual Shareholders' Meeting, etc.) and, on a provisional basis and subject to modification, the dates to be reserved by members of the Supervisory Board for possible special meetings.

The Chairman decides upon the agenda for each meeting of the Supervisory Board, which he communicates in a timely fashion and by all appropriate methods to all its members.

The documents required to ensure that decisions by members of the Supervisory Board on issues before the meeting included on the agenda received from the Chairman may be made in full possession of the facts are forwarded to the members of the Supervisory Board no less than 48 hours in advance of the meeting, with the exception of urgent matters or where there is a need to maintain complete confidentiality.

On the recommendation of its Chairman, the Supervisory Board may discuss urgent matters not included in the agenda received by members at any of its meetings.

ARTICLE 9. PARTICIPATION IN SUPERVISORY BOARD MEETINGS VIA VIDEOCONFERENCING

The Chairman is responsible for ensuring that reliable videoconferencing methods are made available to members of the Supervisory Board who do not reside in the Paris region or who live abroad, as well as to those who find themselves in distant locations for legitimate purposes, so as to allow them to participate in the meetings of the Supervisory Board.

Where the place that the Supervisory Board is convened is not the Company's registered office, the Chairman takes the necessary measures to ensure that the members of the Supervisory Board who have decided to attend the meeting can participate via the abovementioned means.

Members of the Supervisory Board who participate in meetings by way of videoconferencing or other telecommunication methods shall be deemed present when calculating the quorum and the majority.

The videoconferencing methods chosen must meet technical specifications guaranteeing effective participation in the meeting whose deliberations must be communicated without interruption. Should the equipment used not meet such specifications, the members in question shall not be deemed present and, in the absence of a quorum, the meeting of the Supervisory Board shall need to be adjourned.

The attendance register for the meetings of the Supervisory Board must mention, where applicable, which of its members have participated by way of videoconferencing.

In addition, the minutes of Supervisory Board meetings must indicate the names of members participating by way of videoconferencing.

The minutes must also note the occurrence of any technical incidents affecting a videoconferencing session when such an incident caused the meeting to be interrupted.

The preceding provisions are not applicable to the adoption of decisions of the nature specified under Article 9, Sections 1 and 3, of Act 83-675 of 26 July 1983, and under Articles L. 225-47, L. 225-53, L. 225-55, L. 232-1 and L. 233-16 of the French Commercial Code.

ARTICLE 10. DUTY OF CONFIDENTIALITY IMPOSED UPON MEMBERS OF THE SUPERVISORY BOARD

The members of the Supervisory Board are required to maintain absolute secrecy with respect to the content of discussions and deliberations of the Supervisory Board and its committees as well as the information presented.

As a general rule, the members of the Supervisory Board are obliged to refrain from communicating outside the Company, and in particular to the press, in their capacities as members.

The Chairman brings to the attention of the members of the Supervisory Board the information to be released to the various markets, as well as the contents of press releases distributed for this purpose in the name of the Group.

In the event of a proven breach of confidentiality by one of the members of the Supervisory Board, following discussion with the Chairmen of all Committees assembled for this

purpose, the Chairman of the Supervisory Board reports to the entire body on the course of action, potentially including legal consequences that he intends to pursue with respect to this breach.

ARTICLE 11. DUTY OF INDEPENDENCE IMPOSED UPON MEMBERS OF THE SUPERVISORY BOARD

In the performance of his or her duties, each member of the Supervisory Board must make decisions based on the Company's best interests and without regard to any other interests.

Each member of the Supervisory Board is required to inform the Chairman of any situation with the potential to create a conflict of interest between his or her personal interests and the interests of the company or of any of the Group's subsidiaries. Where appropriate, the Chairman requests the opinion of the Remuneration Committee. Based on the outcome of this procedure, it is the responsibility of the Supervisory Board member involved to take any action necessary, pursuant to applicable laws.

The members of the Supervisory Board must register the shares they hold in the Company upon their appointment as well as those they acquire while serving their term in office.

The members of the Supervisory Board inform the Chairman and the Autorité des Marchés Financiers (AMF) of any transactions involving shares in the Company to which they have been a party.

The members of the Supervisory Board must refrain from:

- carrying out any transaction involving shares in publicly listed Group companies while in possession of privileged information;
- engaging, either directly or indirectly, in any short selling of these shares.

The first prohibition applies in particular during the preparation and presentation of the Group's half-yearly, yearly and quarterly results.

It also applies exceptionally where the preparation of certain projects or operations justifies this prohibition.

The Chairman sets or confirms the start and end dates for the preparation periods mentioned and communicates these dates to the members of the Supervisory Board in a timely fashion.

The Chairman reports to the Supervisory Board on the measures taken to ensure that employees of the Group having access to information by virtue of their positions and/or participating as members of the teams involved in the operations concerned comply with these rules of procedure.



15 REMUNERATION AND BENEFITS

15.1 AMOUNT OF REMUNERATION AND BENEFITS PAID

15.1.1 REMUNERATION ALLOTTED TO THE EXECUTIVE AND SUPERVISORY BOARDS BY GROUPE PARTOUCHE SA

The total remuneration paid to the Executive and Supervisory bodies during the financial year ended 31 October 2016 amounted to €1,965,386.

15.1.2 REMUNERATION OF COMPANY OFFICERS

A) SUMMARY OF THE REMUNERATION OF EACH SENIOR EXECUTIVE OFFICER

Pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code, all remuneration received from Groupe Partouche during the financial year ended 31 October 2016 is summarised in the table below on an individual basis:

FINANCIAL YEAR ENDED	31/10/2016		31/10/2015		31/10/2014	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
MEMBERS OF THE SUPERVISORY BOARD						
Patrick Partouche – Chairman of the Supervisory Board						
Fixed remuneration	518 085	518 085	518 085	518 085	518 085	518 085
Exceptional remuneration						
Directors' fees	12 000	12 000	12 000			
Benefits in kind *	6 915	6 915	6 915	6 915	6 915	6 915
Total	537 000	537 000	537 000	525 000	525 000	525 000
Isidore Partouche – Vice-Chairman of the Supervisory Board						
Fixed remuneration	120 000	120 000	120 000	120 000	120 000	120 000
Exceptional remuneration						
Directors' fees	22 111	22 111	22 768	12 768		
Benefits in kind						
Total	142 111	142 111	142 768	132 768	120 000	120 000
Gaston Ghrenassia – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	2 000	2 000	2 000			
Benefits in kind						
Total	2 000	2 000	2 000		-	-

FINANCIAL YEAR ENDED	31/10/2016		31/10/2015		31/10/2014	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
Hubert Benhamou, Member of the Supervisory Board (resigned on 1 November 2016)						
Fixed remuneration	6 000	6 000	6 000	6 000	6 000	6 000
Exceptional remuneration			667	667		
Directors' fees	10 000	12 000	12 000			
Benefits in kind	8 005	8 005	8 001	8 001	8 002	8 002
Total	24 005	26 005	26 668	14 668	14 002	14 002
Walter Butler – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	10 000	6 000	6 000			
Benefits in kind						
Total	10 000	6 000	6 000	-	-	-
Lionel Mestre, Member of the Supervisory Board (BCP Representative, replaced by Laurent Parquet with effect from 13 September 2016)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	12 000	10 000	10 000			
Benefits in kind						
Total	12 000	10 000	10 000	-	-	-
Daniel Cohen – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	10 000	10 000	10 000			
Benefits in kind						
Total	10 000	10 000	10 000	-	-	-
Véronique Masi Forneri – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	6 000	6 000	6 000			
Benefits in kind						
Total	6 000	6 000	6 000	-	-	-
MEMBERS OF THE EXECUTIVE BOARD						
Fabrice Paire – Chairman of the Executive Board						
Fixed remuneration	360 000	360 000	353 000	353 000	318 000	318 000
Exceptional remuneration	30 000	30 000				
Directors' fees						
Benefits in kind	6 859	6 859	7 207	7 207	4 062	4 062
Total	396 859	396 859	360 207	360 207	322 062	322 062

FINANCIAL YEAR ENDED	31/10/2016		31/10/2015		31/10/2014	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
Ari Sebag, Member of the Executive Board, General Manager						
Fixed remuneration	402 583	402 583	402 583	402 583	402 583	402 583
Exceptional remuneration						
Directors' fees						
Benefits in kind *	8 330	8 330	8 266	8 266	8 204	8 204
Total	410 913	410 913	410 849	410 849	410 787	410 787
Katy Zenou, Member of the Executive Board, General Manager						
Fixed remuneration	233 924	233 924	233 924	233 924	233 924	233 924
Exceptional remuneration						
Directors' fees						
Benefits in kind						
Total	233 924	233 924	233 934	233 924	233 924	233 924
Jean-François Largillière – Member of the Executive Board						
Fixed remuneration	168 000	168 000	164 000	164 000	144 429	144 429
Exceptional remuneration	14 000	14 000			10 000	10 000
Directors' fees						
Benefits in kind *	2 574	2 574	610	610	463	463
Total	184 574	184 574	164 610	164 610	154 892	154 892

(*) Benefits in kind for Patrick Partouche are in respect of insurance, those for Ari Sebag are in respect of insurance and accommodation, those for Hubert Benhamou are in respect of a company car, and those for Fabrice Paire and Jean-François Largillière are in respect of membership in the GSC social security regime for company managers.

All the components of compensation are fixed amounts, apart from the exceptional bonuses paid to Fabrice Paire and Jean-François Largillière in respect of their corporate offices.

Tables No. 4, 5, 6, 7, 8, 9 and 10 specified in Appendix 2 of Position/Recommendation No. 2014-14 of the French Financial Market Authority (AMF) do not apply.

B) SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED DURING THE FINANCIAL YEAR TO EACH SENIOR EXECUTIVE OFFICER BY THE ISSUER AND/OR ANY OTHER SUBSIDIARY

Company officers have not in the past benefited from – and do not currently benefit from – any share subscription or purchase options.

C) PERFORMANCE SHARES AWARDED TO EACH SENIOR EXECUTIVE OFFICER

Company officers have not in the past benefited from – and do not currently benefit from – any performance shares.

D) EMPLOYMENT CONTRACTS, SPECIFIC RETIREMENTS PLANS, INDEMNITIES FOR DEPARTURES, NON-COMPETITION CLAUSE IN FAVOUR OF THE SENIOR EXECUTIVE OFFICERS

	EMPLOYMENT CONTRACT		COMPLEMENTARY RETIREMENT PLAN		INDEMNITIES OR ADVANTAGES DUE OR LIKELY TO BE DUE UPON DEPARTURE OR CHANGE OF POSITION		INDEMNITIES RELATED TO A NON-COMPETITION CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
SUPERVISORY BOARD								
Patrick Partouche *Chairman of the Supervisory Board* *First appointment: 18 March 2011* *End of office: 31 October 2019*		X		X		X		X
Isidore Partouche *Vice-Chairman of the Supervisory Board* *First appointment: 20 June 1996* *End of office: 31 October 2019*		X		X		X		X
Gaston Ghrenassia *Member of the Supervisory Board* *First appointment: 11 December 1998* *End of office: 31 October 2019*		X		X		X		X
Hubert Benhamou (resigned on 01/11/2016) *Member of the Supervisory Board* *First appointment: 29 April 2011* *End of office: 31 October 2016*		X		X		X		X
Walter Butler *Member of the Supervisory Board* *First appointment: 29 April 2011* *End of office: 31 October 2016*		X		X		X		X
Lionel Mestre (replaced by Laurent Parquet with effect from 13/09/2016) *Member of the Supervisory Board* *First appointment: 11 June 2014* *End of office: 31 October 2016*		X		X		X		X

	EMPLOYMENT CONTRACT		COMPLEMENTARY RETIREMENT PLAN		INDEMNITIES OR ADVANTAGES DUE OR LIKELY TO BE DUE UPON DEPARTURE OR CHANGE OF POSITION		INDEMNITIES RELATED TO A NON-COMPETITION CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Daniel Cohen *Member of the Supervisory Board* *First appointment: 13 December 2011* *End of office: 31 October 2019*		X		X		X		X
Véronique Masi Forneri *Member of the Supervisory Board* *First appointment: 24 April 2014* *End of office: 31 October 2019*		X		X		X		X
DIRECTOIRE								
Fabrice Paire * *Chairman of the Executive Board* *First appointment: 3 November 2008* *End of office: 30 October 2019*	X			X		X		X
Ari Sebag *Member of the Executive Board / General Manager* *First appointment: 20 June 1996* *End of office: 30 October 2019*		X		X		X		X
Katy Zenou *Member of the Executive Board / General Manager* *First appointment: 20 June 1996* *End of office: 30 October 2019*		X		X		X		X
Jean-François Largillière *Member of the Executive Board* *First appointment: 30 October 2013* *End of office: 30 October 2019*		X		X		X		X

(*) Pre-existing employment contract with Groupe Partouche SA.

15.1.3 DIRECTORS' FEES PAID TO THE MEMBERS OF THE SUPERVISORY BOARD

For the 2015-16 financial year, €70,000 in directors' fees was allocated by Groupe Partouche to the members of the Supervisory Board and paid in full in January 2017, along with the €2,000 outstanding balance of the 31 October 2015 allocation, for a total of €72,000.

15.2 TOTAL AMOUNTS SET ASIDE OR ACCRUED BY THE ISSUER OR ITS SUBSIDIARIES TO PROVIDE PENSION, RETIREMENT OR SIMILAR BENEFITS

The total amount set aside in respect of retirement benefits for the past financial year for all persons listed in Section 14.1 was €12,071.



16

OPERATION OF DIRECTORS' AND EXECUTIVE BODIES

16.1 APPOINTMENTS OF DIRECTORS AND EXECUTIVE COMPANY OFFICERS

On the members of the Supervisory Board:

- The appointments of Walter Butler, Butler Capital Partners represented by Laurent Parquet, and Salomé Partouche, co-opted by the Supervisory Board on 13 December 2016 in replacement of Hubert Benhamou, who resigned with effect from 1 November 2016, will expire at the end of the next Annual Ordinary Shareholders' Meeting convened to approve the financial statements for the financial year ended 31 October 2016 and to decide upon the renewal of these appointments.
- Those of Isidore Partouche, Patrick Partouche, Daniel Cohen, Gaston Ghrenassia and Véronique Masi Forneri will expire at the end of the Annual Shareholders' Meeting convened to approve the financial statements for the financial year ended 31 October 2019.

On the Executive Board, the appointments of members Katy Zenou, Fabrice Paire, Ari Sebag and Jean-François Largillière will expire on 30 October 2019.

16.2 SERVICE CONTRACTS PROVIDING FOR BENEFITS UPON TERMINATION OF EMPLOYMENT

Please refer to the special report of the Statutory Auditors on regulated agreements and commitments in Section 19.

SERVICE CONTRACTS INVOLVING FINANCIERE PARTOUCHE SA

Financière Partouche SA holds 6,433,585 shares (i.e. 66.45%) of the 9,681,560 shares with a par value of €20 each that make up Groupe Partouche SA's share capital.

Financière Partouche is a company with an Executive Board and a Supervisory Board chaired by Isidore Partouche, which has entered into the centralised cash pooling agreement concluded between Group companies and Groupe Partouche SA.

Furthermore, Groupe Partouche and Financière Partouche are parties to a subordinated shareholder's advance agreement, concluded on 26 August 2003, governing the advance granted by Financière Partouche to Groupe Partouche, which has been amended and supplemented by three riders, signed on 26 April 2005, 30 September 2005 and 30 October 2009. Upon the completion of negotiations with the pool of banks, this amended and supplemented agreement contained the following main clauses:

1. SHAREHOLDER'S ADVANCE AGREEMENT

The shareholder's advance maturing on 31 December 2015 was repaid as described below, in application of the judgment of the Paris Commercial Court dated 29 September 2014 governing the Safeguard Plan of Groupe Partouche SA.

The restructuring of the debt of Financière Partouche under the shareholder's advance was discontinued according to the following three terms (see Section 4.1.2):

(a) Payment to Financière Partouche, within one month following the Paris Commercial Court's adoption of the Safeguard Plan, of an amount equalling precisely the amount of the first dividend to be paid by Financière Partouche in implementing its own Safeguard Plan. This payment, set at €9,886,500, was made for the year ended 31 October 2014;

(b) Payment of the remaining balance due to Financière Partouche in eight annuities, according to the following schedule:

1st annuity:	(15/12/2015)	10,0 % du solde
2nd annuity:	(15/12/2016)	10,0 % du solde
3rd annuity:	(15/12/2017)	10,0 % du solde
4th annuity:	(15/12/2018)	12,5 % du solde
5th annuity:	(15/12/2019)	12,5 % du solde
6th annuity:	(15/12/2020)	12,5 % du solde
7th annuity:	(15/12/2021)	15,0 % du solde
8th annuity:	(15/12/2022)	17,5 % du solde

This repayment schedule is likely to be revised with the application of Groupe Partouche's modified plan, as detailed in Note 16 of Section 20.2.1.

(c) The interest that continues to accrue under the shareholder's advance will be calculated and paid as part of the Safeguard Plan according to the same terms applicable before the Safeguard Procedure was opened, i.e. the outstanding debt on the shareholder's advance at a rate equal to the 1-, 2-, 3- or 6-month Euribor plus a margin of 2.00% per annum for the shareholder's advance and a rate of 0.8% for the current account.

2. SUBORDINATION AGREEMENT

Before the Safeguard Procedure (procédure de sauvegarde) was initiated, repayment of the syndicated loan took precedence over the repayment of the shareholder's advance.

No dividends or interest were paid by Groupe Partouche to Financière Partouche under the subordinated shareholder's advance or for any other motive except for repayments from the surplus cash flow system already in place.

Under the terms of the Paris Commercial Court ruling of 29 September 2014 on the Groupe Partouche SA Safeguard Plan, the subordination agreement was adjusted to serve the sole purpose of implementing the Safeguard Plan, and, if and only if that plan is scrupulously executed, the purpose of clearing the debt described above in Section 1 "Shareholder's advance agreement".

SERVICE CONTRACTS INVOLVING ISPAR HOLDING SA

Ispar Holding SA, which is controlled and chaired by Isidore Partouche, provides assistance and advisory services to the Group's casinos in Switzerland.

It holds 288,624 shares in the Company, representing 2.98% of the share capital.

SERVICE CONTRACTS INVOLVING SHAL & CO SA

Shal & Co, a company controlled and chaired by Hubert Benhamou, entered into a management consultancy agreement with Groupe Partouche for some of its subsidiaries.

Except for the information provided here above and as provided in 16.2 of Annex I of Commission Regulation (EC) No. 809/2004 of 29 April 2004, there are no other service contracts entered into by members of the administrative, management or supervisory bodies of the issuer or of any of its subsidiaries providing for benefits upon termination of employment.

16.3 EXECUTIVE AND SUPERVISORY BOARDS

16.3.1 EXECUTIVE BOARD

See Articles 16 to 19 of the Articles of Association.

COMPOSITION OF THE EXECUTIVE BOARD

Fabrice Paire, Chairman of the Executive Board
Ari Sebag, Member
Katy Zenou, Member
Jean-François Largillière, Member

MEETINGS OF THE EXECUTIVE BOARD

The Executive Board met six times during the financial year ended 31 October 2016, and two times after the balance sheet date at the date of registration of this document, with an attendance rate of 100%.

FUNCTIONING OF THE EXECUTIVE BOARD

As provided by Article 18.1 of the Articles of Association, the Executive Board's decisions are taken based on the majority of the votes of its members. Voting by proxy is prohibited. In the event of a tie, the Chairman casts the deciding vote.

For more information, please refer to Section 21.2.2 of this document.

MAIN WORK PERFORMED IN FINANCIAL YEAR 2016

The meetings of the Executive Board during the financial year ended 31 October 2016 were concerned with the preparation and presentation of the detailed activity reports submitted to the Supervisory Board at the end of quarterly, half-yearly and annual periods. These reports allow the Supervisory Board to completely fulfil its role.

MEETINGS TO REVIEW THE ACCOUNTS:

- Quarterly: 7 December 2015 (Q4 2015), 15 February 2016 (Q1 2016), 6 June 2016 (Q2 2016), 12 September 2016 (Q3 2016); after the balance sheet date: 12 December 2016 (Q4 2016);
- Interim consolidated financial statements: 22 June 2016;
- Consolidated financial statements for the year ended 31 October 2015: 18 January 2016; after the balance sheet date: 16 January 2017 (approval of the financial statements for the year ended 31 October 2016).

16.3.2. SUPERVISORY BOARD

See Articles 20 to 23 of the Articles of Association.

COMPOSITION OF THE SUPERVISORY BOARD

Supervisory Board:

Patrick Partouche, Chairman

Isidore Partouche, Vice-Chairman

Gaston Ghrenassia, Member

Walter Butler, Member

Hubert Benhamou, Member, resigned on 1 November 2016, replaced by Salomé Partouche, co-opted by the Supervisory Board on 13 December 2016

Daniel Cohen, Member

Véronique Masi Forneri, Member

Butler Capital Partners, with Laurent Parquet serving as its Permanent Representative and designated during the financial year in replacement of Lionel Mestre

FUNCTIONING OF THE SUPERVISORY BOARD

Please refer to Section 21.2.2 of this document.

MEETINGS OF THE SUPERVISORY BOARD

During the financial year ended 31 October 2016, the Supervisory Board met six times, with an attendance rate of more than 90%, and two times after the financial year-end.

PREPARATORY WORK IN ADVANCE OF BOARD MEETINGS

Supervisory Board members receive accounting documents and, in general, all documents relating to the items on the agenda for the Board meeting, ten days before the meeting, on average.

EVALUATION OF SUPERVISORY BOARD MEMBERS

Methods used by the Group to evaluate the performance of Supervisory Board members, in line with the recommendations of the Viénot report, aim above all to provide assurance to shareholders that Supervisory Board members have the skills and expertise necessary to carry out their responsibilities.

This is one of the chief concerns of the Chairman of the Supervisory Board and dovetails with the working methods applied within the Group.

Certain members of the Supervisory Board, such as Isidore Partouche, Patrick Partouche and Hubert Benhamou, have over thirty years' experience and a highly honed set of skills and knowledge of the leisure business, particularly of gaming establishments; others, such as Mr Butler, Mr Cohen, Mr Mestre, and Mr Parquet (permanent representative of BCP), have expertise in business development and investment, financial strategy or risk management; others, such as Ms Forneri and Mr Ghrenassia, have valuable artistic expertise, as does Salomé Partouche, who also represents the third generation of this family group.

The Supervisory Board evaluates the performance of its members once a year. During the financial year under review, this evaluation was on the agenda of the meeting on 13 September 2016 and did not identify any failings with the potential to adversely impact the Company.

Company officers do not receive any variable component of remuneration based on individual or collective performance or progress.

MAIN WORK PERFORMED IN FINANCIAL YEAR 2016

The meetings of the Supervisory Board were concerned, first and foremost, with the review of the activity reports and the parent company and consolidated financial statements submitted by the Executive Board at the end of quarterly, half-yearly and annual periods. The Chairman of the Executive Board was often invited to attend these meetings to provide additional information and answers to any questions raised by the Supervisory Board.

The Supervisory Board was thus able to completely fulfil its role.

IT REVIEWED THE EXECUTIVE BOARD'S REPORTS ON:

- Quarterly business activity: 8 December 2015 (business activity in Q4 2015), 16 February 2016 (business activity in Q1 2016), 8 June 2016 (business activity in Q2 2016), 13 September 2016 (business activity in Q3 2016), and, after the balance sheet date on 13 December 2016 (business activity in Q4 2016);
- The interim consolidated financial statements: 28 June 2016;
- The parent company and consolidated financial statements for the financial year ended 31 October 2015: 26 January 2016; after the balance sheet date, the parent company and consolidated financial statements for the financial year ended 31 October 2016: 24 January 2017.

DURING THE FINANCIAL YEAR UNDER REVIEW, THE SUPERVISORY BOARD ALSO MET TO CONDUCT THE FOLLOWING ITEMS OF BUSINESS:

- **8 December 2015:**
  - Heard the Chairman of the Executive Board on his strategy and the provisional budget,
  - Discussed the functioning of the Supervisory Board,
  - Assessed senior executives' performance,
  - Granted authorisation to guarantee the property loan applied for by Partouche Immobilier to fund part of the work at the La Ciotat casino,
  - Authorised the Executive Board to provide a Groupe Partouche guarantee to a municipal council in connection with renewal of a casino's concession;

- **26 January 2016:**
  - Heard the observations of the Audit Committee, following its meeting on 19 January 2016, on the annual financial statements for the year ended 31 October 2015,
  - Heard the observations of the Appointments and Compensation Committee, following its meeting on 16 December 2015,
  - Reviewed agreements subject to the provisions of Article L. 225-86 of the French Commercial Code;
- **8 June 2016:**
  - Heard the Executive Board on implementation of the share purchase programme agreed at the Shareholders' Meeting of
    6 April 2016,
  - Authorised new procedures for divesting a subsidiary;
- **28 June 2016:**
  - Heard the report by the Audit Committee on the interim financial statements to 30 April 2016, following that committee's meeting of 22 June 2016,
  - Authorised the dissolution without liquidation of a wholly-owned subsidiary of the company;
- **13 September 2016:**
  - Welcomed Laurent Parquet, Permanent Representative of Butler Capital Partners, who was appointed to replace Lionel Mestre,
  - Discussed the functioning of the Board, and assessed the performance of the senior executives,
  - Authorised the signing of five agreements entered into with subsidiaries of the company and subject to the provisions of Article L. 225-86 of the French Commercial Code,
  - Authorised the Executive Board to provide the municipal council with a guarantee when the concession of one its subsidiaries is renewed,
  - Authorised the Executive Board to sell its shares in Partouche Jean SCI or increase its share capital.

AFTER THE BALANCE SHEET DATE, THE SUPERVISORY BOARD MET TWICE TO CONDUCT THE FOLLOWING ITEMS OF BUSINESS:

- **13 December 2016:**
  - Heard the Chairman of the Executive Board on his strategy and the provisional budget for the financial year 2017,
  - Formally noted the resignation of Hubert Benhamou and co-opted Salomé Partouche to replace him,
  - Formally noted guarantees to be given by the company in connection with current renewals of concessions,
  - Apportioned among its members the amount of directors' fees allocated at the Shareholders' Meeting of 6 April 2016;
- **24 January 2017:**
  - Heard the observations of the Chairman of the Audit Committee, following its meeting on 17 January 2017, on the annual financial statements for the year ended 31 October 2016,
  - Drew up the report containing the observations of the Supervisory Board at the Ordinary Shareholders' Meeting,
  - Authorised the Executive Board to acquire from Financière Partouche SA its shares in Enderbury GR Ltd, under an agreement subject to the provisions of Article L.225-86 of the French Commercial Code.

16.3.3 SUPERVISORY BOARD COMMITTEES

The Supervisory Board has had committees since 8 June 2011, including two standing committees – the Audit Committee and the Appointments and Compensation Committee – together with temporary committees set up as and when deemed necessary due to the occurrence of a specific situations and then dissolved when their purpose was no longer relevant, such as the working group appointed for a period of six months on 8 June 2011 and the Debt Monitoring Committee dissolved by the Board on 9 December 2014 (see Section 14.3, Articles 5, 6 and 7 of the Board's internal rules).

THE AUDIT COMMITTEE

The Audit Committee has four members: Hubert Benhamou, Chairman, resigned on 1 November 2016; Patrick Partouche; Daniel Cohen; and BCP, represented by Lionel Mestre, replaced in September 2016 by Laurent Parquet.

This committee has met regularly since it was formed.

In particular, in the past financial year, it met twice, on 19 January and on 22 June 2016 to review the interim consolidated financial statements; moreover it met once, after the balance sheet date, on 17 January 2017 with the Statutory Auditors to verify the annual parent company and consolidated financial statements and to assess, at the close of the 2015 financial year, then of the 2016 financial year, the process of preparing financial reporting and the effectiveness of the internal control and risk management procedures in place within the Group (see the Chairman's report in Section 16.5.1);

The committee's members also verified that the Statutory Auditors were independent and had fulfilled their engagement.

THE APPOINTMENTS AND COMPENSATION COMMITTEE

The Appointments and Compensation Committee has three members: Isidore Partouche, Chair; Walter Butler; and Patrick Partouche. This committee is tasked with preparing and submitting to the Board its opinion on proposed executive compensation of any kind, as well as on changes pertaining to management personnel within the Group whose compensation exceeds €120,000 a year.

The Appointments and Compensation Committee did not meet during the year

16.4 CORPORATE GOVERNANCE PRACTICES

Groupe Partouche SA refers to MiddleNext's governance code for small and medium-sized French listed companies issued in September 2016.

Since the Extraordinary Shareholders' Meeting of 20 June 1996, the Company has been governed by an Executive Board and a Supervisory Board.

The decision to adopt this structure was made in order to ensure compliance with principles of corporate governance that have since been adopted under French law. Moreover, recent developments in the legal framework have further reinforced transparency requirements.

This dual structure encourages a clear separation between, on the one hand, the functions of the Company's operational management, which is carried out by the four members of the current Executive Board, and on the other hand, the control function, which is permanently exercised by a Supervisory Board, at present consisting of eight members.

It should also be noted that the Supervisory Board meets very frequently, with an attendance rate of over 90%. Its members review all necessary documents and information obtained in advance of Supervisory Board meetings, during which each item on the agenda is discussed in detail.

Moreover, as advocated by the AMF's terms of reference for the implementation of corporate governance principles for small- and mid-cap companies, since October 2005 the Company has applied a set of internal rules (see Section 14.3) that governs the procedures to be followed by the Supervisory Board and sets out the duties of its members.

Lastly, during the financial year under review and to date, three members of the Supervisory Board – Véronique Forneri, Gaston Ghrenassia and Daniel Cohen – met the criteria set out by the Board at its meeting held on 10 December 2013 to be qualified as independent members, namely:

- is not an employee or corporate officer of the Company or of any other Group company, and has not been during the past three years;
- is not a client, supplier or banker, in a material sense, of the Company or Group, or for which the Company or Group represents a significant proportion of its business;
- is not a reference shareholder of the Company;
- does not have any close family ties with a corporate officer or reference shareholder of the company;
- has not been an auditor of the Company during the past three years.

TABLE SUMMARISING COMPLIANCE WITH THE MIDDLENEXT CORPORATE GOVERNANCE CODE

	RECOMMENDATIONS	GROUPE PARTOUCHE
EXECUTIVE POWER	Appropriate skills	Yes: multiple complementary skills
	Executives not isolated	Yes: Executive Board
	Level and type of compensation	In line with recommendationsNo severance benefits No supplementary pension No share options or bonus shares No variable compensation
EXECUTIVE POWER	Combining employment contracts with corporate office: left to the discretion of the Supervisory Board	A reasoned yes: Fabrice Paire, Chairman of the Executive Board, was Chief Administrative Officer from 2001 to 2005, after which he was corporate secretary. In light of his experience and in the interests of the Company, he retained his employment contract after being appointed to the Executive Board; in any event, his duties in the two positions he holds are completely separate, as reiterated by the Supervisory Board on 25 June 2013.
SUPERVISORY POWER	Internal rules	All recommendations followed apart from that on the rules for determining compensation; there is, however, an Appointments and Compensation Committee.
	Compliance	All recommendations followed
	Composition of the Supervisory Board: At least two independent members	Yes, since 1 January 2014, and three since April 2014: V. Forneri, G. Ghrenassia and D. Cohen
	Choice of members Prior communication of experience and skills	Yes
	Terms of office: appropriate to the Company's specific circumstances, subject to the limitations laid down in law	Yes
	Information provided to the members of the Supervisory Board	In line with recommendations
	Number and frequency of meetings	In line with recommendations
	Formation of committees No obligation for committees other than the Audit Committee. Option of forming an Audit Committee or convening the Board to perform the duties of the Audit Committee.	Two standing committees: - Appointments and Compensation - Audit, with one independent member since 1 January 2014
	Assessment of the Board's work	In line with recommendations
	Compensation	In line with recommendations: No severance benefits No supplementary pension No share options or bonus shares No variable compensation (bonuses)
	Corporate officers' obligations in respect of number of shares and multiple directorships	In line with recommendations
"SOVEREIGN" POWER	No specific recommendations	All critical areas covered

As the above table shows, Groupe Partouche is compliant with all the recommendations of the MiddleNext corporate governance code with the exception of the recommendations calling for rules for determining compensation, not combining employment contracts with corporate office.

In addition, the Supervisory Board is composed of eight members, including two women since the co-opting of Salomé Partouche in replacement of Hubert Benhamou, and three of its members qualify as independent members under the criteria set out by the MiddleNext Code which are used by the Supervisory Board.

Lastly, the Supervisory Board's committees include in particular two standing committees – the Audit Committee and the Appointments and Compensation Committee – together with temporary committees as and when deemed necessary (see Sections 14.3 and 16.3.3 and Articles 5, 6 and 7 of the Board's internal rules).

Furthermore, all committee members have genuine expertise in the areas of corporate governance, financial information and risk management, acquired while serving in their previous positions either within the Company or within other companies where they currently hold or formerly held key positions for a number of years. At all times, they carry out their work in accordance with the guidelines contained in the AMF report issued on 22 July 2010.

16.5 OTHER SIGNIFICANT ITEMS WITH RESPECT TO CORPORATE GOVERNANCE, PROCEDURES AND INTERNAL CONTROL

16.5.1 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT ORGANISATION AND PROCEDURES

To the Shareholders,

Pursuant to the provisions of Article L. 225-68 of the French Commercial Code, as amended by Article 117 of the French Financial Security Act, it is my responsibility as Chairman of the Supervisory Board of Groupe Partouche SA to present (i) the conditions under which the Board's work is prepared and organised and (ii) the internal control procedures implemented by your Company during the financial year ended 31 October 2016, procedures which apply to all consolidated majority-controlled subsidiaries.

This report was prepared with the assistance of the Company's operational and functional divisions, and draws on MiddleNext's governance code for small- and mid-cap companies issued in September 2016. It should also be noted that the Board reviewed the key points requiring special attention, as set out in this code.

You are also informed that:

- Corporate governance practices are set out in Section 16.4;
- The methods used to determine remuneration for corporate officers are set out in Section 15.1.2;
- The terms under which shareholders may attend Shareholders' Meetings are set out in Items III and V of Article 27 of the Articles of Association;
- The information required by Article 225-100-3 of the French Commercial Code is presented in Sections 18 and 21 of this report. In particular, this includes:
  - the capital structure of the company in Section 18.1,
  - voting rights in Section 18.2,
  - transfers of shares in Section 21.2.6,
  - rights attached to shares in Section 18.1,
  - change of control in Section 18.4,
  - rules applicable to the appointment of members of the Executive Board as well as amendments to the Articles of Association in 21.2.2 and 21.2.5,
  - powers granted to the Executive Board in 21.2.2,
  - changes in share capital in 21.2.8;
- There are no agreements providing for severance payments to the members of the Executive Board or employees in the event of resignation, dismissal or loss of employment due to a takeover bid;
- Nor are there any agreements into which the Company has entered that would be amended or terminated in the event of a change in control of the Company;
- There is no provision for any audit in the event of an employee share scheme.

CONDITIONS UNDER WHICH THE SUPERVISORY BOARD'S WORK IS PREPARED AND ORGANISED

Information on the conditions under which the Supervisory Board's work is prepared and organised is set out in the Board's internal rules, as summarised above in Section 16.3.2 of this report. This information relates in particular to:

- the organisation and functioning methods of the Supervisory Board;
- the report on its actions for the financial year under review;
- its preparatory work;
- the evaluation of its members.

INTERNAL CONTROL PROCEDURES IMPLEMENTED

Although the Company's internal control procedures are not defined by any framework, Groupe Partouche has drawn on MiddleNext's governance code for small and mid-cap companies issued in December 2009 and September 2016 for their implementation.

The internal control procedures defined and implemented under the Company's responsibility are intended to prevent, manage and control the main risks to which the Company is exposed (see Section 4), by ensuring:

- compliance with legal and regulatory requirements;
- the proper application of instructions and guidelines issued by senior management;

- the smooth running of the Company's internal processes, in particular those that contribute to protecting the Company's assets;
- the reliability of financial information and transactions.

More generally, internal control arrangements also help the Company manage its activities, operate effectively and make efficient use of its resources.

By helping prevent and control risks that could affect the Company's ability to achieve its objectives, the internal control system plays a key role in the management and coordination of the Company's various activities.

However, internal control arrangements cannot provide an absolute guarantee that the Company's objectives will be achieved.

In the specific case of Groupe Partouche, which operates in an environment of decentralised functions and responsibilities, internal control arrangements are based on a set of rules, policies, procedures and practices intended to ensure that the required measures are implemented to control risks liable to have a material impact on the Group's assets or the achievement of its objectives.

SCOPE OF INTERNAL CONTROL

In order to achieve these objectives, the Group's internal control procedures are implemented within each subsidiary under the responsibility of the heads of operational and functional divisions at all levels of the organisation. Each person involved in internal control within the organisation is thus made aware of his or her role and responsibilities.

The internal control system therefore applies across Groupe Partouche, which consists of Groupe Partouche SA and all its fully consolidated entities.

IMPLEMENTATION OF INTERNAL CONTROL OBJECTIVES

Internal control procedures form part of the Shareholders' framework of policy defined by the Executive Board. At head office level, they are implemented by senior management and operational divisions; at subsidiary level, they are implemented by and under the responsibility of senior management.

IDENTIFICATION, ASSESSMENT, MONITORING AND CONTROL OF RISKS

The internal control procedures are part of an ongoing process of identifying, evaluating and managing risks that may affect the Group's ability to achieve its predetermined objectives.

The evaluation of risk factors helps to define the appropriate internal control procedures. These risk factors are identified through regular, detailed interviews held by senior management with members of operational and functional head office divisions, taking into account the Group's past experience in relation to risk.

The identification, assessment and monitoring of risks is regularly updated by senior management, with the help of the relevant operational staff, via meetings at head office. At subsidiary level, this information is updated via meetings involving members of senior management and staff from operational divisions.

Groupe Partouche SA uses these meetings to promote a controlled risk environment within its subsidiaries, and to manage as effectively as possible any risks liable to impact the achievement of the Group's objectives.

The main risk factors are described in Section 4. The methods implemented to manage and control these risks are set out below.

INTERNAL CONTROL PROCEDURES RELATING TO OPERATIONAL CONTROL AND LEGAL AND REGULATORY COMPLIANCE

OPERATIONAL CONTROL

Operational control mainly involves ensuring the sustainability and security of the Group's information systems.

INFORMATION SYSTEMS:

The financial and accounting information system used within the Group aims to meet requirements for the reliability, security, availability and traceability of information.

In order to achieve consistency between individual company and consolidated accounting data, the system is built around a reporting tool and a consolidation system complete with a set of powerful interfaces covering virtually all the Group's activities.

Specific information systems have been implemented within the subsidiaries, enabling day-to-day operational control and feedback concerning revenue from slot machines, recorded GGR and amounts of levies.

In addition, these systems enable the dissemination of information to subsidiaries and ensure that the latter comply with the laws and regulations in force.

RELEVANT CONTROL AND RISK MONITORING PROCEDURES:

Accounting staff at subsidiaries are also provided with an internal user guide on managing payroll, covering both technical aspects (procedures and instructions) and legal aspects (calculation methods used by the Group in accordance with employment standards, collective bargaining agreements and tax regulations). This ensures that they are able to make proper use of these tools, thus guaranteeing that the information used is relevant.

The system is configured by external consultants. Updates to the software are performed only by the Group's in-house IT staff. The solution is managed by the vendor and hosted at highly secure data centres. Backup retention periods are as follows: daily backups are kept for one week, weekly backups for four weeks and monthly backups for 12 months. These tapes are placed in fireproof safes.

The software used has numerous security features which can be used to restrict access to certain information on a user-by-user basis.

Moreover, payroll for the group's operating units is managed using a shared information system, which runs in the same environment, for which the control, maintenance and backup procedures are identical to those of the accounting informa-

tion system.

Finally, the financial and accounting information system is regularly updated to ensure that it continues to meet the Group's specific requirements.

The Group is also exposed to IT security risks (see Section 4.2.6).

Its information systems may be vulnerable to attacks (computer viruses, denial of service, etc.), technical failures resulting in the unavailability of software or the theft of data, all of which require that preventive measures be put in place.

For this reason, since 2001 Groupe Partouche has had an information systems department in charge of network and IT system security, which has focused its efforts on improving and securing the network as much as possible, although it remains exposed to the potential risk of total or partial failure.

LEGAL AND REGULATORY COMPLIANCE

Some 76% of the Group's turnover is generated by the casino business in France, which has "three distinct segments: gaming, restaurants and entertainment, all of which are combined under a single management structure, without any individual segment being run separately" (Article 1 of the Order of 23 December 1959 relating to the regulation of gaming in casinos).

The management of these activities is therefore rigorously governed by this framework, put in place by gaming regulations, which lay down a very strict set of controls covering the authorisation and organisation of business operations, tax levies by the public authorities and oversight.

Groupe Partouche SA's head office shares its technical and staff-related skills, know-how and resources with its operating units, and provides them with technical support, particularly in legal matters.

LEGAL DEPARTMENT

This department, which reports to the Secretary General, has the following functions:

- to ensure that Groupe Partouche complies with its legal and regulatory requirements;
- to protect the Group's assets and business as a whole;
- to safeguard the Group's interests, and protect its company officers and employees in the performance of their duties.

RELEVANT CONTROL AND MONITORING PROCEDURES

The legal department is required to advise the Secretary General or senior management of sensitive matters that must be reported to them regularly and in particular:

- any changes in laws or regulations applicable to any of the Group's business segments, and in particular to gaming;
- any significant legal proceedings;
- any criminal proceedings against Groupe Partouche or any of its senior executives;
- any requirement for authorisation from the Executive or Supervisory Boards for projects related to developing the Group's business activities or exposing the Group to any specific risk.

In addition, all Group management personnel have been made aware of the need to observe laws and regulations by means of delegations of authority, wherever possible, and receive regular training on the prevention of risks in general and legal risks in particular.

INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

One of the main objectives of internal control is to contribute to the assurance that the Group's accounting and financial information, in particular the parent company and consolidated financial statements, gives a true and fair view of the Group's net assets and business activities, and that this information makes possible the identification and evaluation of risks of any type to which it may be exposed.

STRUCTURE OF THE ACCOUNTING FUNCTION

The accounting department organises and schedules all accounting work to produce reliable consolidated accounts and consistent data; this is facilitated by using Group-wide accounting standards and procedures and a standardised procedure for accounting closes within the Group, which therefore applies to the operating companies from first consolidation.

One of the internal control procedure objectives of Groupe Partouche SA, the Group's parent company, is to ensure that the consolidated financial statements are reliable. Specific procedures deal with the preparation of the consolidated financial statements by the dedicated department at Groupe Partouche's head office.

All of the consolidation adjustments are performed at the head office on the basis of interim or year-end information communicated by the chief accountants of the subsidiaries.

The consolidated financial statements are audited by the Group's Statutory Auditors.

Information is regularly exchanged with the heads of subsidiaries, which means that any special transactions affecting the subsidiaries may be anticipated.

The extent of completion of the accounts, the homogeneity of accounting processes and any other element that is required in order to fully understand subsidiaries' data are monitored.

The various steps in the preparation of the consolidated financial statements are described below.

The definition of the scope of consolidation is performed by monitoring the equity stakes held by all of the companies within the Group and is validated by cross-checking with the information held by the Group's central legal department.

Changes in the regulatory framework governing consolidation are permanently monitored, where necessary, in conjunction with external advisors. This allows work to be carried out to make the standards applied consistent, ensuring that they comply with Group policies and that the information system is updated as appropriate, in liaison with consultants from the software supplier.

On receipt of the consolidation packages from the subsidiaries, the consolidation department ensures compliance with the Group's accounting policies, which allows the consistency of presentation of the financial statements to be guaranteed.

The subsidiaries are provided, on the one hand, with consolidation instructions for the production of consolidation packages, which describe consolidation work through the documents used and the procedures for relaying information, and on the other hand, accounting close information, comprising the schedule of consolidation operations and the list of specific information required for each accounting close.

Finally, the finance department checks for compliance with standards on all matters likely to have an impact on the consolidated financial statements. At its level it also brings together information on all issues reported by subsidiaries for technical evaluation and for making decisions on accounting treatments.

A standardised Group chart of accounts is used by the operating units, in line with specific provisions relating to general accounting records for casinos.

Procedural instructions are prepared by the Group's central accounting team for the subsidiaries, particularly to cover the specificities of accounting practices for their business sectors.

These arrangements ensure that accounting data transmitted to Groupe Partouche SA is consistent. The Group's central accounting team organises and schedules accounting close tasks for Groupe Partouche SA's parent company financial statements, and prepares an annual and half-yearly control reference.

It performs an exhaustive listing and ensures the reciprocity of inter-company transactions.

Groupe Partouche SA manages and co-ordinates the calculation and monitoring of the Group's tax charge, using a specific application dedicated to tax consolidation.

For companies that are part of a tax consolidation group, head office teams perform a control of the tax schedules prepared by chartered accountants.

Group financial information comes directly from applications integrated with accounting and management software, although technically the financial information has its own database.

This means accounts transaction processing can be monitored on site in real time, and is then uploaded monthly into the reporting package.

The head office consolidation team continually updates the expertise that it has acquired since it prepared the very first set of consolidated financial statements for Groupe Partouche SA.

Chief accountants at the operating units are responsible for preparing the consolidation packages by completing the accounting and financial information to be sent to the head office consolidation team.

The information system used to prepare the consolidation is one of the leading products on the market. A certain amount of work was required to configure the system to the specific needs of the Group, and this was performed exclusively by the software maker itself.

Information is collected from the subsidiaries using centralised information system modules.

These modules are secure; subsidiaries have access only to the current period, without being able to modify any parameters.

The accounting information validated by the subsidiaries is interfaced from the accounting information system to the centralised consolidation information system.

The finance department is responsible for the preparation and publication of financial and accounting information.

Groupe Partouche's central accounting department co-ordinates and supervises the structure of accounting departments across the Group.

Groupe Partouche SA uses a standard accounting information system, the same one in use by all its operating units.

All of the Group's management, financial and accounting systems are regularly updated in accordance with the Group's ongoing requirements as regards financial data reliability and management.

RELEVANT CONTROL AND MONITORING PROCEDURES

A series of controls has been implemented within the majority of subsidiaries, in particular those with casino operations, to check the principal risks associated with the activity of operating a casino and which may have a financial impact on the financial statements.

These controls cover in particular the recording of monthly turnover figures, the monitoring of investments, debt recovery, purchases and financial information, as communicated by all subsidiaries.

They are carried out each month by all Group subsidiary users of accounting and financial information and are designed to identify any irregularities.

Apart from the controls themselves, the Group makes sure that financial employees receive continuous training in order to stay abreast of the latest control techniques suited to the Group's changing requirements in this field.

Finally, the Group regularly assesses internal control points in order to check the pertinence of the models used as regards the reliability and security of financial data, thus ensuring that the risks of any inadequacies relating to these controls are properly managed.

The Group carries out monthly reporting on its accounts and performs half-yearly accounting closes.

The main monthly accounting controls carried out are as follows:

- Verification that accounts are properly kept and maintained;
- Audit of current accounts between Groupe Partouche SA and the other Group entities to ensure that they are properly reconciled and that their content is logical (performed by the head office accounting team);
- Bank reconciliations;
- Verification that turnover figures have been recorded correctly.

Furthermore, the main controls carried out by the finance department are as follows:

- Verification of the reciprocity of the current accounts at Group level;
- Monthly analysis of the results of operating companies;
- More complete balance sheet analyses performed in April and in October at the half-yearly and annual accounting closes alongside the publication of an in-depth analysis of all balance sheet items, off-balance sheet items and changes in financial position.

In association with accounting and financial management functions, the following monthly controls are carried out with a view to safeguarding assets:

- analysis of operating margins;
- analysis of budget variations;
- analysis of financial indicators and costs;
- analysis of investments;
- analysis of financial income;
- analysis of net borrowings.

HEAD OFFICE MANAGEMENT TEAMS

The management services of Groupe Partouche SA's head office are responsible for coordinating the Group's management controls.

They are supported by the management accountants in charge of preparing and monitoring budgets and the financial reporting of their operating units, within the subsidiaries.

The following control and monitoring procedures have been put in place:

▪ BUDGET PROCESS

A market-leading software solution is used to handle the Group's entire budget process. This solution uses a single reference framework applicable to all operating units, which ensures the homogeneity of information. The units have decentralised data input modules which feed into a single group-wide database.

This database guarantees the reliability and the traceability of information, in particular by way of general controls and automated data validation as well as a set of controls that are specific to the Group's line of business.

The budget process also serves as an effective internal control procedure enabling the analysis of financial flows.

▪ MONTHLY FINANCIAL REPORTING

At each month-end, financial reports are generated and submitted to senior management. Meetings are held during which division heads present their monthly activity reports. A comprehensive analysis of results for operating companies is also carried out on a monthly basis. Information entered by accounting teams is imported by the Group's management software package to support this analysis.

The budget process developed by Groupe Partouche SA allows the operating units to produce a forecast operating statement and an investment budget.

The key stages of the budget process are as follows:

- August: operating units prepare their budget for the year, including monthly forecasts, and their investment budget;
- September and October: heads of operating units present their budgets to the Budget Committee, which makes any necessary final adjustments. Budgets may be revised during the current reference period whenever a structural modification affects the operating conditions of a unit. Specific indicators are defined and summary reports are prepared on the basis of budgetary information in order to optimise the level of analysis.

All of this information helps to ensure the monitoring, control and co-ordination of operations, using the data generated by the financial and management reporting processes. The financial reporting process is fundamental to controlling accounting, financial and management information. It also produces a set of performance indicators.

Reporting based on the transmission of operating income statements and investment commitments makes detailed information available on the operation of the units.

On the basis of an analysis of this data, concerted efforts can be made to achieve the objectives that have been set.

TEAMS RESPONSIBLE FOR CASH MANAGEMENT AND FINANCING

The management of Groupe Partouche's cash flow and financing activities is centralised at the head office and is designed to guarantee the security, transparency and efficiency of the operations relating to cash flow and financing activities.

Specifically, these teams are responsible for:

- managing financial resources (financing and investment) to maintain the Group's cash levels;
- ensuring control of financial expenses;
- managing cash flows;
- quantifying and hedging financial risks;
- monitoring banking relationships;
- supporting the subsidiaries' management decisions and their financing of new projects.

RELEVANT CONTROL AND MONITORING PROCEDURES

In order to fulfil their responsibilities, the Group's cash management and financing teams have established rules and procedures applicable across the Group, including a procedure relating to signing authorities for bank accounts to limit fraud risk.

Weekly and monthly reports keep senior management informed of the Group's budgeted and actual debt and liquidity levels, the results of risk monitoring activities, maturities of hedging transactions and the status of banking relationships, etc.

FINANCIAL COMMUNICATIONS

The Group's financial communications team reports to the Chief Financial Officer and works from the head office. It is responsible for keeping financial market participants informed of the Company's strategy and the results of its operations.

RELEVANT CONTROL AND MONITORING PROCEDURES

A schedule is drawn up each year summarising all of the Company's financial reporting obligations to the market as well as regulatory and stock market authorities.

The schedule specifies the nature of all specific requirements that must be met over the course of the year, together with their deadlines.

This schedule is distributed internally to the relevant teams.

Procedures for regulating financial and accounting information provide the basis for:

- Monthly audits of all accounting and financial information (operational finance and cash management functions);
- Verification by the Statutory Auditors of information presented in the half-yearly and annual financial statements;
- Finally, the Chief Financial Officer, who is ultimately responsible for compliance with financial reporting requirements, works with the legal department to identify the applicable legal and regulatory reporting obligations relating to risk.

In conclusion, Groupe Partouche applies the policy it has implemented to increase awareness of the risks associated with its business activities, and has internal control procedures in place to ensure optimal risk monitoring and management, based in particular on the work of the Audit Committee, all of whose members bring considerable expertise in these areas.

Patrick Partouche
Chairman of the Supervisory Board

16.5.2 REPORT OF THE STATUTORY AUDITORS, PREPARED IN APPLICATION OF ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

To the Shareholders,

In our capacity as Statutory Auditors of Groupe Partouche SA and in application of the provisions of Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company, in accordance with the provisions of Article L. 225-68 of the French Commercial Code, for the year ended 31 October 2016.

It is the Chairman's responsibility to prepare and submit for the approval of the Supervisory Board a report on internal control and risk management procedures implemented within the Company and to provide the other information required by Article L. 225-68 of the French Commercial Code, relating in particular to corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and treatment of accounting and financial information; and
- confirm that the report also includes the other information required by Article L. 225-68 of the French Commercial Code, with the understanding that we are not required to verify the fair presentation of this other information.

We performed our procedures in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND TREATMENT OF ACCOUNTING AND FINANCIAL INFORMATION

The applicable professional standards require us to plan and perform our procedures so as to be able to assess the fair presentation of the information in the Chairman's report on the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information. These standards require in particular that we:

- inform ourselves of the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information supporting the information presented in the Chairman's report and review any existing documentation;
- inform ourselves of the work done to prepare this accounting and financial information and review any existing documentation;
- ascertain whether appropriate disclosures have been made in the Chairman's report in respect of any material weaknesses in internal controls relating to the preparation and treatment of accounting and financial information that we may have noted in performing our work.

Based on our procedures, we have no comments to make on the disclosures concerning the Company's internal control and risk management procedures relating to the preparation and treatment of accounting and financial information contained in the report of the Chairman of the Supervisory Board prepared in application of the provisions of the last paragraph of Article L. 225-68 of the French Commercial Code.

OTHER INFORMATION

We confirm that the report of the Chairman of the Supervisory Board also contains the other information required by Article L. 225-68 of the French Commercial Code.

Marseille and Paris, 13 February 2017

MCR Baker Tilly	**France Audit Expertise**
Emmanuel Mathieu	José David



17 LABOUR INFORMATION

In accordance with the Grenelle 2 Act of 12 July 2010 and its implementing decree of 24 April 2012, Section 17.1 below presents Groupe Partouche's CSR report on its labour, social and environmental information.

17.1 LABOUR, SOCIAL AND ENVIRONMENTAL INFORMATION

17.1.1 LABOUR INFORMATION

EMPLOYMENT

CATEGORIES AT 31 OCTOBER	2016	2015	2014
Executives	809	822	880
Supervisors and technicians	248	243	255
Non-executives	2 964	2 969	3 136
Manual workers	147	164	176
Total	**4 168**	**4 198**	**4 447**

On a full-time equivalent basis, the workforce remained stable.

The Group's total payroll including social security payments came to €165.1m, down 2.3% from the previous financial year, and the combined total of employee profit-sharing amounts paid by subsidiaries came to €3.3m.

Among the Group's 4,168 employees at 31 October 2016, men made up 60.7% and women made up 39.3%.

Breakdown of workforce by age:

- 18 to 24: 14.50%
- 25 to 34: 28.65%
- 35 to 44: 26.65%
- 45 to 54: 20.80%
- 55 and over: 9.40%

The number of new staff recruited onto permanent contracts during the financial year was 726.

The total number of redundancies and dismissals was 140.

Breakdown of employees by geographical region:

- France: 92.86%
- Europe (excl. France): 5.41%
- Outside Europe: 1.73%

Turnover for employees with permanent contracts, in the casinos and hotels that were open to the public for the entire financial year and were not subject to restructuring, which was calculated based on the average of the number of employees who left the company and the number of employees hired over the period, divided by the initial number of employees at the beginning of the period, was 17.44%.

WORK ORGANISATION

In most of the subsidiaries, the business involves a work organisation of seven days a week, with alternating working hours. This is explained by the range of opening hours of casinos and hotels, and by the fact that the establishments are open 7 days a week.

However, the use of part-time work remains very limited: this type of contract represents just 5.28% of the workforce. The absence rate over the financial year (total hours' absence as a proportion of total hours worked) was 0.51%.

Detailed job descriptions are in place in 39 subsidiaries, and periodic staff appraisals are in place at 40 subsidiaries.

ORGANISATION OF LABOUR–MANAGEMENT RELATIONS

Subsidiaries of Groupe Partouche SA are legally independent of one another and enjoy full autonomy, both as a result of the Group's diversified organisational structure (geographic locations, different sizes of casinos and other subsidiaries, wide range of activities, collective bargaining agreements, etc.) and in line with gaming regulations in force.

Each subsidiary makes sure that lines of communication between management and staff remain open, the key to successful working relationships within the Group. By giving subsidiaries complete autonomy in this area, thus respecting the importance of ensuring a "real-time" approach to staff supervision, management teams are able to effectively adapt to local circumstances. A total of 46 company-wide agreements were negotiated and signed during the year.

Meetings of representative bodies are held in accordance with legal provisions in force. 13 subsidiaries have a works council, while 21 have a single employee delegation (combining a works council and an employee representative body). 27 subsidiaries have a health, safety and working conditions committee.

The Group committee met twice during the financial year, in accordance with applicable legal provisions.

While fostering exchanges and ensuring that processes are harmonised across the Group, this organisation also respects the specific characteristics of subsidiaries, allowing each to adopt its own autonomous management approach at the local level, closely reflecting the needs of both staff and clients. This application of the subsidiarity principle is well suited to the Group's identity and the strong local roots of its subsidiaries.

In addition, the head office serves an advisory role on behalf of its subsidiaries, considered as internal clients, in all areas related to human resources. The head office also provides them with a full set of related software tools (payroll management, human resources information system, training, and intranet) and administrative support.

HEALTH AND SAFETY

The rate of work-related accidents (calculated based on the number of working days missed due to work-related accidents, divided by the total number of working days) was 0.3%.

A total of 6 employees have a recognised occupational illness.

To prevent physical strain at work, the human resources information system for French casinos includes information on each employee's exposure to arduous or physically straining factors, which in our industry mainly includes working at night. The system also allows for individual risk assessment monitoring.

A reference employee has been designated as a health and safety contact for Group Partouche's French companies.

As regards agreements or action plans in respect of health and safety in the workplace, given the three-year period covered by such agreements and plans, it would be premature to review progress at this stage.

TRAINING

A total of 23,992 hours' training were provided to 2,176 employees and reported to the bodies responsible for collecting subscriptions for employee training expenses, for a total amount of €1,970,030, including, where applicable, payment of salaries (and excluding apprenticeship tax).

At 31 October 2016, 110 full-time equivalent sandwich course contracts were under way in France.

The internal training centre of Groupe Partouche SA is named the Centre de Formation Professionelle des Casinos.

Its purpose is to deliver business training and foster conditions conducive to the development of a more learning-focused organisation.

French apprenticeship tax paid to the FAFIH, the accredited collecting body for the casino sector, as well as for hotels, cafés and restaurants, totalled €589,937. The FAFIH generally apportions this tax among local apprentice training centres, with which the Group's subsidiaries have established partnerships.

New recruits are supported by an identified mentor in 20 subsidiaries.

GENDER EQUALITY IN THE WORKPLACE

Women represent 38.4% of the workforce, a slight decrease from the previous financial year.

Job offers issued by subsidiaries are always gender-neutral. Furthermore, three-yearly negotiations take place on this subject in the subsidiaries concerned, in compliance with legal provisions in force, and with appropriate objectives.

ACTIONS IN FAVOUR OF DISABLED EMPLOYEES

As corporate partners of the "Ressources et Handicap" programme and for the third financial year, the subsidiaries of Groupe Partouche SA have continued to offer their employees the opportunity to get in touch directly with advisors by e-mail or via the hotline made available to them for the duration of the programme.

The "Ressources et Handicap" programme, which also involves an internal communications campaign (including posters and information accompanying payslips), has helped raise awareness of the fact that disabilities may affect not only one or several colleagues but are a matter of concern for each and every employee. Group employees have expressed considerable interest in the information provided to them.

Twenty-two workspaces have been adapted to take into account the needs of employees with a declared disability.

Lastly, 11 subsidiaries circulate job offers to organisations that promote employment for people with disabilities, and 25 have delivered employee training or awareness campaigns on integrating people with disabilities.

ANTI-DISCRIMINATION POLICY

The anti-discrimination policy is mainly applied by fostering values of tolerance and respect. 14 subsidiaries carried out awareness-raising activities on the subject of discrimination.

To the best of our knowledge, no discrimination-related incidents were recorded or led to a conviction.

PROMOTING COMPLIANCE WITH THE INTERNATIONAL LABOUR ORGANISATION'S FUNDAMENTAL PRINCIPLES OF:

- Upholding the freedom of association and the right to collective bargaining;
- Eliminating discrimination in respect of employment and occupation;
- Eliminating forced or compulsory labour;
- Effective abolition of child labour.

To the best of our knowledge, Groupe Partouche complies with the International Labour Organisation's fundamental principles regarding the aforementioned points.

No one under the age of 18 is hired by our subsidiaries, other than in the cases of regulated training-related agreements.

17.1.2 SOCIAL INFORMATION

REGIONAL, ECONOMIC AND SOCIAL IMPACT OF BUSINESS ACTIVITY

Of the 726 permanent employment contracts entered into during the year, 543 (74.79%) were with employees living within 50 km of their place of work. 35 subsidiaries have a stated policy in favour of local recruitment.

CIVIL SOCIETY STAKEHOLDER RELATIONS

Apart from its employees, management and labour, the stakeholders of Groupe Partouche SA and its subsidiaries mainly consist of customers, local authorities, government ministries responsible for supervising casinos, suppliers, partners, non-profit organisations and clubs. They may also include citizens, the Group's competitors and investors.

Groupe Partouche SA is a dynamic, welcoming and committed casino operator: these words described the values shared by the Group's companies.

Each of these values has 3 characteristics, each put into practice by Groupe Partouche's subsidiaries in their local environments in the form of concrete actions focused on employees, customers and, beyond that, all stakeholders – because these values must be both lived and brought to life.

- Casino operator: professional, passionate, independent and honest
- Dynamic: innovative, refreshingly different and challenging
- Welcoming: friendly, cheerful and courteous
- Committed: open, listening and attentive

Fundamental work in this area was begun during the year and will continue over the coming years.

In particular, these values underpin relations between the Group's subsidiaries and their stakeholders, whether permanent or temporary.

According to these values, building dialogue first of all means adapting to the local context: Groupe Partouche SA's subsidiaries are best placed to define the terms of dialogue with their stakeholders.

The Group's values are broken down locally into behaviours appropriate to the various types of stakeholders.

For the environmental aspect, for example, the 'commitment' value is reflected in a number of subsidiaries' commitment to eco-citizenship actions such as 'Solivert'. Such actions are a way to enter into contact with citizens and to involve the municipalities in which the Group's subsidiaries are based.

Subsidiaries mainly pursue their commitment through community initiatives, taking advantage of their close ties to local populations. Examples abound, notably in the realm of sporting events and live shows. Through its involvement in numerous sponsorship activities and its support for initiatives pursued by non-profit associations, Groupe Partouche SA is widely recognised for its beneficial impact on the social and economic fabric of local communities.

During the financial year, subsidiaries of Groupe Partouche SA carried out sponsorship activities in support of non-profit organisations totalling €201,952 and corporate sponsorship activities totalling €2,029,903, mainly in sports, culture and the arts.

SUBCONTRACTORS AND SUPPLIERS

Subcontracting is only used on a relatively small scale, as the Group's key professional specialities do not lend themselves to this practice. Subcontractors were used in a total of 368 cases; a given subcontractor may work with more than one subsidiary (and thus account for more than one case).

Our purchasing policy forbids purchasers from accepting personal gifts from suppliers.

Furthermore, the diversity of our suppliers and their locations guarantees our independence and meets our desire to maintain commercial relationships as close as possible to our casinos to ensure that a significant proportion of supplies are sourced locally. We favour socially and environmentally responsible suppliers and subcontractors. Subsidiaries of Groupe Partouche SA used 11,909 national and local suppliers (with shared suppliers counted as many times as they worked with each subsidiary).

FAIR COMMERCIAL PRACTICES

▪ PREVENTING AND COMBATING FRAUD

The very nature of the Group's business, which in particular involves the handling of large sums of money, can lead, in some circumstances, to staff or outside persons committing fraudulent acts.

The casino industry must be able to deal with the risks of embezzlement and cheating.

Furthermore, casinos are subject to the measures aimed at fighting money laundering.

Money laundering that consists of recycling small amounts of money through gaming itself is neither organised nor is it conducted on a large scale. According to the instructions given by the regulatory authorities, in case of doubt or suspicion, the legal representatives and directors in charge of the Group's establishments have the obligation (to which they comply) of advising the anti-money laundering unit, Tracfin, of the player's identity.

Training is regularly offered to staff at Group Partouche SA casinos.

▪ PREVENTING EXCESSIVE GAMING

Excessive gaming can cause some people to develop symptoms commonly associated with addictive behaviour, and they may be driven to commit more financial resources than would be considered reasonable. This behaviour is harmful to our customers, as they no longer enjoy gaming in moderation and can put themselves and their families at risk. It is also harmful to the casino as it indirectly affects the brand image.

To ensure gaming remains a pleasure and a pastime to be enjoyed in moderation, the Group has for a long time been promoting "responsible gaming" within its subsidiaries, an initiative that it is currently developing in partnership with Adictel. 40 subsidiaries are confirmed members of this body.

Adictel is an independent French reference system that helps prevent excessive gaming and provides real support to dependent players, seven days a week. This operational assistance system provides real-time support to players in difficulty.

Upon written request from the player, Adictel counsellors have the power to subject the player to the limitations and restrictions that he or she wishes to have imposed. This action is carried out at all Group Partouche SA's French casino subsidiaries.

Groupe Partouche SA's subsidiaries are therefore keen to give the staff members who have contact with clients continuing training, with the aim of providing clients with information, giving help to those in difficulty as well as someone in whom they can confide. Furthermore, posters and leaflets are made available at key locations at casinos, to remind clients of the dangers of excessive gaming.

▪ FOOD SAFETY

Owing to its highly developed activity as an operator of restaurants, Groupe Partouche SA is committed to ensuring a high level of food safety at all times. The company's main concern is of course ensuring the satisfaction and loyalty of its customers. Besides this, in the event of a breach coming to light during an inspection by the regulatory authorities (such as, the French Office of Fair Trading [DDCCRF], the Departmental Directorate for Veterinary Services [DDSV] or the Departmental Directorate for Health, Safety and Social Affairs [DDASS]) the establishment's closure could be ordered, which would lead to a negative impact on the establishment's reputation and profitability.

In order to guard against these risks, all Groupe Partouche SA's establishments are regularly audited by Silliker, an approved external laboratory.

Sanitary control plans are in place in all restaurants and 'HACCP' hygiene standards are reiterated in documents available to all employees.

▪ HEALTH AND SAFETY

As are all businesses who play host to the general public (known as "ERPs" in France), Groupe Partouche SA is duty-bound to guarantee the highest level of safety to its customers and employees. The Group's establishments therefore apply all health and safety instructions regarding, in particular, the risks of accident, health hazards, fire and environmental impairment, while assessing workplace-related risks as part of a preventive approach.

The Group's establishments are also regularly inspected by the commissions of health and safety, such as Apave and Bureau Veritas, who verify, in particular:

- fire and panic prevention within the Group's ERPs;
- ease of access for the disabled.

In the event of a breach of the regulation concerning fire and panic prevention in the ERPs, or ease of access for the disabled, the relevant regulatory authority can call upon the establishment to make improvements or have work done, or even close. Such events, especially if they should recur or go on for an extended period of time, could have a significant negative impact on the Group's business, results, financial position or future prospects.

▪ SECURITY

Our casinos have both technical and human resources which together ensure the security of people and goods. The terms under which they are activated are naturally linked to the unique character of the casino business, their size and their configuration.

Some of the security measures that have been implemented at the Group's establishments are listed below:

- CCTV cameras cover all areas of the establishments that may need monitoring, such as car parks, entrances, the main hall, games rooms, safe deposit vaults, cash registers, game tables and slot machines.
- a traditional surveillance system of volumetric radars connected to a central desk which detects the presence of an intruder in the establishment during closing hours;
- installing vaults, secure money boxes, with information displayed to the public at the cash registers can significantly reduce aggravated burglaries. By taking such measures, no keys can be handed over to criminals because the only people that have the keys are those who collect the funds. Only a nominal amount of cash is kept in cash registers and safe deposit boxes to cover frequent transactions (such as currency exchanges and cash payments);

- a computerised access control system operated by badges is used to record the movement of staff and visitors in the buildings;
- Security officers are stationed at entrances to prevent unauthorised entry to the establishments, and during closing hours, dog handlers guard buildings when necessary.

Specific training on anti-social behaviour, up to and including the risk of attacks, has been rolled out to all Groupe Partouche casinos in France under the name 'Developing security skills'. This training takes place in the working environment, thus increasing its effectiveness. Given the cross-cutting nature of security concerns, it is also aimed at all employees, whether or not they are in customer-facing roles. It will continue to be rolled out over the coming months. At 31 October 2016, this training had been delivered in eight casinos, with a total of 159 employees trained.

ACTIONS TAKEN IN SUPPORT OF HUMAN RIGHTS

Our subsidiaries are free to carry out whatever actions and partnerships they wish in support of human rights.

17.1.3 ENVIRONMENTAL INFORMATION

ENVIRONMENTAL POLICY

ENVIRONMENTAL ASSESSMENT AND ACCREDITATION PROCEDURES TAKEN WITH RESPECT TO THE ENVIRONMENT

Our main business in the leisure sector does not require any assessment or accreditation procedures with respect to the environment.

AMOUNT OF PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS, PROVIDED THAT THIS INFORMATION DOES NOT LEAD TO A SERIOUS PREJUDICE FOR THE COMPANY IN A CURRENT LAWSUIT

None of Groupe Partouche's current establishments had to make provisions or guarantees for environmental risks during the financial year. This is particularly the case regarding sound pollution, to the best of our knowledge.

AMOUNT OF DAMAGES PAID DURING THE FINANCIAL YEAR PURSUANT TO A LEGAL DECISION RELATING TO THE ENVIRONMENT AND ACTIONS CARRIED OUT TO REPAIR DAMAGE TO THE ENVIRONMENT

No indemnities pursuant to a legal decision pertaining to environmental issues were paid during the financial year.

TRAINING AND INFORMATION ON PROTECTING THE ENVIRONMENT OFFERED TO EMPLOYEES

79 hours of training were devoted to social and environmental responsibility issues. 22 subsidiaries worked with their local communities to carry out at least 1 activity to raise awareness of the need to protect the environment or cultural heritage.

17 subsidiaries provide their customers with tools or materials to help familiarise them with natural environments, flora and fauna in the region.

RESOURCES SET ASIDE TO PREVENT ENVIRONMENTAL RISKS AND THE ORGANISATION SET UP TO DEAL WITH POLLUTION ACCIDENTS

Since our business has very little environmental impact, Groupe Partouche SA and its subsidiaries do not have an internal environmental management department or specific employee training in this regard.

POLLUTION AND WASTE MANAGEMENT

21 casinos ran collective citizen cleaning campaigns as part of the 'Solivert' initiative.

The full-year cost of waste management was €588,698. Out of a total of 118,002 tonnes of household waste, 17,094 tonnes were recyclable and sent to appropriate processing facilities.

11 subsidiaries compost their green waste on site or send it to a composting or other type of recycling facility.

Recyclable serviettes constitute 58.5% of all serviettes used, and 88.1% of printer paper carries an environmental label.

NOISE POLLUTION AND OTHER FORMS OF POLLUTION SPECIFIC TO THE COMPANY'S BUSINESS

As regards noise pollution, four of the Group's entertainment venues are fitted with sound level meters. To date, no other forms of pollution specific to Groupe Partouche SA's business, other than those referred to in this report, have been identified.

SUSTAINABLE USE OF RESOURCES

SOIL USE

Soil use is especially relevant in the operation of golf courses, where all products used comply with applicable standards. For the Group's other operations, its buildings do not have a significant impact on the environment, as most of them were built a number of years ago.

ENERGY CONSUMPTION AND SUPPLY

Water consumption for the financial year came to 312,973 m^3. Water is sourced without exception from the local urban water supply.

Electricity consumption totalled 45,548,683 kW, of which 338,420 kW came from renewable sources.

Most of the subsidiaries have implemented energy-saving measures (energy-efficient light bulbs, diffusers on taps, using scrap paper, messages in rooms asking guests to minimise unnecessary washing of bathroom linens, LED bulbs, roof-mounted solar panels, etc.).

RAW MATERIAL CONSUMPTION

Raw materials consumed mainly consisted of raw (i.e. unprocessed) products purchased for catering purposes. To prevent unsold food and wasted meals, the Group adheres to a strict purchasing policy under which all meals are calibrated on the basis of a detailed technical specification that quantifies the exact amounts of products needed for each meal.
11 subsidiaries buy coffee, tea and chocolate sourced entirely or partly from fair trade sources.

CLIMATE CHANGE

Groupe Partouche SA and its subsidiaries do not produce much airborne and waterborne waste with a direct impact on the environment. All of the water evacuated is directly channelled into a sewerage network operated by the company's regional authority. Airborne waste levels have not yet been analysed as part of a survey of greenhouse gas emissions. Groupe Partouche SA's companies operate service businesses that involve neither industrial or chemical transformation nor significant use of existing methods of transportation.

To date, no adjustment plan has been put in place to address the consequences of climate change.

BIODIVERSITY

To the best of our knowledge, the business does not pose any particular threat to biodiversity and has not implemented any policies aiming to develop it.

The formalisation of the reference source for collecting and standardising the rules for consolidating Group-level CSR information has not been completely finalised for the financial year.

17.1.4. NOTE ON THE METHODOLOGY USED TO PREPARE LABOUR AND ENVIRONMENTAL DATA

The process used to collect CSR information and indicators has been reviewed and optimised with the help of a project group made up of CSR champions and contributors. This shared effort has improved overall ownership of both the information reported and the reporting system itself, thus helping make the data more reliable.

A CSR module has been developed and added to the Sigma-RH human resources software used by the Group to facilitate data capture, calculation and consolidation and, ultimately, to improve data reliability. This module has been rolled out to all subsidiaries.

REPORTING SCOPE

The labour, social and environmental data presented cover all businesses operationally controlled by Groupe Partouche in France and abroad.

Data are reported across the following scopes:

- 'Groupe Partouche', consisting of 'Europe' and 'Rest of World';
- 'Europe', consisting of entities registered in France as well as Belgian and Swiss entities;
- 'Rest of World', consisting of the casino in Djerba.

The CSR consolidation scope covers 55 entities in France, 1 entity in Belgium, 2 entities in Switzerland and 1 entity in Tunisia.

DATA COLLECTION, CONSOLIDATION AND VERIFICATION

REPORTING PERIOD AND ACCOUNTING RULES

Data collected relate to the period from 1 November 2015 to 31 October 2016.

DATA COLLECTION PROCEDURE

45 CSR champions have been appointed and are responsible for inputting data within the entities they manage and approving it for onward transmission to the administrator. Some of these CSR champions are responsible for more than one entity.

Data were gathered using the Sigma-RH system available at all Groupe Partouche subsidiaries, with the exception of the casino in Djerba, which submitted its data in an Excel file. Data are then input into the CSR module by the person with overall responsibility for the exercise. The system is used to input data, perform calculations and subsequently consolidate the data. There are multiple levels of checks within the software:

- Contributors input data within their subsidiaries;
- Validators check all data input within their subsidiaries before approving them;
- The administrator checks all data gathered before it is consolidated.

DATA CONSOLIDATION AND VERIFICATION PROCEDURE

For those subsidiaries that already use some or all of the software, some data are suggested by the software once a small amount of information has been input. All data are then

consolidated via the Sigma-RH software. Some data are re-calculated to ensure reliability.

DETAILS ON PUBLISHED DATA

BACKGROUND

The data do not include extras or artists. Some information is requested by segment; this applies only to those casinos covered by the collective bargaining agreement for casinos.

The 'gaming operations' segment encompasses staff at table games and slot machines.

The 'non-gaming operations' segment encompasses catering, entertainment, reception services, technical services and, where applicable, hotel services (only where a hotel is located within a casino).

The 'administration and management' segment encompasses secretarial services, accounting and IT.

METHODOLIGICAL DETAILS

Labour data:

Number of permanent employment contracts (fixed contracts for subsidiaries outside France) entered into in the year: employees on fixed-term contracts who sign a permanent contract are counted, even if they were previously employees.

Number of interns present during the year: an intern who completes two internships under two internship agreements is counted twice.

The following grounds for redundancy and dismissal are captured:

- redundancy following court-ordered liquidation or insolvency proceedings;
- redundancy following permanent closure of the establishment;
- redundancy on economic grounds;
- redundancy on other grounds;
- dismissal for gross misconduct;
- dismissal for wilful misconduct;
- redundancy on grounds of physical unfitness not arising from the occupation;
- redundancy on grounds of physical unfitness arising from the occupation;

When calculating number of hours' absence, the following reasons are used:

- occupational accident/relapse;
- sickness requiring hospitalisation;
- occupational illness;
- commuting accident;
- illness.

The severity rate of occupational accidents is calculated as the number of days lost through temporary incapacity divided by the total number of hours worked in the year multiplied by 1,000.

One lost day is equivalent to seven hours.

The number of workspaces adapted for employees with a disability or incapacity declared during the year only takes into account those employees with a documented disability for whom physical (e.g. chairs, tables) or organisational (e.g. adjustments to working patterns) changes were made to the workspace.

When calculating the number of hours' training per FTE, an employee receiving training is counted once.

CSR training covers the following:

- waste management and sorting;
- reducing water consumption;
- reducing energy consumption;
- protecting biodiversity;
- dosage of chemicals and detergents;
- handling and storage of hazardous substances.

Only those illnesses recognised during the fiscal year are counted; as such, a person still suffering from an occupational illness that was recognised the previous year is not counted.

Social data:

Local recruitment is taken to mean recruitment within 50 km of the company's location, based on the address shown on the employment contract.

Environmental data:

Information about waste may sometimes be estimated, notably where subsidiaries do not have access to weighing equipment. Definitions and recognition methods have therefore been developed to ensure the consistency of consolidated data.

For example, the quantity of household waste is calculated by multiplying the number of refuse sacks purchased by the volume of those sacks. This data item is therefore expressed in litres.

For those establishments that are able to weigh their refuse, data are expressed in tonnes.

Furthermore, a breakdown of each published indicator, together with its definition and calculation method, can be found within the reporting system.

17.2 DIRECT OR INDIRECT INVESTMENTS OF GROUPE PARTOUCHE SENIOR EXECUTIVES AND COMPANY OFFICERS IN THE SHARE CAPITAL AT 31 OCTOBER 2016

EXECUTIVE BOARD	DIRECT INVESTMENTS			INDIRECT INVESTMENTS	SHARE SUBSCRIPTION OR PURCHASE OPTIONS
	SHARES	PERCENTAGE OF		SHAREHOLDING VIA FINANCIÈRE PARTOUCHE [1]	
		SHARE CAPITAL	VOTING RIGHTS		
Fabrice Paire	377	0,00 %	0,00 %	-	None
Ari Sebag	5 682	0,06 %	0,06 %	11,07 %	None
Katy Zenou	9 972	0,10 %	0,10 %	7,79 %	None
Jean-François Largillière	-	0,00 %	0,0 %	-	None
TOTAL	**16 031**	**0,17 %**	**0,17 %**	**18,85 %**	**None**

SUPERVISORY BOARD	DIRECT INVESTMENTS			INDIRECT INVESTMENTS	SHARE SUBSCRIPTION OR PURCHASE OPTIONS
	SHARES	PERCENTAGE OF		SHAREHOLDING VIA FINANCIÈRE PARTOUCHE [1]	
		SHARE CAPITAL	VOTING RIGHTS		
Patrick Partouche	44 964	0,46 %	0,47 %	15,86 %	None
Isidore Partouche	404 720	4,18 %	4,20 %	0,24 %	None
Gaston Ghrenassia	7	0,00 %	0,00 %	N/S	None
Hubert Benhamou	69 165	0,71 %	0,72 %	14,27 %	None
Walter Butler	1	0,00 %	0,00 %	-	None
Véronique Masi Forneri	69	0,00 %	0,00 %	-	None
Daniel Cohen	150	0,00 %	0,00 %	-	None
TOTAL	**519 076**	**5,36 %**	**5,39 %**	**30,38 %**	**None**

(1) Financière Partouche owns 66.45% of the share capital of Groupe Partouche.

17.3 INVESTMENTS OF GROUPE PARTOUCHE EMPLOYEES IN THE SHARE CAPITAL

17.3.1 INCENTIVE SCHEMES

No incentive schemes have as yet been put in place by Groupe Partouche SA.

17.3.2 EMPLOYEE PROFIT-SHARING

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we hereby indicate that there is no employee profit-sharing scheme under the terms of a company savings plan at the balance sheet date, 31 October 2016.

17.3.3 EMPLOYEE SHAREHOLDERS

None.



18 MAIN SHAREHOLDERS

18.1 OWNERSHIP OF CAPITAL AND VOTING RIGHTS

The table below shows the breakdown of the Company's share capital and theoretical and actual voting rights over the last three years:

MAIN SHAREHOLDERS	31/10/16			31/10/15			31/01/15		
	NUMBER OF SHARES HELD	% OF SHARE CAPITAL AND THEORETICAL VOTING RIGHTS	ACTUAL VOTING RIGHTS	NUMBER OF SHARES HELD	% OF SHARE CAPITAL AND THEORETICAL VOTING RIGHTS	ACTUAL VOTING RIGHTS	NUMBER OF SHARES HELD	% OF SHARE CAPITAL AND THEORETICAL VOTING RIGHTS	ACTUAL VOTING RIGHTS
Financière Partouche SA 1	6 433 585	66,45 %	66,81 %	6 433 585	66,45 %	66,57 %	64 335 843	66,45 %	66,53 %
BCP 2	1 277 020	13,19 %	13,26 %	1 277 020	13,19 %	13,21 %	12 770 200	13,19 %	13,20 %
Supervisory Board members 3	519 076	5,36 %	5,39 %	414 946	4,29 %	4,29 %	3 666 108	3,79 %	3,79 %
Executive Board members 3	16 031	0,17 %	0,17 %	15 921	0,16 %	0,16 %	159 191	0,16 %	0,16 %
Treasury shares	49 729	0,51 %	-	16 745	0,17 %	-	108 257	0,11 %	-
Free float 4	1 386 119	14,32 %	14,39 %	1 523 343	15,73 %	15,76 %	15 776 001	16,29 %	16,31 %
TOTAL	**9 681 560**	**100,00 %**	**100,00 %**	**9 681 560**	**100,00 %**	**100,00 %**	**96 815 600**	**100,00 %**	**100,00 %**

(1) Financière Partouche SA is a family holding company.
(2) BCP holds 1,200,399 shares through FCPR France Private Equity III and 76,621 shares through Butler Capital Partners SA.
(3) Detailed information on shareholding by members of the Supervisory and Executive Boards is provided in Section 17.2 above.
(4) As far as the company is aware, there are no shareholders holding 5% or more of the share capital and voting rights, apart from Financière Partouche and BCP.

On 2 April 2013, Financière Partouche SA, the family holding company that holds 66.45% of the share capital of Groupe Partouche SA, requested and obtained the initiation of a Safeguard Procedure (procédure de sauvegarde) from the Valenciennes Commercial Court. This procedure allows Financière Partouche to renegotiate its financial debt, under the protection of the Commercial Court. The Valenciennes Commercial Court, in its ruling of 30 June 2014, approved the Company's Safeguard Plan (plan de sauvegarde).

At the request of Groupe Partouche, Euroclear France carried out a survey on 31 October 2016 of intermediaries holding 11,000 or more shares. This survey identified a total of 2,623 shareholders in this category, representing 14.2% of the share capital. At the date of this survey, also taking into account shareholders holding registered shares, it was thus confirmed that the share capital of Groupe Partouche was owned by more than 2,700 shareholders.

The Euroclear France survey identified 26.0% of shareholders as institutional investors, corresponding to 3.7% of the share capital.

No securities are owned by employees under a share ownership plan.

18.2 DIFFERENT VOTING RIGHTS

Each issued and outstanding share in the Company is entitled to a single vote. There are no double voting rights and the main shareholders, Financière Partouche and BCP, do not have different voting rights.

Furthermore, the Extraordinary Shareholders' Meeting of 15 January 2015 decided "not to confer double voting rights upon (i) fully paid-up Company shares which can be shown to have been held in registered form for at least two years in the name of the same shareholder, or (ii) registered Company shares allotted free of charge as part of a capital increase through the capitalisation of reserves, income or share issue premiums, to a shareholder".

18.3 INFORMATION ON THE CONTROL OF THE SHARE CAPITAL

On 29 April 2011, a shareholder agreement was entered into by Financière Partouche, Patrick Partouche, Katy Zenou and Ari Sebag, as the party of the first part, and BCP as the party of the second part, governing the relationship between these shareholders. This agreement constitutes an action in concert. The main clauses of this agreement stipulate that BCP shall hold:

- a maximum of two-sevenths of the seats on the Supervisory Board as long as Butler Capital Partners holds at least 5% of the Company's share capital;
- a veto right over major decisions (any decision taken by a majority of 80% of present or represented members including the favourable vote of the members of the Supervisory Board appointed upon BCP's proposal) concerning transactions with an impact on the share capital, debt, disposal of assets or investment expenditure, acquisition of assets and more specifically:
  - any financial debt owed to an entity which does not belong to Groupe Partouche or any new off balance sheet commitment increasing Groupe Partouche's commitments by over €3 million (non-cumulative threshold) compared with debt recorded in the consolidated financial statements at 31 October 2010,
  - any single disposal of assets greater than €3 million (non-cumulative threshold) not mentioned in Groupe Partouche's initial business plan concerning the period from 2011 to 2015,
  - any investment expenditure or acquisition of assets in a unit amount exceeding €3 million (non-cumulative threshold), apart from (i) an annual budget of €30 million provided for in the business plan and (ii) a cumulative budget over the duration of the initial business plan of €35 million covering specific investments or any project replacing them;
- an enhanced right to information;
- a right of inspection as regards any recruitment, appointment, dismissal or revocation of the members of Groupe Partouche's Executive Board, of which the only consequence shall be, at no cost for Financière Partouche, to release BCP from its lock-up commitment and its obligation under Financière Partouche's right of first offer;
- a liquidity clause in its favour, stipulating firstly that as of 29 April 2014, Financière Partouche shall provide and ensure that Groupe Partouche and its senior executives provide all assistance required by BCP to enable the disposal of its investment and secondly that in the scope of this liquidity procedure and in any event, as of 29 April 2016.

Ispar Holding (in place of Financière Partouche) guarantees BCP a minimum price of €2 per Groupe Partouche share disposed of by BCP and therefore undertakes to acquire from BCP the shares that BCP would like to dispose of at a price of €2 per share (within the limit of the shares subscribed by BCP in the scope of the reserved capital increase of 29 April 2011).

The agreement also states that:

- Financière Partouche agrees to hold on to at least 50.1% of Groupe Partouche's share capital for the entire term of the agreement;
- Financière Partouche and BCP agree not to increase their respective shareholdings by more than five percentage points.

This agreement will remain in effect as long as BCP holds shares in Groupe Partouche SA, although it should be noted that the duration of the agreement may not in any event exceed ten years.

In accordance with applicable regulations, this shareholder agreement was reported to the Autorité des Marchés Financiers, which ensured that it was officially announced as required.

No particular measure has been taken with a view to ensuring that the control described above is not exercised in an abusive manner.

At present, several senior executives hold the same positions at both Financière Partouche SA and Groupe Partouche SA, which the former company controls (see Section 14.1), namely:

On the Executive Board: Ari Sebag and Katy Zenou.

On the Supervisory Board: Isidore Partouche, Patrick Partouche and Gaston Ghrenassia aka Enrico Macias.

At the date of this Reference Document, Financière Partouche SA owned 6,433,585 shares, corresponding to 66.45% of the share capital, whereas FCPR France Private Equity III owned 1,200,399 shares and Butler Capital Partners owned 76,621 shares, together comprising 13.19% of the share capital.

18.4 CONTROL OF FINANCIÈRE PARTOUCHE SA

Financière Partouche, which held 66.45% of the Company's share capital at the date of this Reference Document, is a French public limited company ("Société Anonyme") with an Executive Board and a Supervisory Board, its share capital mainly owned by members of the Partouche family.

No single shareholder owns sufficient shares in Financière Partouche SA to control this company. Patrick Partouche, Ari Sebag and Katy Zenou (all three signatories of the shareholder agreement described in Section 18.3) together hold 52.30% of the capital of Financière Partouche SA at 31 October 2016.

18.5 CHANGE OF CONTROL

To the best of our knowledge and subject to the information mentioned in Section 18.3 above, there are no other actions in concert or shareholder agreements, nor does any clause of any agreement contain any preferential conditions governing the disposal or acquisition of Groupe Partouche shares.

19 RELATED-PARTY TRANSACTIONS

Please refer to Section 7.2 of this document for the organisational structure and Section 20.2.1: Note 15 "Related parties" to the consolidated financial statements for further information.

Any partnerships with other companies are negotiated at arm's length.

The special report of the Statutory Auditors on regulated agreements and commitments is included below.

STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

SHAREHOLDERS' MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2016

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the principal terms and conditions as well as the reason for benefit for the Company of those agreements and commitments brought to our attention, or that we may have discovered in the course of our audit. We are not required to express an opinion on their usefulness and appropriateness or ascertain whether any other such agreements and commitments exist. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code, to evaluate the benefits resulting from the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-58 of the French Commercial Code relating to the implementation during the financial year under review of agreements and commitments previously approved by the Shareholders' Meeting.

We have carried out the procedures we considered necessary in accordance with the professional guidelines of the Compagnie Nationale des Commissaires aux Comptes (CNCC, the French national institute of statutory auditors) relating to this engagement. These procedures involved verifying that the information provided to us was consistent with its supporting documentation.

1 - AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FINANCIAL YEAR

In application of Article L. 225-88 of the French Commercial Code, we have been advised of the following agreements and commitments previously authorised by your Supervisory Board.

1.1 AGREEMENTS WITH SHAREHOLDERS

We have not been informed of any new agreements in this category.

1.2 AGREEMENTS WITH COMPANIES SHARING SENIOR MANAGEMENT PERSONNEL

Tax consolidation agreements with four subsidiaries

Your company entered into tax consolidation agreements with four new subsidiaries falling into tax consolidation with effect from 1 November 2016, namely:

The Complexe commercial de la Roche Posay SA, Casino d'Agon Coutainville SA, SCI Pietra Pornic, and the SCI Hôtel Garden Pinède.

These tax consolidation agreements have been established in accordance with Article 223 A of the French General Tax

Code. They enter into force on 1 November 2016 for a period of five years.

The agreements have been authorized by your Supervisory Board on 13 September 2016.

Persons concerned:

- Members of the Supervisory Board: Isidore Partouche and Patrick Partouche;
- Members of the Executive Board: Ari Sebag, Fabrice Paire and Jean-François Largillière.

Reason for its benefit for Groupe Partouche SA:

The tax consolidation of these four Groupe Partouche SA subsidiaries that had not yet been consolidated for tax purposes commences in the next financial year, i.e. from 1 November 2016, and will enable the Group to benefit from tax incentives.

1.3 OTHER AGREEMENTS WITH SENIOR EXECUTIVES

We have not been informed of any new agreements in this category.

AGREEMENTS AND COMMITMENTS AUTHORISED SINCE THE FINANCIAL YEAR-END

We have been advised of the following agreement and commitments, which were authorised subsequent to the end of the financial year under review, and had been previously authorised by your Supervisory Board.

1.4 AGREEMENTS WITH SHAREHOLDERS

Authorization to purchase Enderbury GR Ltd from Financière Partouche SA

With SA Financière Partouche: a shareholder of 66.45% of your company's share capital.

Authorization to purchase from SA Financière Partouche, the 100 shares that make up Enderbury GR Ltd's share capital, which itself owns 842,481 shares of the 842,490 shares that make up the Société Européenne des Grands Restaurants' capital, which operates Le Laurent restaurant, for a total price of 4,300,000 euros.

This agreement was authorised by your Supervisory Board on 24 January 2017.

Persons concerned:

- Members of the Supervisory Board: Isidore Partouche, Patrick Partouche and Gaston Ghrenassia;
- Members of the Executive Board: Ari Sebag and Katy Zenou.

Reason for its benefit for Groupe Partouche SA:

The board considered that this purchase would enable Groupe Partouche SA to extend its operations and its offering by bringing Le Laurent restaurant into the Group, and that besides the establishment's inherent quality and standing, the move would signal the Group's commitment to a site in its sector in Paris, a city where challenges could one day emerge.

1.5 AGREEMENTS WITH COMPANIES SHARING SENIOR EXECUTIVES

We have not been informed of any new agreements in this category.

1.6 OTHER AGREEMENTS WITH SENIOR EXECUTIVES

We have not been informed of any new agreements in this category.

2 - AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS FINANCIAL YEARS

A) THAT REMAINED IN FORCE DURING THE FINANCIAL YEAR UNDER REVIEW

In application of Article R. 225-57 of the French Commercial Code, we have been informed that the agreements and commitments described below, which were approved by the Shareholders' Meeting in previous financial years, remained in force during the year.

2.1 AGREEMENTS WITH SHAREHOLDERS

Lease agreement with Financière Partouche SA

In the year ended 31 October 1998, your Company signed a lease agreement with Financière Partouche SA. This agreement covers the lease of your Company's headquarters at 141 bis rue de Saussure, 75017 Paris, France. As a result of the increase in the surface area occupied by Groupe Partouche SA, a rider to this agreement was signed on 1 August 2002, which renewed the lease for a term of nine years expiring on 31 July 2011 with an annual lease payment of €160,000 excluding VAT, subject to review in relation to the French construction cost index.

A further renewal of this lease was signed on 29 July 2011 for a term of nine years expiring on 31 July 2020. All other provisions of the renewed lease remain unchanged and in full effect.

Under this agreement, the lease expense recognised by your Company was €227,506 for the year ended 31 October 2016, plus tenant service charges and taxes in the amount of €83,166, thus a total of €310,672.

Subordinated shareholder advance agreement with Financière Partouche SA

On 26 August 2003, your Company signed a shareholder's advance agreement with Financière Partouche SA. Under the terms of this agreement, Financière Partouche SA granted your company an advance in the initial amount of

€100,000,000 for a term of 7 years and 3 months, commencing on 29 August 2003, which was extended by a rider until 30 November 2012.

Pursuant to the memorandum of understanding on the restructuring of the debt, concluded with the pool of banks on 21 October 2009, the maturity date for the shareholder's advance was set at 31 December 2015.

The amounts lent to Groupe Partouche SA under the shareholder's advance were to be repaid only in accordance with the terms laid down in the subordination agreement signed on 27 September 2005 between Financière Partouche SA and Groupe Partouche SA. Under this agreement, the repayment of the syndicated loan would take precedence over the repayment of the shareholder's advance.

Furthermore, pursuant to the memorandum of understanding on the restructuring of the debt concluded with the pool of banks on 21 October 2009, it was further agreed that no interest or dividend would be payable by Groupe Partouche SA to Financière Partouche SA in respect of the subordinated shareholder's advance or on any other grounds, with the exception of repayments using surplus cash flow as defined in the above-mentioned agreement.

In the financial year ended 31 October 2010, the shareholder's advance decreased from €100,000,000 to €25,408,314, a reduction of €74,591,686 corresponding to Financière Partouche SA's subscription to the capital increase carried out by Groupe Partouche SA on 13 August 2010.

The Safeguard Plan approved in a ruling by the Paris Commercial Court on 29 September 2014 authorised your Company to make repayments to Financière Partouche SA according to a set repayment schedule expiring on 15 December 2022.

At 31 October 2016, the amount outstanding of the shareholder's advance was €20,121,729.

The ruling approving the Safeguard Plan maintained the shareholder's advance's contractual interest rate: the 1-, 2-, 3- or 6-month Euribor rate plus a 2% margin. Under this agreement, for the financial year ended 31 October 2016, your Company paid €374,663 in interest to Financière Partouche SA.

2.2 AGREEMENTS WITH COMPANIES SHARING SENIOR EXECUTIVES

Tax consolidation agreement

The Group's tax consolidation agreement is applied in accordance with Article 223 A of the French General Tax Code. This agreement is valid for a five-year period and expires on 31 October 2019.

For the financial year ended 31 October 2016, your Company recognised a tax saving of €11,245,508 under this agreement.

Management consulting agreement with Shal & Co SA

Your Company has entered into a management consulting agreement with Shal & Co SA. Under the terms of this agreement, Shal & Co SA provides consulting services to certain subsidiaries of Groupe Partouche SA together with assistance in the areas of sales and administration as well as financial, legal, accounting and tax matters. This agreement was amended on 28 December 2008 to extend its term indefinitely.

For the financial year ended 31 October 2016, your Company recognised a charge of €580,000 under operating expenses in respect of this agreement.

Person concerned:

- Member of the Supervisory Board Hubert Benhamou.

Current account subordination agreement with SAS Casinos de Vichy «Les 4 Chemins»

On 31 October 2012, a current account subordination agreement was entered into by your Company and Casino de Vichy «Les 4 Chemins», 91.83% of which is indirectly held.

Under this agreement, your Company forbids itself from claiming from its subsidiary the repayment of its claim as at 24 October 2012 (€15,106,491 excluding interest from 1 November 2011 to 24 October 2012) as long as liabilities towards third parties appear on its balance sheet, with the exception of disposals of equity securities or assets.

The aim of this agreement is to enable Casinos de Vichy «Les 4 Chemins» to consider said amount on its current account as a stable resource («quasi-equity»).

At 31 October 2016, your Company's current account claim with respect to SAS Casinos de Vichy "Les 4 Chemins" amounted to €18,298,716, including financial income in the amount of €44,965.

Person concerned:

- Members of the Executive Board: Ari Sebag and Fabrice Paire.

2.3 OTHER AGREEMENTS WITH SENIOR EXECUTIVES

We have not been informed of any agreements falling into this category.

B) NOT GIVING RISE TO PERFORMANCE DURING THE FINANCIAL YEAR UNDER REVIEW

We have also been informed that the agreements and commitments listed below, which were approved by the Shareholders' Meeting in previous financial years, remained in force but did not give rise to any performance during the year. These agreements are as follows:

2.4 AGREEMENTS WITH SHAREHOLDERS

Cash pooling agreement with Financière Partouche SA

Financière Partouche SA was authorised to participate in the cash pooling agreement for Group companies with Groupe Partouche SA. Under this agreement, interest is charged on any loans and advances granted at preferential rates, thus lower than market rates.

This agreement had no impact on your Company during the financial year ended 31 October 2016.

2.5 AGREEMENTS WITH COMPANIES SHARING SENIOR EXECUTIVES

Debt forgiveness agreements with return to profitability clauses relating to cash advances recorded in current accounts:

The terms and conditions of these agreements are as follows:

- with Société du Grand Casino de Cabourg: return to profitability clause for a debt forgiveness in the amount of €3,874,547;
- with Grand Casino du Havre SA: return to profitability clause for a debt forgiveness in the amount of €18,503,867;
- with Casino de la Trinité: return to profitability clause for a debt forgiveness in the amount of €3,267,000;
- with Casino de la Tremblade: return to profitability clause for a debt forgiveness in the amount of €677,846;
- with Hôtel Cosmos SARL: return to profitability clause for a debt forgiveness in the amount of €3,516,140;
- with Partouche Interactive SA: return to profitability clause for a debt forgiveness in the amount of €12,000,000;
- with Société d'exploitation du Casino et d'Hôtels de Contrexéville SAS: return to profitability clause for a debt forgiveness in the amount of €550,000.

2.6 OTHER AGREEMENTS WITH SENIOR EXECUTIVES

We have not been informed of any agreements falling into this category.

Marseille and Paris, 13 February 2017

MCR Baker Tilly	**France Audit Expertise**
Emmanuel Mathieu	José David



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FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL POSITION AND PERFORMANCE

20.1 HISTORIC FINANCIAL INFORMATION

Pursuant to Article 28 of Regulation (EC) 809/2004, the following information is referenced in this document:

- the consolidated financial statements for the financial year ended 31 October 2014, prepared in accordance with IFRS/IAS as adopted by the European Union and the report of the Statutory Auditors in the consolidated financial statements for the financial year ended 31 October 2014 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 26 February 2015 under No. D.15-0083, pages 131 et seq.;
- the consolidated financial statements for the financial year ended 31 October 2015, prepared in accordance with IFRS/IAS as adopted by the European Union and the report of the Statutory Auditors in the consolidated financial statements for the financial year ended 31 October 2015 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 25 February 2016 under No. D.16-0079, pages 155 et seq.;
- the individual financial statements for the financial year ended 31 October 2014 and the report of the Statutory Auditors on the annual financial statements for the financial year ended 31 October 2014 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 26 February 2015 under No. D.15-0083, pages 182 et seq;
- the individual financial statements for the financial year ended 31 October 2015 and the report of the Statutory Auditors on the annual financial statements for the financial year ended 31 October 2015 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 25 February 2016 under No. D.16-0079, pages 208 et seq.

Both of the Reference Documents referred to above are available on the websites of the Company

(www.partouche.com) and the Autorité des Marchés Financiers (www.amf-france.org).

20.2 FINANCIAL STATEMENTS

20.2.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2016

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2016

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CONSOLIDATED FINANCIAL STATEMENTS AT 31 OCTOBER 2016

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT €000 AT 31 OCTOBER (EXCEPT PER SHARE DATA)	NOTES	2016	2015	2014
Turnover	**4.2, 5.1**	**405 203**	**400 342**	**409 641**
Purchases and external expenses	5.3	(133 533)	(127 615)	(135 927)
Taxes and duties		(17 990)	(17 877)	(19 271)
Employee expenses	7.2	(168 389)	(172 500)	(181 115)
Depreciation, amortisation and impairment of fixed assets		(35 531)	(37 401)	(37 836)
Other current operating income and expenses	5.4	(8 475)	(11 125)	(11 548)
Current operating profit	**4.3**	**41 286**	**33 824**	**23 945**
Other non-current operating income and expenses	5.4	(2 965)	1 797	3 673
Gain (loss) on the sale of consolidated investments	3.2	123	7 791	19 265
Impairment of non-current assets	6.1	(16 359)	(21 459)	(21 958)
Non-current operating profit		**(19 202)**	**(11 870)**	**980**
Operating profit		**22 084**	**21 954**	**24 925**
Financial income (expense)	**9.4**	**(2 529)**	**(3 542)**	**(8 180)**
Profit before tax		**19 555**	**18 412**	**16 746**
Corporate income tax	10.1	2 417	(5 717)	(8 259)
CVAE tax	10.1	(3 325)	(3 388)	(3 186)
Profit after tax		**18 647**	**9 307**	**5 301**
Share in earnings of equity-accounted associates	5.7	-	(2)	34
Total net profit		**18 647**	**9 304**	**5 335**
o/w Group share		11 144	1 975	(1 541)
o/w minority interests		7 504	7 329	6 876
Net earnings per share attributable to the Group		**1,16**	**0,20**	**(0,16)**
Dividend distributed per share		-	-	-
Number of shares on which the earnings per share calculation is based		9 645 986	9 667 142	9 665 311

STATEMENT OF COMPREHENSIVE INCOME

COMPREHENSIVE INCOME €000 AT 31 OCTOBER	2016	2015	2014
Total net profit	**18 647**	**9 304**	**5 335**
Change in fair value of financial instruments net of tax (effective portion)	(18)	(222)	551
Other comprehensive income items *	148	2 317	241
Other comprehensive income items (that may be recycled subsequently to net profit)	**130**	**2 095**	**792**
Remeasurements of the defined benefit liability (IAS 19 (revised)), impact net of tax	(444)	(1 816)	(31)
Other comprehensive income items (that will not be recycled subsequently to net profit)	**(444)**	**(1 816)**	**(31)**
Total comprehensive income	**18 333**	**9 583**	**6 096**
Group share of comprehensive income	10 739	1 248	(1 120)
Minority interest share of comprehensive income	7 594	8 334	7 216

(*) Other comprehensive income items include changes in the Group and non-Group translation reserves of €(25)k and €173k respectively in year Y, and €1,066k and €1,251k respectively in year Y-1.
The Notes to the consolidated financial statements are an integral part thereof.

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2016 (NET VALUE)

NET ASSETS IN €000 AT 31 OCTOBER	NOTES	2016	2015	2014
Intangible assets	6.3	4 060	4 037	5 152
Goodwill	6.1	239 944	245 680	276 007
Tangible fixed assets	6.4	241 723	247 356	251 331
Investments in equity-accounted associates	5.7	-	-	-
Other non-current financial assets	9.1	4 630	4 385	4 346
Deferred tax – Assets	10.2	3 415	2 651	2 399
Other non-current assets	12.1	17 454	15 518	11 757
TOTAL NON-CURRENT ASSETS		**511 227**	**519 627**	**550 993**
Inventories and semi-finished goods	5.5	3 142	3 184	2 819
Trade and other receivables	5.6	25 068	18 133	25 854
Corporate income tax receivables	10.1	3 824	3 275	3 005
Other current assets	12.1	9 940	10 300	9 783
Cash and cash equivalents	9.2	152 492	164 858	116 711
TOTAL CURRENT ASSETS		**194 465**	**199 750**	**158 174**
Assets held for sale	3.3	-	867	29 210
TOTAL NET ASSETS		**705 692**	**720 243**	**738 377**

LIABILITIES AND EQUITY IN €000 AT 31 OCTOBER	NOTES	2016	2015	2014
Share capital	11.1	193 631	193 631	193 631
Treasury shares	11.2	(1 426)	(398)	(374)
Share premium		9 411	9 411	9 411
Consolidated reserves	11.3	95 959	96 174	99 624
Translation reserve		2 242	2 607	1 541
Net profit (loss), Group share		11 144	1 975	(1 541)
GROUP EQUITY		**310 962**	**303 400**	**302 292**
MINORITY INTERESTS	**11.4**	**24 197**	**28 849**	**27 934**
TOTAL EQUITY		**335 159**	**332 250**	**330 226**
Non-current financial debt	9.3	161 668	178 112	219 051
Non-current employee commitments	7.4	14 621	13 553	10 954
Other non-current provisions	8.1	4 545	4 580	5 597
Deferred tax – Liabilities	10.2	27 294	36 218	37 867
Other non-current liabilities	12.3	6 030	6 361	7 770
TOTAL NON-CURRENT LIABILITIES		**214 158**	**238 825**	**281 240**
Current financial debt	9.3	27 627	25 463	773
Current employee commitments	7.4	337	317	204
Current provisions	8.1	3 512	3 049	3 447
Trade and other payables	12.2	91 029	87 377	90 599
Current tax liabilities	10.1	32 278	30 760	28 810
Other current liabilities	12.3	1 591	1 985	2 075
TOTAL CURRENT LIABILITIES		**156 375**	**148 952**	**125 907**
Held for sale liabilities	3.3	-	216	1 004
TOTAL LIABILITIES AND EQUITY		**705 692**	**720 243**	**738 377**

Number of shares in circulation (excluding treasury shares):

2016	2015 *	2014
9 631 831	9 664 815	96 649 014

(*) Reverse stock split undertaken in 2015; cf. Note 11.1, "Share capital outstanding".

The Notes to the consolidated financial statements are an integral part thereof.

CONSOLIDATED CASH FLOW STATEMENT

€000 AT 31 OCTOBER	2016	2015	2014
Total net profit	**18 647**	**9 304**	**5 335**
Adjustments:			
Elimination of income from equity-accounted associates	-	2	(34)
Elimination of tax expense (income)	908	9 105	11 445
Elimination of depreciation, amortisation and provisions	55 092	57 766	60 749
Elimination of gains and losses on revaluation to fair value	-	-	-
Elimination of gains and losses on asset disposals	(223)	(9 980)	(23 021)
Elimination of net interest expense (income)	5 609	7 131	9 650
Elimination of dividend income	(815)	(126)	(128)
Impact of the change in WCR	(9 740)	267	(3 655)
Interest paid	(5 684)	(7 224)	(7 972)
Tax paid	(9 564)	(9 354)	(7 846)
Cash flow from operating activities	**54 231**	**56 891**	**44 523**
Acquisition of investment securities net of cash acquired	(3 538)	(263)	-
Disposal of consolidated companies, less cash sold	400	13 720	22 737
Impact of other changes in consolidation scope	-	-	-
Acquisition of intangible assets	(330)	(286)	(141)
Acquisition of tangible fixed assets	(41 604)	(30 695)	(25 435)
Acquisition of financial assets	(109)	(3)	-
Loans and advances granted	(381)	(405)	(417)
Disposal of intangible assets	-	4	70
Disposal of tangible fixed assets	545	30 125	23 930
Disposal of financial assets	-	10	76
Reimbursements received from loans	319	619	428
Interest received	88	109	105
Dividends received	815	126	128
Cash flow from (used in) investing activities	**(43 795)**	**13 063**	**21 481**
Capital increase subscribed by minority interests	12	283	-
Net disposal of treasury shares	(1 028)	(24)	79
Loans issued	10 979	2 631	23
Bank loans reimbursed	(22 945)	(18 928)	(49 575)
Other financial debts reimbursed	(2 513)	(544)	(3 423)
Dividends paid to minority shareholders	(7 923)	(7 691)	(9 273)

€000 AT 31 OCTOBER	2016	2015	2014
Cash flow from (used in) financing activities	**(23 419)**	**(24 273)**	**(62 169)**
Impact of foreign exchange rates	442	2 458	322
Change in cash and cash equivalents	**(12 541)**	**48 139**	**4 157**
Opening cash position	164 841	116 701	112 544
Closing cash position	**152 300**	**164 841**	**116 701**

The closing cash position of €152,300k plus "cash liabilities" (trésorerie passive), i.e. €192k, corresponds to the item "Cash and cash equivalents under assets", i.e. €152,492k.

The comments on the consolidated cash flow statement are presented in Note 13.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

€000	CAPITAL	TREASURY SHARES	SHARE PREMIUM	CONSOLIDATED RESERVES AND NET PROFIT FOR THE FINANCIAL YEAR	GROUP TRANSLATION RESERVE	GROUP EQUITY	MINORITY INTERESTS	TOTAL EQUITY
Equity at 31 October 2013	**193 631**	**(396)**	**9 411**	**98 500**	**2 146**	**303 293**	**29 984**	**333 277**
Net profit for 2014 financial year	-	-	-	(1 541)	-	(1 541)	6 876	5 335
Change in fair value of financial instruments net of tax (effective portion)	-	-	-	551	-	551	-	551
Remeasurements of the defined benefit liability (IAS 19 (revised))	-	-	-	(21)	-	(21)	(10)	(31)
Other comprehensive income items	-	-	-	-	(109)	(109)	350	241
Comprehensive income	**-**	**-**	**-**	**(1 011)**	**(109)**	**(1 120)**	**7 215**	**6 095**
Distribution of dividends	-	-	-	-	-	-	(9 274)	(9 274)
Other movements	-	22	-	594	(496)	119	8	127
Equity at 31 October 2014	**193 631**	**(374)**	**9 411**	**98 083**	**1 541**	**302 292**	**27 934**	**330 226**
Net profit for 2015 financial year	-	-	-	1 975	-	1 975	7 329	9 304
Change in fair value of financial instruments net of tax (effective portion)	-	-	-	(222)	-	(222)	-	(222)
Remeasurements of the defined benefit liability (IAS 19 (revised))	-	-	-	(1 571)	-	(1 571)	(246)	(1 816)
Other comprehensive income items	-	-	-	-	1 066	1 066	1 251	2 317
Comprehensive income	**-**	**-**	**-**	**182**	**1 066**	**1 248**	**8 334**	**9 583**
Distribution of dividends	-	-	-	-	-	-	(7 710)	(7 710)
Other movements	-	(24)	-	(116)	-	(140)	291	151
Equity at 31 October 2015	**193 631**	**(398)**	**9 411**	**98 149**	**2 607**	**303 400**	**28 849**	**332 250**

€000	CAPITAL	TREA-SURY SHARES	SHARE PREMIUM	CONSOLIDATED RESERVES AND NET PROFIT FOR THE YEAR	GROUP TRANSLATION RESERVE	GROUP EQUITY	MINORITY INTERESTS	TOTAL EQUITY
Net profit for 2016 financial year	-	-	-	11 144	-	11 144	7 504	18 647
Change in fair value of financial instruments net of tax (effective portion)	-	-	-	(18)	-	(18)	-	(18)
Remeasurements of the defined benefit liability (IAS 19 (revised))	-	-	-	(362)	-	(362)	(82)	(444)
Other comprehensive income items	-	-	-	-	(25)	(25)	173	148
Comprehensive income	**-**	**-**	**-**	**10 764**	**(25)**	**10 739**	**7 594**	**18 333**
Distribution of dividends	-	-	-	-	-	-	(7 928)	(7 928)
Other movements	-	(1 028)	-	(1 810)	(340)	(3 177)	(4 318)	(7 496)
Equity at 31 October 2016	**193 631**	**(1 426)**	**9 411**	**107 103**	**2 242**	**310 962**	**24 197**	**335 159**

Comments on the changes in consolidated shareholders' equity as of 31 October 2016 are presented in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Notes to the consolidated financial statements are an integral part thereof.

NOTE 1. KEY EVENTS DURING THE FINANCIAL YEAR

The Group's acquisition of minority stakes in Partouche Interactive and the La Roche-Posay and Agon Coutainville casinos resulted in a net reduction in minority interests as a proportion of consolidated equity of €4.4m.

The impact of changes in the Group's consolidation scope in financial year 2016 was minor (creation of Partouche Images Afrique and SCI Pietra Pornic, and deconsolidation of Partouche Interactive Gibraltar following its liquidation).

Activity over the period should nevertheless be considered in the light of changes to the scope of consolidation in 2015, in particular the disposals of the Chaudfontaine casino and the Garden Beach hotel in Juan-les-Pins on the one hand and the closure of the La Trinité-sur-Mer casino on the other. This analysis does not take account of the closure on 31/12/2015 of the Vichy 4 Chemins casino, due to the transfer of operations to the Vichy Grand Café casino, another facility operated by Groupe Partouche.

NOTE 2. ACCOUNTING POLICIES

In the following notes to the financial statements, the terms "Groupe Partouche" and "the Group" refer to the entire Group and its consolidated subsidiaries. "Groupe Partouche SA" refers to the parent company of Groupe Partouche.

Groupe Partouche SA is a société anonyme (limited company) governed by French law, subject to all of the texts governing commercial companies in France, particularly the French Commercial Code. It has its registered office at 141 bis rue de Saussure, in the 17th arrondissement of Paris, and has been listed on the Paris stock exchange since March 1995.

Groupe Partouche, the company and its subsidiaries, are mainly organised around the casino, hospitality and online gaming businesses. The consolidated financial statements were approved for publication by the Executive Board of Groupe Partouche SA on 16 January 2017.

Pursuant to French legislation, the consolidated financial statements for the financial year ended 31 October 2016 will be subject to the approval of the shareholders of the Group at the Shareholders' Meeting convened for 5 April 2017.

In accordance with IAS 1 – Presentation of Financial Statements, the Group breaks out its assets and liabilities in the balance sheet into current and non current. Items qualify as "current" if:

- the Group expects to realise the asset or settle the liability within 12 months or in its normal operating cycle;
- the assets and liabilities in question are held for the purpose of trading.

2.1 STANDARDS APPLIED

Pursuant to Regulation (EC) No. 1606/2002 of 19 July 2002, the financial statements of Groupe Partouche for the financial year ended 31 October 2016 have been prepared under International Financial Reporting Standards (IFRS) as adopted in the European Union.

The financial information was prepared for all the periods presented in compliance with the rules of measurement and recognition under IFRS.

IFRSs, as adopted by the European Union at 31 October 2016, are available under the IAS/IFRS and SIC-IFRIC interpretations adopted by the Commission on the following website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm.

2.1.1 IFRS/IFRIC STANDARDS AND INTERPRETATIONS

The accounting policies and valuation methods applied for preparing the consolidated financial statements are the same as those used at 31 October 2015, except for new EU-adopted standards and interpretations that came into force at the beginning of the financial year under review.

- Standards and interpretations applied by the Group, as of 1 November 2015:
  - Amendments to IAS 19 – Defined benefit plans: employee contributions (applicable with effect from 1 November 2015), which had no material effect on consolidated financial statements.
- Standards and interpretations adopted or in the process of being adopted by the European Union and not applied early by the Group as of 1 November 2015:
  - IFRS 9 – Financial Instruments (Phase 1 – Classification and measurement of financial assets, and supplement – Fair value option for financial liabilities) (approved by the EU on 29 November 2016);
  - IFRS 15 – Revenue from Contracts with Customers (applicable with effect from 1 November 2018);
  - IFRS 16 – Revenue from Contracts with Customers (not adopted by the EU);
  - Amendment to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable with effect from 1 November 2016);
  - Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (applicable with effect from 1 November 2016);
  - IFRS annual improvements 2010-2012 and 2011-2013 (applicable with effect from 1 November 2015) and 2012-2014 (applicable with effect from 1 November 2016).

Groupe Partouche is currently analysing the potential impact that applying these standards and amendments has on its statement of comprehensive income, balance sheet, cash flows and notes to the consolidated financial statements.

2.2 ACCOUNTING JUDGMENTS AND ESTIMATES

2.2.1 PREPARATION PRINCIPLES

The consolidated financial statements are prepared on the basis of historical costs, with the exception of certain financial instruments which have been recorded since 1 November 2004, based on their fair value, namely:

- derivative financial instruments;
- available for sale financial assets.

Groupe Partouche closes its financial statements at 31 October. The subsidiaries that do not have a 31 October year-end prepare interim financial statements at that date.

Acquired subsidiaries are consolidated in the Group's financial statements as of the date of their acquisition, commencing on the most recent date of preparation of the most recent consolidated balance sheet.

Preparing the financial statements requires Groupe Partouche to perform estimates and make assumptions that may have an impact both on the amounts of assets, liabilities, income and expenses and on the information provided in the notes to the financial statements. The estimates and assumptions are made based on comparable historic data and other factors considered to be reasonable in view of the circumstances. They are therefore used as a basis to exercise judgment for the purpose of determining accounting values. The Group's management reviews these estimates and assumptions continually in order to ensure their pertinence with regard to the current economic environment. If such assumptions change, the items included in future financial statements may differ from current estimates. The impact of changes in accounting estimates is recognised during the period of the change and all subsequent affected periods.

The principal estimation bases applied by the Group are presented below and relate to:

- measurement in the balance sheet of tangible fixed assets, intangible assets and goodwill. The Group regularly reviews certain indicators which, where applicable, may lead to an impairment test;
- determination of deferred tax and the level of recognition of deferred tax assets based on the principles described below. Management has established a tax recoverability plan enabling the amount of deferred tax assets that may be recognised in the Group's consolidated balance sheet to be estimated;
- determination by the Group of the provision for retirement commitments and similar benefits and related expenses depends on the assumptions used in the actuarial provision calculation;
- analysis of contingencies and legal claims, including the estimate of the probability of the outcomes of litigation in progress and future litigation, which are intrinsically dependant on necessarily uncertain future events.

The financial statements reflect management's best estimates, on the basis of the information available to them on the date that the financial statements are approved for publication.

NOTE 3. CONSOLIDATION SCOPE

3.1 ACCOUNTING POLICIES RELATED TO THE CONSOLIDATION SCOPE

3.1.1 CONSOLIDATION PRINCIPLES

▸ Full consolidation

Subsidiaries over which the Group has exclusive control, whether directly or indirectly, are fully consolidated. The Group considers that it has exclusive control over an entity in which it has invested if:

- it has power over the investee;
- it is exposed or entitled to variable returns resulting from its links with the investee;
- it is able to exert its power over the entity in such a way as to influence the amount of returns it obtains from the entity.

The full consolidation method takes into account, after eliminating internal transactions and results, all assets, liabilities and income statement items of the companies in question; that portion of profits and equity due to Group companies (Group share) is distinguished from that relating to interests held by other shareholders (non-controlling interests). All significant transactions between consolidated companies and results within the consolidated group (including dividends) are eliminated.

▸ Equity-accounted joint arrangements and associates

A partnership agreement structures the control of a firm and ensures that it is jointly controlled by at least two partners. This type of firm is known as a joint arrangement, as defined in IFRS 11, retroactively applicable with effect from 1 January 2014, where the partners have rights over the firm's net assets.

Groupe Partouche also has significant influence over some companies, known as associates. Significant influence means the power to participate in decisions concerning a company's financial and operational policies without controlling or jointly controlling those policies. Significant influence is assumed where the Group holds more than 20% of the voting rights. Such joint arrangements and associates are recognised using the equity method.

Under this method, an investment in equity-accounted companies is recognised in the consolidated balance sheet at the date at which the company becomes an associate or a joint arrangement. This investment is initially recognised at acquisition cost. After the acquisition date, it is adjusted to reflect the Group's share of comprehensive income not distributed by the investee. This income may be adjusted to comply with the Group's accounting policies.

The rules for impairment testing of equity-accounted investments are governed by IAS 39 – Financial Instruments: Recognition and Measurement, and IAS 28 (revised) – Investments in Associates and Joint Ventures. Impairment losses on equity-accounted investments, as well as any profit or loss upon the re-measurement at fair value of the previously held share (when control of an equity-accounted company is acquired), are recognised under "Share in earnings of equity-accounted associates".

▸ Change in the percentage of interests held in companies without the loss of control

Under IAS 27 (revised), in the event that additional shares in a subsidiary are acquired, the difference between the price paid and the carrying amount of the acquired minority interest, as determined from the financial statements prior to the acquisition, is deducted from consolidated equity.

3.1.2 FOREIGN CURRENCY TRANSLATION METHODS

▸ Translation of foreign companies' financial statements

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group.

Foreign companies' financial statements are initially prepared in each subsidiary's functional currency. Balance sheet items are translated into euros on the basis of the exchange rates prevailing at the balance sheet date. Equity items are translated on the basis of the historical exchange rates, with translation differences from the previous financial year being aggregated under the heading "translation differences" included in the statement of comprehensive income. The income statement and cash flow headings are translated using average rates during the financial year.

▸ Translation of foreign currency transactions

Receivables and payables expressed in foreign currencies are translated on the basis of the exchange rate prevailing at the balance sheet date. Income, expenses and transaction flows are translated on the basis of the exchange rate prevailing at the date they were recognised. The gains and losses resulting from the translation of the assets and liabilities are listed in the income statement.

▸ Main conversion rates

The main exchange rates applied outside the eurozone are as follows:

CURRENCIES / EURO	CLOSING RATE AT 31/10/2016	AVERAGE RATE AT 31/10/2016	CLOSING RATE AT 31/10/2015	AVERAGE RATE AT 31/10/2015	CLOSING RATE AT 31/10/2014	AVERAGE RATE AT 31/10/2014
CHF Swiss franc	**1,082000**	**1,091440**	1,090000	1,087580	1,206700	1,218860
GBP Pound sterling	**0,900500**	**0,795490**	0,718200	0,738190	0,784250	0,814220
TND Tunisian dinar	**2,466293**	**2,331730**	2,202900	2,191510	2,279156	2,245980
USD US dollar *	-	-	1,101700	1,136210	1,252400	1,348770
EGP Egyptian pound *	-	-	8,844300	8,615850	8,957618	9,497810

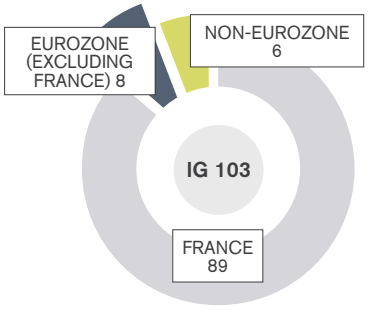
(*) Companies using a foreign currency as their functional currency deconsolidated at 31 October 2014.

3.2 CHANGES IN THE SCOPE OF CONSOLIDATION

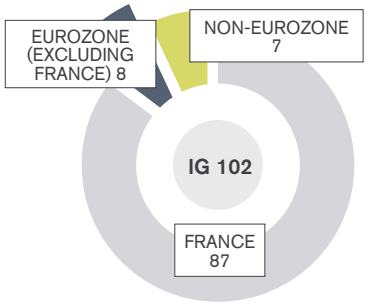
Groupe Partouche's consolidated financial statements, prepared at 31 October 2016, comprise the financial statements of the companies listed in Note 17.

The graphics below summarise the number of entities consolidated by the full consolidation and equity methods.
FC: Full consolidation
EM: Equity method

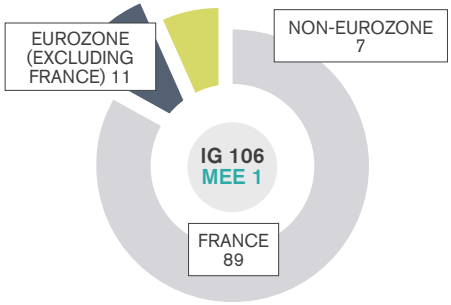
SCOPE OF CONSOLIDATION 2016 *



SCOPE OF CONSOLIDATION 2015



SCOPE OF CONSOLIDATION 2014 **



(*) France:
▪ In 2016, creation of Partouche Images Afrique and SCI Pietra Pornic.
Non-eurozone:
▪ In 2016, PI Gibraltar was liquidated;
▪ In 2015, PI Malta, an equity-accounted company, was liquidated.
(**) In 2014, the equity-accounted company was located in the eurozone (outside France).

3.2.1 CHANGES IN SCOPE

All the changes in percentage ownership interest are presented in Note 17.

The impact of changes in the Group's consolidation scope in financial year 2016 was minor. However, the following should be noted:

▸ **Inclusion of SCI Pietra Pornic:**

This real estate company was created for the purpose of holding the real estate assets of the Pornic casino, with a view to transferring the existing casino to a new site, expected to take place in the second half of 2017.

▸ **Inclusion of Partouche Images Afrique:**

This company was created to operate the TV-mobile gaming offering in Africa.

▸ **Change in the percentage ownership interests held in companies:**

Changes in the Group's percentage holdings resulted mainly from the acquisition of minority stakes in Partouche Interactive and the La Roche-Posay and Agon Coutainville casinos.

▸ **Deconsolidation of Partouche Interactive Gibraltar:**

Partouche Interactive Gibraltar, which had no business activity, was deconsolidated in the first half of 2016, following its liquidation.

3.2.2 GAIN (LOSS) ON THE SALE OF CONSOLIDATED INVESTMENTS

€000 AT 31 OCTOBER	2016
Net gain on liquidation of PIG	123
Total	**123**

3.2.3 ASSET DISPOSALS

Groupe Partouche also completed disposals of non-material assets during the 2016 financial year. These are shown in the consolidated income statement to 31 October 2016 under "Other current operating income and expenses" for a total of €178k.

3.2.4 IMPACT OF DECONSOLIDATED COMPANIES (DISPOSALS, LIQUIDATION, LOSS OF CONTROL) ON THE CONSOLIDATED INCOME STATEMENT AND FINANCIAL POSITION

The following table shows the financial contribution of companies deconsolidated in financial year 2016 to the various components of current operating profit for the past three financial years:

€000 AT 31 OCTOBER	2016	2015	2014
Turnover	**-**	**-**	**20**
Purchases and external expenses	-	(63)	(158)
Taxes and duties	-	(1)	(6)
Employee expenses	-	(271)	(173)
Depreciation, amortisation and impairment of fixed assets	-	(353)	(144)
Other current operating income and expenses	-	(60)	(6)
Current operating profit	**-**	**(748)**	**(467)**

The financial contribution of companies deconsolidated in financial year 2016 to the main components of the Group's financial position in prior periods is as follows:

NET ASSETS €000 AT 31 OCTOBER	2016	2015	2014
Non-current assets	-	61	414
Current assets	-	-	6
Assets held for sale	-	-	-
TOTAL ASSETS	**-**	**61**	**420**

LIABILITIES AND EQUITY IN €000 AT 31 OCTOBER	2016	2015	2014
Equity	-	61	400
Non-current liabilities	-	-	-
Current liabilities	-	-	20
Held for sale liabilities	-	-	-
TOTAL LIABILITIES AND EQUITY	**-**	**61**	**420**

3.3 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, an asset is classified as held for sale only if the sale is highly probable within a reasonable time frame, the asset is available for immediate sale in its current condition and management is committed to a plan to sell.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

a) represents either a separate major line of business or a geographical area of operations; or

b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

c) is a subsidiary acquired exclusively with a view to re-sale.

Breakdown of non-current assets held for sale and discontinued operations

Held for sale assets and liabilities at 31 October 2015 concerned the companies operating the two Contrexéville hotels (the Cosmos and La Souveraine – Grands Hôtels du Parc), as well as assets relating to those companies held by SCI Foncière de Vittel et Contrexéville; also included in this transaction are other real estate assets belonging to SCI Foncière de Vittel et Contrexéville.

Planned disposals for financial year 2016 did not materialise. The related assets and liabilities were therefore reclassified by type in the consolidated balance sheet.

At 31 October 2016, there were no assets held for sale.

Balance sheet - Assets

€000 AT 31 OCTOBER	2016	2015	2014
Non-current assets	**-**	**746**	**28 361**
Hôtel Cosmos (Contrexéville)	-	313	-
Grands Hôtels du Parc (Contrexéville)	-	26	-
SCI Foncière Vittel et Contrexéville	-	407	-
Casino de La Grande-Motte	-	-	4 500
Hôtel Garden Beach	-	-	1 394
SCI Eden Beach	-	-	6 017
SCI Garden Pinède	-	-	16 450
Current assets	**-**	**120**	**849**
Hôtel Cosmos (Contrexéville)	-	107	-
Grands Hôtels du Parc (Contrexéville)	-	13	-
Hôtel Garden Beach	-	-	849
Total held for sale assets	**-**	**867**	**29 210**

Breakdown of non-current assets held for sale

€000 AT 31 OCTOBER	2016	2015	2014
Intangible assets	-	99	4
Goodwill	-	-	1 082
Tangible fixed assets	-	609	27 230
Other non-current financial assets	-	1	21
Deferred tax	-	4	24
Other non-current assets	-	33	-
Non-current assets	**-**	**746**	**28 361**

Balance sheet - Liabilities and equity

€000 AT 31 OCTOBER	2016	2015	2014
Non-current liabilities	**-**	**1**	**73**
Hôtel Cosmos (Contrexéville)	-	1	-
Hôtel Garden Beach	-	-	73
Current liabilities	**-**	**216**	**931**
Hôtel Cosmos (Contrexéville)	-	212	-
Grands Hôtels du Parc (Contrexéville)	-	3	-
Hôtel Garden Beach	-	-	931
Total liabilities held for sale	**-**	**216**	**1 004**

NOTE 4. SEGMENT INFORMATION

Under IFRS 8 – Operating Segments, the divisions presented are based on the internal reporting used by management to assess the performance of the Group's different divisions. The Group is currently managed as three divisions:

- the Casino division, which comprises gaming, catering and entertainment;
- the Hotel division, which comprises accommodation and hospitality services;
- the Group's Other activities, which mainly comprise the business of Groupe Partouche SA, the Group's parent company, and all the other secondary businesses (holding companies, spa-related activities, real estate companies, sports betting companies (Belgium) and the companies in the former Interactive division *).

With regard to casino subsidiaries, the Group believes that its operating companies have a unique activity contributing to a global service offering for its customers. Several restrictions are attached to the operation of casinos, which, according to gaming regulations, are establishments comprising three distinct activities: gaming, entertainment and food services, together under a single management structure. The operating requirements to be followed therefore include ancillary services necessarily incidental to the main activity, gaming.

* Until 31 October 2014, all the activities in France contributing to organising and operating gaming in which participants use remote communication (TV, internet, etc.) were grouped under the separate Interactive gaming division. Following the strategic withdrawal in financial years 2013 and 2014, the Interactive division is no longer subject to separate internal monitoring, since its business is no longer material. From financial year 2015, the companies that comprise this sector are classified under "Other".

Current operating profit (loss) is the main benchmark indicator monitored across the various business sectors.

The current operating profit assigned to "Other activities" essentially takes into account external expenses, personnel costs and charges to amortisation and depreciation of the parent company, Groupe Partouche SA, different holding companies, real estate companies, sports betting companies, and spa-related activities.

The current operating profit of online gaming activity in Belgium is presented under "Casinos". It is part of the relevant companies' casino business. As always, online gaming licences in Belgium are awarded only to physical casino operators.

To make it easier to understand segment performance, with effect from the interim results for the six-month period to 30 April 2015, Groupe Partouche has presented segment information in the form set out below, with the contribution from each segment now shown before intra-group eliminations between the Group's various business segments.

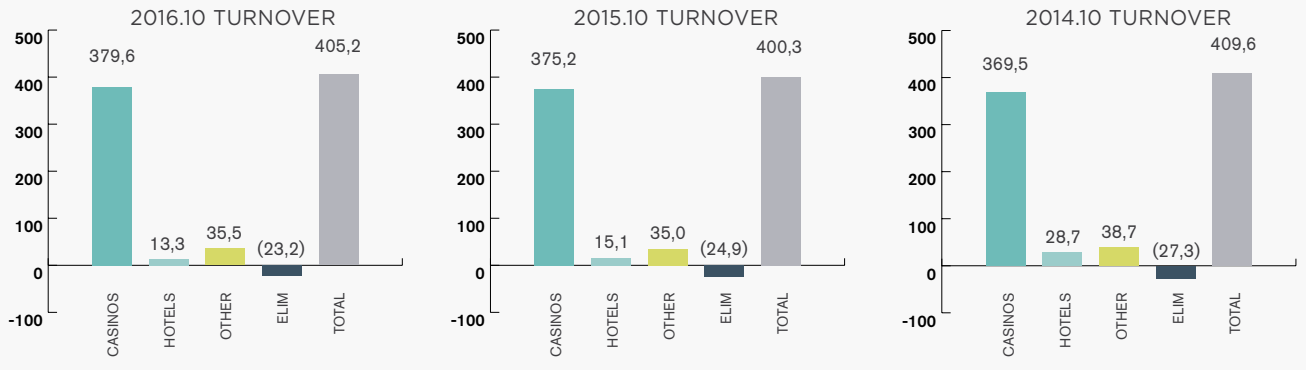


4.1 BUSINESS OVERVIEW BY SEGMENT

€000 AT 31 OCTOBER 2016	BEFORE ELIMINATION				ELIMINATION	CONSOLIDATED TOTAL
	TOTAL	CASINOS	HOTELS	OTHER		
Turnover	428 399	379 649	13 285	35 465	(23 195)	405 203
Purchases and external expenses	(147 759)	(116 680)	(6 976)	(24 103)	14 227	(133 533)
Taxes and duties	(27 660)	(25 820)	(651)	(1 189)	9 670	(17 990)
Employee expenses	(168 274)	(152 048)	(6 006)	(10 220)	(114)	(168 389)
Depreciation, amortisation and impairment of fixed assets	(35 531)	(30 736)	(1 142)	(3 653)	-	(35 531)
Other current operating income and expenses	(7 888)	(7 304)	(272)	(312)	(587)	(8 475)
Current operating profit	**41 286**	**47 061**	**(1 762)**	**(4 013)**	**-**	**41 286**

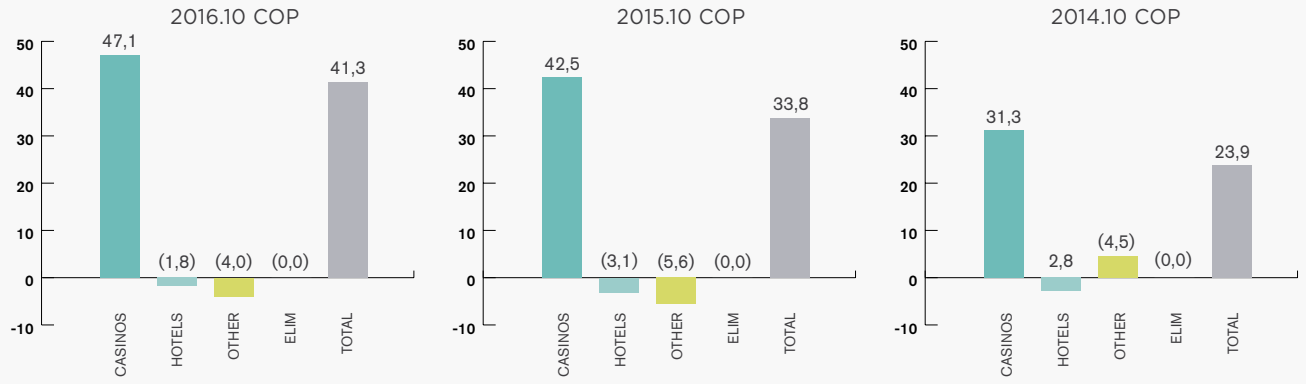
€000 AT 31 OCTOBER 2015	BEFORE ELIMINATION				ELIMINATION	CONSOLIDATED TOTAL
	TOTAL	CASINOS	HOTELS	OTHER		
Turnover	425 254	375 179	15 087	34 988	(24 912)	400 342
Purchases and external expenses	(143 477)	(112 187)	(8 283)	(23 006)	15 862	(127 615)
Taxes and duties	(27 635)	(25 104)	(1 289)	(1 241)	9 758	(17 877)
Employee expenses	(172 383)	(154 321)	(7 378)	(10 684)	(117)	(172 500)
Depreciation, amortisation and impairment of fixed assets	(37 401)	(31 296)	(1 319)	(4 787)	-	(37 401)
Other current operating income and expenses	(10 534)	(9 754)	42	(822)	(591)	(11 125)
Current operating profit	**33 824**	**42 516**	**(3 140)**	**(5 552)**	**-**	**33 824**

4.2 TURNOVER BY DIVISION (€M)

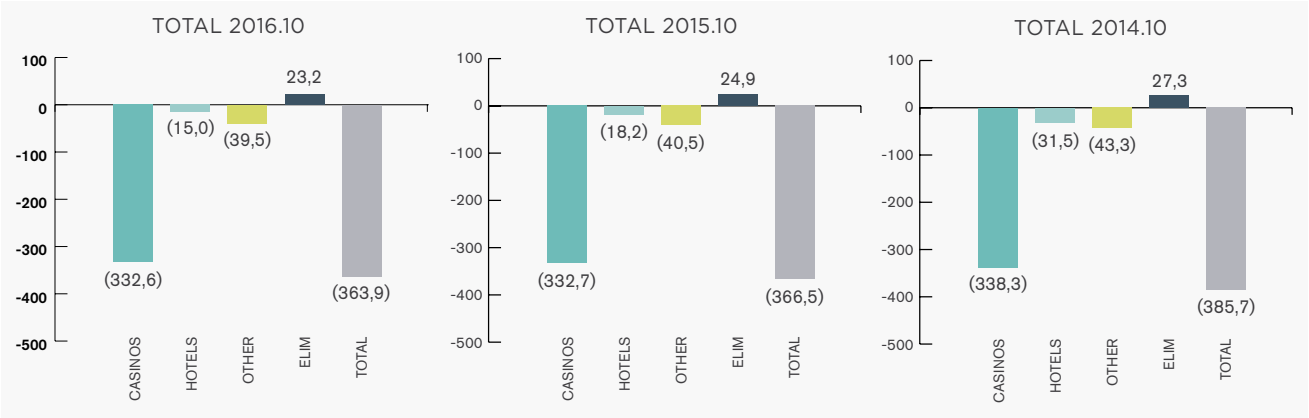


4.3 CURRENT OPERATING PROFIT BY DIVISION

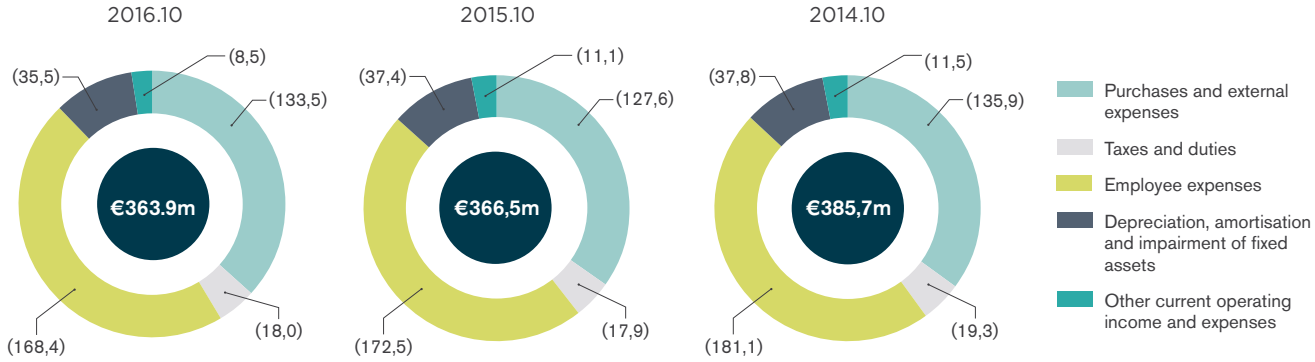
Breakdown of current operating profit by division (€m)



Operating expenses by type, net of associated income (€m)



Breakdown of operating expenses, net of associated income, by year (€m)



4.4 BALANCE SHEET ITEMS BY DIVISION

€000 AT 31 OCTOBER	SEGMENT ASSETS		OF WHICH EQUITY-ACCOUNTED	
	2016	2015	2016	2015
Casinos	538 261	553 451	-	-
Hotels	16 462	17 076	-	-
Other	150 969	149 717	-	-
TOTAL	**705 692**	**720 243**	**-**	**-**

Financial statement reconciliation of segment liabilities:

€000 AT 31 OCTOBER	SEGMENT LIABILITIES	
	2016	2015
Casinos	150 811	148 525
Hotels	4 709	5 127
Other	215 013	234 341
TOTAL	**370 533**	**387 993**

€000 AT 31 OCTOBER	2016	2015
Segment liabilities	370 533	387 993
Equity	335 159	332 250
TOTAL LIABILITIES AND EQUITY	**705 692**	**720 243**

Cash flow items by business division:

€000 AT 31 OCTOBER	INTANGIBLE ASSET INVESTMENTS		TANGIBLE FIXED ASSET INVESTMENTS		DEPRECIATION, AMORTISATION AND PROVISIONS	
	2016	2015	2016	2015	2016	2015
Casinos	(190)	(150)	(35 510)	(26 888)	49 677	51 732
Hotels	-	(33)	(671)	(1 052)	1 216	1 158
Other	(140)	(103)	(5 424)	(2 755)	4 199	4 876
TOTAL	**(330)**	**(286)**	**(41 604)**	**(30 695)**	**55 092**	**57 766**

NOTE 5. OPERATIONAL DATA

5.1 TURNOVER

Consolidated turnover recognised for the Group corresponding to income from ordinary activities as defined under IAS 18 mainly includes income generated by the following activities:

- net gaming revenue;
- sales of services.

Turnover is recognised on the accrual basis for net gaming revenue or in relation to the degree of completion for sales of services and lease agreements, provided that the price is fixed or may be determined and that the corresponding receivable is likely to be recovered. Turnover is measured at the fair value of the consideration received or to be received.

a. Net gaming revenue

This item corresponds to gross gaming revenue, less the corresponding gaming levies, in accordance with the chart of accounts for casinos. Net gaming revenue is known and recognised when the service is performed.

b. Sales of services

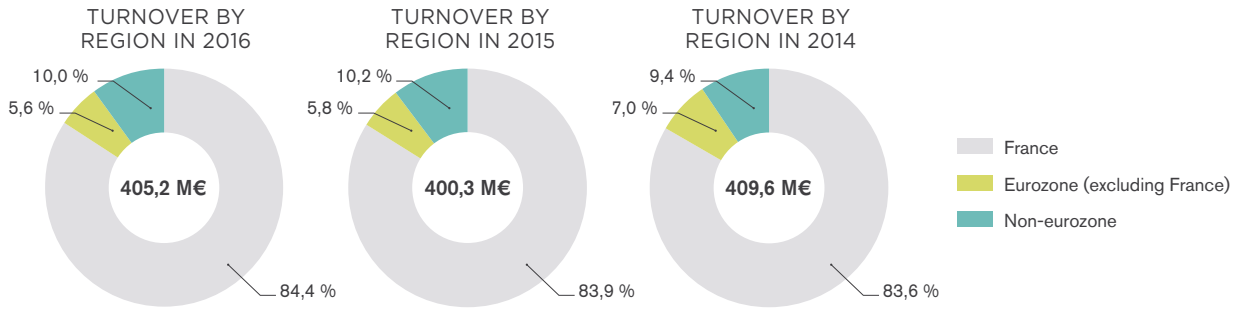
Turnover generated by sales of services includes proceeds arising from restaurant, hotel and entertainment activities constituting the full range of leisure services provided to the clientele of the Group's establishments in addition to gaming activities.

Turnover by geographical area

Geographic information is based on the breakdown of turnover by the geographic regions in which the Group operates, which are as follows:

- France;
- Eurozone (excluding France);
- Non-eurozone.

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2016	%	2015	%	2014	%
France	341 911	84,4 %	336 081	83,9 %	342 423	83,6 %
Eurozone (excluding France)	22 892	5,6 %	23 402	5,8 %	28 707	7,0 %
Non-eurozone	40 400	10,0 %	40 858	10,2 %	38 511	9,4 %
TOTAL	**405 203**	**100 %**	**400 342**	**100 %**	**409 641**	**100 %**



5.2 OPERATING PROFIT AND EBITDA

In order to aid in the understanding of its financial performance, the Group considers that it is pertinent to divide its operating profit into two components on its income statement: current operating profit and non-current operating profit.

- **Current operating profit (COP)**

Current operating profit combines all of the income and expenses directly related to the Group's businesses to the extent that these items are recurring, usual items of the operating cycle or that they result from ad hoc events or

decisions related to the Group's operations. This indicator used by the Group allows for the presentation of a level of operating performance able to facilitate a forward-looking approach to recurring performance. This aggregate is the operating profit before impairment of goodwill and other non-recurring operating income and expenses defined as follows: net gains/losses from the disposal of assets and exceptional items, income and expenses which are unusual in their frequency, nature or amount.

▸ Non-current operating profit (NCOP)

Non-current operating profit comprises all non-current events that are not usually part of the operating cycle: it therefore comprises impairments of fixed assets, the gain or loss from the sale of consolidated investments, the gain or loss on the sale of assets, and other non-current operating income and expenses that are not related to the normal operating cycle.

▸ Consolidated EBITDA

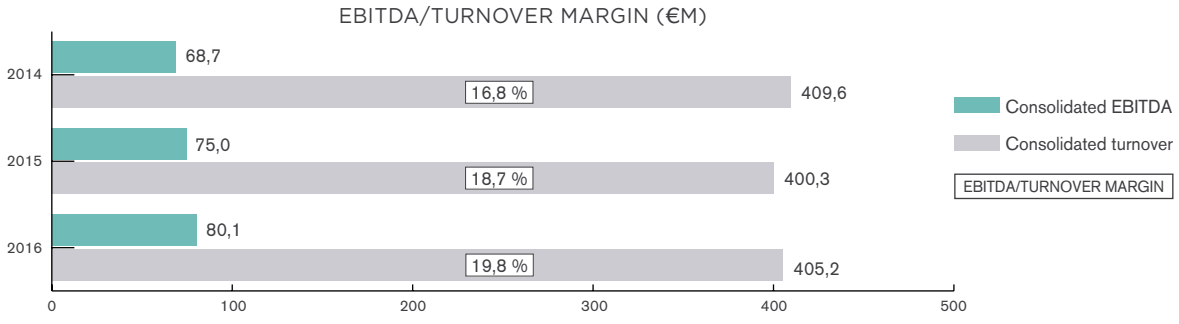
Consolidated EBITDA comprises the income and expense items constituting current operating profit (as defined in the interim and annual financial statements of Groupe Partouche), excluding depreciation and amortisation (allocations and reversals) and provisions (allocations and reversals) relating to the operating cycle and one-off items relating to the Group's activities that are included under current operating profit but are excluded from EBITDA given their non-recurring nature.

▸ Adjustments to reconcile current operating profit to EBITDA at 31 October 2016

€000 AT 31 OCTOBER	2016 COP	RESTATEMENT RECLASSIFICATION	2016 EBIDTA
Turnover	405 203	-	405 203
Purchases and external expenses	(133 533)	1 084	(132 448)
Taxes and duties	(17 990)	362	(17 628)
Employee expenses	(168 389)	1 179	(167 209)
Depreciation, amortisation and impairment of fixed assets	(35 531)	35 531	-
Other current operating income and expenses	(8 475)	630	(7 846)
Adjustments to reconcile COP to EBITDA	**41 286**	**38 787**	**80 073**

▸ Adjustments to reconcile current operating profit to EBITDA at 31 October 2015

€000 AT 31 OCTOBER	2015 COP	RESTATEMENT RECLASSIFICATION	2015 EBITDA
Turnover	400 342	-	400 342
Purchases and external expenses	(127 615)	737	(126 878)
Taxes and duties	(17 877)	373	(17 504)
Employee expenses	(172 500)	1 988	(170 512)
Depreciation, amortisation and impairment of fixed assets	(37 401)	37 401	-
Other current operating income and expenses	(11 125)	691	(10 434)
Adjustments to reconcile COP to EBITDA	**33 824**	**41 190**	**75 014**

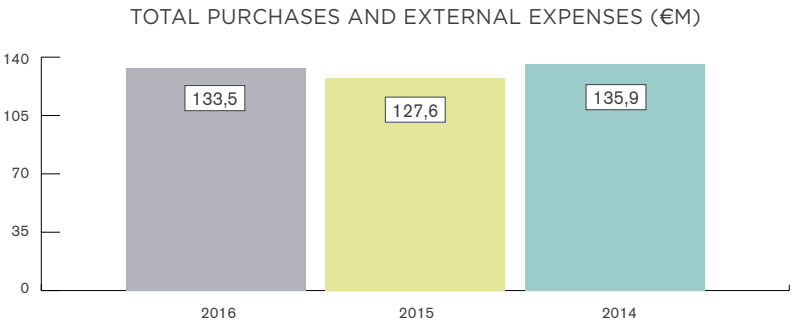


5.3 PURCHASES AND EXTERNAL EXPENSES

The lease agreements referenced at the level of the Group as a whole are in large part operating leases under which the lessor retains a significant portion of the risks and benefits inherent in ownership of the asset under lease. Payments made under these leases are recognised in expenses on a straight-line basis over the term of the leases.

Only significant finance-lease agreements for fixed assets are restated. They give rise to recognition of an asset, the leased property, and a liability, the financial debt. These assets are depreciated in accordance with the schedule defined by the Group in respect of the fixed assets concerned.

Comparison of purchases and external expenses



Breakdown of purchases and external expenses (€m)

€M AT 31 OCTOBER	2016	2015	2014
Raw materials	36,9	37,2	38,9
Fixed asset leases	9,0	9,4	9,7
Current asset leases	7,0	7,2	8,3
Maintenance	9,2	9,5	9,8
Professional fees	15,1	15,7	16,3
Advertising	24,6	19,1	20,9
Subcontracting expenses	21,7	20,0	21,0
Sundry	10,1	9,5	11,1
TOTAL	**133,5**	**127,6**	**135,9**

Comments on purchases and external expenses:

Changes in purchases and external expense were due mainly to higher advertising expenditure (up €5.5m), in particular in relation to ad hoc campaigns (Cannes, St-Galmier etc.), and an increase in promotional credits and sponsorship.

It should also be noted that there was an increase in outsourced security costs.

Breakdown of "Sundry" item

€000 AT 31 OCTOBER	2016	2015	2014
Insurance premiums	1 018	991	1 480
External staff	1 044	1 275	1 522
Entertainment	2 348	2 297	2 243
Post and telecoms	1 914	1 910	2 231
Banking fees	2 080	2 275	2 382
Other	1 666	788	1 241
TOTAL	**10 070**	**9 536**	**11 099**

5.4 OTHER OPERATING INCOME AND EXPENSES

5.4.1 OTHER CURRENT OPERATING INCOME AND EXPENSES

€000 AT 31 OCTOBER	2016	2015	2014
Net gain (loss) on asset disposals	(149)	(459)	(95)
Changes in impairment of current assets	(745)	(513)	(103)
Changes in provisions for contingencies	(861)	(325)	(2 347)
Sundry current operating income and expenses	(6 719)	(9 828)	(9 003)
Other current operating income and expenses	**(8 475)**	**(11 125)**	**(11 548)**

Breakdown of "Sundry current operating income and expenses" at 31 October 2016

Charges related to casino operating requirements	(10 931)
Gaming oversight fees	(680)
Other sundry current operating expenses *	(3 219)
Total sundry current operating expenses	**(14 830)**
Tax relief for manifestations artistiques de qualité (high-quality artistic productions)	1 366
Investments subsidies taken to income for the period	1 467
Other sundry current operating income **	5 278
Total sundry current operating income	**8 111**
Total sundry current operating income and expenses	**(6 719)**

(*) Mainly includes all other recurring operating costs (image costs, copyright, other royalties and miscellaneous operating costs, etc.) incurred by all the Group's companies.

(**) Mainly includes all other recurring operating revenue earned by all the Group's companies.

The €2.7m increase in "Other sundry current operating income" in the year to 31 October 2016 includes €1.8m from the effect of the systematic recognition of income from "high-quality artistic events" for all Group subsidiaries from 2016 (see Chapter 6.1.1: Reform of taxation of high-quality artistic events).

At 31 October 2016, it included €1.8m in changes to the recognition of high-quality artistic events for the 2016 financial year, relative to the reform of tax policy in this area (set out in Chapter 6.1.1 of this report).

5.4.2 OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

€000 AT 31 OCTOBER	2016	2015	2014
Net gain (loss) on asset disposals *	178	2 647	3 673
Sundry operating income and expenses **	(3 143)	(850)	-
Total	**(2 965)**	**1 797**	**3 673**

(*) At 31 October 2016, this item included the net gain from the sale of a real estate asset owned by Cannes Balnéaires for €174k and the net gain from the sale of a real estate asset owned by Forges-les-Eaux for €4k.

At 31 October 2015, this item was comprised of:

- a €992k gain on unused asset disposals of real estate companies in the Vichy division (Elysée Palace SA, CHM);

- a €2,866k gain on the disposal of real estate assets falling within the Juan-les-Pins complex;

- less €1,305k in expenses in the form of fees and commissions directly linked to these transactions.

(**) Includes all non recurring sundry operating income and expenses not related to the Group's usual operating cycle.

At 31 October 2016, this included exceptional depreciation charges on the Palm Beach, Aix-en-Provence and Juan-les-Pins casinos (for €1,959k, €855k and €379k respectively) corresponding to depreciation for obsolescence as part of

the relocation of the Palm Beach de Cannes and Juan-les-Pins casinos and renovation works at Aix-en-Provence, as well as a penalty payment received for a failure to meet deadlines on the sale agreement for assets at Contrexéville.

At 31 October 2015, this corresponded to a provision for a severance settlement in respect of a dispute with a third party resolved after the reporting date.

5.5 INVENTORIES AND SEMI-FINISHED GOODS

Inventories are stated at their acquisition cost. The costs of inventories sold are determined on the basis of the first-in-first-out method. An impairment loss is recognised when the carrying amount of inventories is higher than their net realisable value.

€000 AT 31 OCTOBER	2016	2015	2014
Inventories – Solids	639	661	694
Inventories – Liquids	1 149	1 221	1 227
Inventories – Other consumed purchases	244	178	174
Inventories – Production in progress	87	87	87
Inventories – Finished and semi-finished products	-	-	-
Inventories – Merchandise inventories	1 050	1 074	666
GROSS AMOUNT	**3 169**	**3 220**	**2 847**
Provision	(28)	(36)	(28)
NET AMOUNT	**3 142**	**3 184**	**2 819**

5.6 RECEIVABLES AND OTHER DEBTORS

Receivables are recognised at their face value. An impairment provision is set aside whenever their fair value, based on the likelihood of their being recovered, is less than their nominal value.

€000 AT 31 OCTOBER	2016	2015	2014
Trade receivables	19 863	15 724	19 837
Provisions for trade accounts receivable	(9 891)	(9 672)	(9 259)
Total net value of trade receivables	**9 972**	**6 052**	**10 578**
Other debtors	38 360	35 422	38 939
Provisions for other debtors	(23 265)	(23 341)	(23 663)
Total net value of other debtors	**15 096**	**12 081**	**15 276**
Total net value of trade receivables and other debtors	**25 068**	**18 133**	**25 854**

Breakdown of other debtors

€000 AT 31 OCTOBER	2016	2015	2014
Suppliers: advances and down payments	911	766	667
Employee receivables – advances and down payments	162	117	123
Receivables from social security organisations	499	537	578
Tax receivables – excluding corporate income tax	7 460	5 960	5 845
Current accounts – assets	15 353	13 587	14 653
Receivables in respect of sales of property and equipment	20	20	3 000
Receivables in respect of sales of securities	1 362	828	686
Other receivables	11 985	10 987	10 975
Dividends receivable	-	-	-
Other income receivables	607	2 619	2 412
Total other debtors	**38 360**	**35 422**	**38 939**

Comments on other debtors:

At 31 October 2016, "Tax receivables – excluding corporate income tax" included primarily sums due as tax relief for high-quality artistic events, notably €1.9m for the Aix-en-Provence casino (vs. €3.4m as at 31 October 2015) and €2.4m for the Lyon Pharaon casino (recognised under "Other income receivables" for €2.0m in 2015), and a CICE tax credit receivable for €3.2m.

Current receivables from disposals of securities correspond to the current portion (€961k) of the balance receivable in connection with the sale of Société Française de Casinos (SFC) to Tête Dans les Nuages (TDN) (receivable fully impaired), the current portion (€400k) of the seller financing related to the divestment of the Dinant casino which took place in 2014, and a receivable of €861k for online gaming deposits in Belgium.

"Other receivables" includes in particular a longstanding €6.8m receivable from a third party that has yet to deliver a property title acquired under contract and against which proceedings have been filed. This receivable is provided for in full.

At 31 October 2014, receivables in respect of sales of property and equipment corresponded to the €3,000k balance of the sale of the premises and business assets of the Lyon Hilton hotel, deposited in an escrow account. These receivables were collected during financial year 2015.

Breakdown of provisions for other debtors

€000 AT 31 OCTOBER	2016	2015	2014
Provisions on current accounts – assets	(12 174)	(12 846)	(13 526)
Provision for receivables in respect of sales of securities	(961)	(427)	(285)
Provision for other receivables	(10 130)	(10 069)	(9 852)
Provision for other debtors	**(23 265)**	**(23 341)**	**(23 663)**

Comments on provisions for other debtors:

Besides the impairment losses mentioned above, "Provisions on current accounts – assets" mainly includes:

- a €2.1m provision recognised in previous financial years by Compagnie Européenne de Casinos in its dealings with a foreign company;
- an €8.3m provision for Group Partouche SA's current account with the Beaulieu casino (liquidated company, deconsolidated in 2010).

Accounts receivable aging of trade and other receivables

€000 AT 31 OCTOBER 2016 RECEIVABLES OUTSTANDING FOR:	< 1 MONTH OR NOT OUTSTANDING	< 3 MONTHS	< 6 MONTHS	< 9 MONTHS	> 9 MONTHS	TOTAL
Net value of trade receivables	1 692	3 359	1 586	2 298	1 038	9 972
Net value of other debtors	6 543	1 515	462	2 195	4 381	15 096
Total trade and other receivables	**8 234**	**4 874**	**2 049**	**4 493**	**5 419**	**25 068**

Receivables outstanding for more than nine months mainly consist of accrued income on additional allowances receivable (linked to "Article 34" hotel investments and "high-quality artistic events") for the Lyon Pharaon casino for approximately €1.6m, and the Aix-en-Provence casino for approximately €0.3m. The remainder of other receivables consists of individually non-significant amounts.

Accrued income of this type is directly related to expenditure incurred in recent gaming seasons; its collection is dependent on the Ministry of the Interior approving applications filed by casinos in this regard, giving rise to relatively long delays between the point at which casinos pay out the expenditure and the point at which the Ministry authorises the allowances. However, no unfavourable settlements have been recorded for these casinos in recent financial years.

5.7 INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

The Group's investments in equity-accounted associates and the percentage ownership interest are presented in the note relating to the scope of consolidation. The financial information relating to the Group's equity-accounted associates is summarised below:

Balances relating to equity-accounted associates

€000 AT 31 OCTOBER	2014 *	2015	SHARE IN PROFIT	TRANSLATION DIFFERENCE	CHANGES IN SCOPE **	2016
Investments in equity-accounted associates	-	-	-	-	-	-
Provision for share of negative equity *	(50)	-	-	-	-	-
Total	**(50)**	**-**	**-**	**-**	**-**	**-**
Of which, goodwill relating to equity-accounted associates	-	-	-	-	-	-

(*) At 31 October 2014 this provision included the share in net equity of Partouche Interactive Malta, following the transition of this company from full consolidation to the equity method during the 2013 financial year.

Balance sheet of equity-accounted associates

€000 AT 31 OCTOBER	2016	2015	2014
Total assets	-	-	10
Total debt	-	-	109
Total net assets	**-**	**-**	**(99)**

Income statement of equity-accounted associates

€000 AT 31 OCTOBER	2016	2015	2014
Total turnover	-	-	-
Total net profit or loss	-	-	82

Information related to equity-accounted associates

€000 AT 31 OCTOBER	% OWNED IN 2016	NET ASSETS IN 2016	NET PROFIT IN 2016	NET ASSETS IN 2015	NET PROFIT IN 2015	NET ASSETS IN 2014	NET PROFIT IN 2014
Casino international of Madrid	-	-	-	-	-	-	-
Partouche Interactive Malta *	-	-	-	-	(2)	(99)	82
TOTAL	**-**	**-**	**-**	**-**	**(2)**	**(99)**	**82**

(*) Accounted for under the equity method in 2013. Deconsolidated in 2015.

NOTE 6. INTANGIBLE AND TANGIBLE FIXED ASSETS

6.1 GOODWILL

▸ Determination of goodwill

Upon the acquisition of the shares of a consolidated company, the separately identifiable assets and liabilities are measured at their total fair value based on the Group's intended utilisation. The corresponding assets and liabilities are therefore recognised in the balance sheet at this revised value.

Goodwill is the difference between the acquisition cost of shares and the Group's share in the fair value of any identifiable assets and liabilities. Under the previous IFRS 3, all of the expenses representing external costs directly related to the acquisition are included in the acquisition cost. Most of the goodwill has been generated by external growth operations. However, as of the financial year ended 31 October 2010, and where no change in control has occurred, this difference is recorded directly as a reduction in equity, in accordance with IAS 27 (revised). Goodwill is accounted for in the functional currency of the acquired entity and is translated in the consolidated financial statements according to the rules of conversion as previously defined.

Upon the sale of a subsidiary, the amount of goodwill attributable to the company sold is included in the calculation of the gain or loss on disposal.

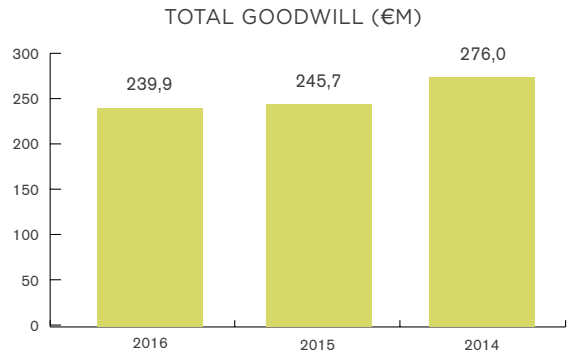
€000 AT 31 OCTOBER	2016	2015	2014
Net goodwill, excluding impairment for the financial year	245 680	267 139	297 965
Impairment for the financial year	(5 737)	(21 459)	(21 958)
Net goodwill	**239 944**	**245 680**	**276 007**

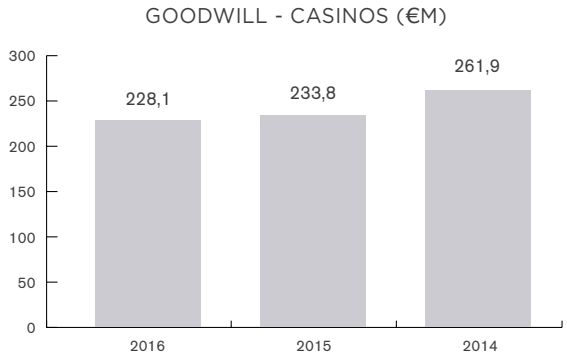
Impairment of goodwill in respect of financial year 2016, recognised in "Impairment of non-current assets" under "Non-current operating profit (loss)" in the consolidated income statement, totalled €5.7m and concerned only the casino CGUs based on value in use.

The full methodology used for the impairment of goodwill is set out in Section 6.2 below.

No CGUs were rebundled or subdivided in relation to the previous financial year.

6.1.1 BREAKDOWN OF CHANGES IN GOODWILL BY DIVISION





€000 AT 31 OCTOBER	2016	2015	2014
Casinos	228 051	233 788	261 901
Hotels	3 072	3 072	3 072
Other	8 821	8 821	11 034
TOTAL	**239 944**	**245 680**	**276 007**

Breakdown of changes

NET VALUE AT 31 OCTOBER 2015 IN €000	245 680
Increase	-
Decreases	-
Impairment	(5 737)
IFRS 5 reclassification	-
Net value at 31 October 2016	**239 944**

Breakdown of impairment

BREAKDOWN OF IMPAIRMENT IN €000	
Casino Arcachon	(177)
Casino La Grande-Motte	(2 443)
Casino Bandol	(3 117)
Impairment	**(5 737)**

A goodwill impairment charge of €5,737k was recognised under line item "Impairment of non-current assets" within "Non-current operating profit" in the consolidated income statement. Other elements of this item, which totalled €16,359k at 31 October 2016, were impairment charges on real estate assets of €10,622k in the casino sector as a result of specific local situations.

6.1.2 GOODWILL BY COMPANY

The breakdown of accumulated goodwill (net of impairment) above €10m as at 31 October 2016 is as follows:

€M AT 31 OCTOBER	2016	2015
Casino Divonne	30,75	30,75
Casino Pornichet	30,13	30,13
Casino Annemasse	27,19	27,19
Casino La Grande-Motte	22,82	25,27
Casino Pornic	19,27	19,27
Casino La Roche-Posay	16,98	16,98
Casino Ostende	15,39	15,39
Casino Plouescat	12,98	12,98
SUBTOTAL	**175,52**	**177,96**
Other entities (aggregate)	64,43	67,72
TOTAL	**239,94**	**245,68**

6.2 IMPAIRMENT IN THE VALUE OF GOODWILL

6.2.1 IMPAIRMENT TESTING OF GOODWILL

Goodwill is not amortised, but is subject to impairment tests annually or more frequently if there is any indication of identified impairment in value. Besides external indicators that measure any loss in value related to the economic climate, the Group mainly uses changes in the following internal indicators: gross gaming revenue, turnover and EBITDA.

For the purposes of carrying out impairment testing, each goodwill item is allocated to a cash generating unit (CGU) representing the smallest group of identifiable assets that generate largely independent cash inflows, i.e. the lowest level at which goodwill is monitored for the purposes of monitoring for internal management purposes (generally a casino operating company). Monitoring the value of goodwill falls within the scope of application of Section 135 of IAS 36.

The impairment tests performed by the Group in application of IAS 36 consist of comparing the recoverable values of the cash generating units (CGUs) with the net carrying amount of the corresponding assets, including goodwill.

The recoverable value of a CGU is determined as the higher of the value in use and the fair value (less disposal costs).

The value in use of a CGU is determined by discounting the future cash flows generated by its assets. The data used for the value-in-use method is extracted from the annual budgets and multi-annual plans drawn up by management for a period of five years. These forecasts are drawn up by each operating segment, drawing on their financial targets and assumptions on the following factors: discount rate, the long-term growth rate used to calculate the terminal value, EBITDA, investment expenditure, competition environment, regulatory environment, changes in technology and level of marketing and selling costs.

Beyond the five-year period, a terminal value corresponding to the value of the CGU at the end of the explicit projection period was calculated using the capitalisation, for an unlimited time, of normative cash flows, taking into consideration a specific forecast long-term growth rate for each business segment.

The forecast cash flows and the terminal value have been discounted to present value at the assessment date using a discount rate equal to the weighted average cost of capital (WACC), including a risk premium for each business segment.

Should the tests, once performed, yield a loss in value, the impairment is deducted from goodwill. It is charged to «Impairment of non-current assets» under non-current operating profit. Under IFRS as adopted by the European Union, a recorded impairment of goodwill can never be reversed.

The main assumptions used at 31 October 2016 are shown below:

DISCOUNT RATE	GROWTH RATE	DEBT-FREE SEGMENT BETA	MARKET PREMIUM
6,6 %	Between 0% and 2%	0,60	7 %

The tests performed on the Group's goodwill on 31 October 2016 led to the recognition of additional impairment in the amount of €5,737k, as shown in the table in Note 6.1.1.

6.2.2 SENSITIVITY OF IMPAIRMENT TESTS

Sensitivity to interest rate changes

Sensitivity tests of realisable value based on reasonably possible changes of a key assumption were carried out, and more specifically, sensitivity tests to changes of 0.5 points of the discount rate and the growth rate to infinity. They did not reveal any situations in which the realisable value of CGU would become lower than the carrying amount, with the exception of the CGU values mentioned below:

CGU	IMPACT IN €M OF A CHANGE IN			
	DISCOUNT RATE		PERPETUAL GROWTH RATE	
	+1/2 POINT	-1/2 POINT	+1/2 POINT	-1/2 POINT
Casino de Pornic	(1,16)	1,75	1,49	(0,94)
Casino d'Andernos	(0,32)	0,49	0,44	(0,29)
Casino de La Grande-Motte	(1,98)	2,37	2,14	(1,79)
Casino de Bandol	(0,66)	0,77	0,72	(0,62)

The figures shown reflect the results of sensitivity tests, with the understanding that:

- a negative impact reflects an additional impairment charge, taking into account the change in the recoverable amount of the CGU against its carrying amount;
- a positive impact reflects a positive change in the recoverable amount of the CGU.

Sensitivity to changes in turnover and EBITDA

The Group carries out an analysis of the sensitivity of recoverable amounts to reasonably possible changes in assumptions impacting certain parameters of the budget forecasts used: turnover and EBITDA.

At 31 October 2016, the results are presented below for those CGUs designated in the preceding section:

CGU	IMPACT IN €M OF A CHANGE IN			
	TURNOVER		EBITDA	
	+1.5%	-1.5%	+2%	-2%
Casino de Pornic	0,33	-	0,43	(0,11)
Casino d'Andernos	0,13	(0,04)	0,15	(0,07)
Casino de La Grande-Motte	0,45	(0,45)	0,54	(0,54)
Casino de Bandol	0,20	(0,20)	0,23	(0,23)

The figures shown reflect the results of sensitivity tests, with the understanding that:

- a negative impact reflects an additional impairment charge, taking into account the change in the recoverable amount of the CGU against its carrying amount;
- a positive impact reflects a positive change in the recoverable amount of the CGU.

6.3 INTANGIBLE ASSETS

Intangible assets with indefinite useful lives are not amortised. In light of the Group's sectors of activity, they represent assets in respect of which it is possible to verify the change in value. They are subject to periodic impairment testing.

Intangible assets with definite useful lives are amortised based on their expected useful lives and are impaired where there is an indication of impairment in value.

Other intangible assets notably include operating rights acquired to operating licences, client lists and lease rights.


COCKTAIL
+JETONS
REPAS
+JETONS
THE FRUITS
COBRA
SUPER R+
GAMINATOR
TAPPED
OUT

€000	CONCESSIONS, PATENTS, BRANDS	INTERNALLY GENERATED GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL
Gross value at 31 October 2014	**8 562**	**9 730**	**6 761**	**25 052**
Accumulated amortisation at 31 October 2014	(7 062)	(6 423)	(6 415)	(19 900)
Net value at 31 October 2014	**1 500**	**3 306**	**345**	**5 152**
Acquisitions	-	-	364	364
Disposals	(10)	(13)	(98)	(121)
Additions to the consolidation scope	-	-	-	-
Removals from the consolidation scope	-	-	(225)	(225)
Translation difference	-	-	33	33
Assets transferred and scrapped	(506)	(133)	(500)	(1 139)
Amortisation charges and reversals	(479)	(93)	545	(28)
Gross value at 31 October 2015	**8 046**	**9 584**	**6 335**	**23 965**
Accumulated amortisation at 31 October 2015	(7 541)	(6 517)	(5 870)	(19 928)
Net value at 31 October 2015	**505**	**3 067**	**465**	**4 037**
Acquisitions	68	-	261	330
Assets sold or scrapped**	(51)	-	(265)	(316)
Additions to the consolidation scope	-	-	-	-
Removals from the consolidation scope *	(2 823)	-	-	(2 823)
Translation difference	-	-	(3)	(3)
Transfers, reclassifications and IFRS 5 reclassification	-	133	64	197
Amortisation charges and reversals	2 858	(206)	(13)	2 640
Gross value at 31 October 2016	**5 239**	**9 716**	**6 393**	**21 349**
Accumulated amortisation at 31 October 2016	(4 683)	(6 722)	(5 883)	(17 288)
Net value at 31 October 2016	**556**	**2 994**	**510**	**4 060**

(*) The heading "Removals from the consolidation scope" for the year to 31 October 2016 corresponds to the liquidation of Partouche Interactive Gibraltar.
(**) At 31 October 2016, this item consisted wholly of assets scrapped.

6.4 TANGIBLE FIXED ASSETS

▸ Measurement

The Group's property and equipment is recognised at acquisition cost (acquisition price and acquisition costs of the fixed assets) or at production cost.

Borrowing costs directly attributable to the acquisition, construction or production of certain assets until the date on which they are brought into service are recognised in addition to the value of the corresponding asset.

Property and equipment is measured at each balance sheet date, based on the amortised cost model: at cost less depreciation and any impairment losses.

Assets under construction correspond to fixed assets for which the acquisition or production is not yet complete, with the result being that the expected initial return has yet to be realised.

▸ Depreciation method and period

The main depreciation method used by the Group is the straight-line method.

Land is not depreciated. Depreciation is applied based on the expected useful life of the assets. The main useful lives fall within the following ranges:

Buildings - structures	20 to 50 years
Buildings - fluids	15 to 20 years
Buildings - fittings	8 to 15 years
Equipment, fixtures and fittings	5 to 10 years
Other tangible fixed assets	3 to 7 years

Moreover, slot machines within the Group are depreciated on a straight-line basis over five years and the coins and chips over ten years.

The residual values and useful lives of the assets are reviewed and, where applicable, are adjusted at the balance sheet date. The carrying amount of an asset is immediately impaired to bring it in line with its net realisable value when the carrying amount of the asset is higher than its estimated net realisable value.

Gains and losses on disposal are determined by comparing the proceeds on sale with the carrying amount of the asset sold. They are recognised in the income statement under "Other current operating income and expenses", or "Other non-current operating income and expenses" according to the principles described in Note 5.2.

€000 AT 31 OCTOBER	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER	TOTAL
Gross value at 31 October 2014	**TOTAL**	**424 873**	**212 614**	**99 357**	**765 539**
Accumulated depreciation at 31 October 2014	(7 542)	(251 929)	(176 513)	(78 224)	(514 208)
Accumulated impairment losses at 31 October 2014	-	-	-	-	-
Net value at 31 October 2014	**21 153**	**172 944**	**36 101**	**21 133**	**251 331**
Acquisitions and assets under construction	135	5 658	15 588	6 862	28 243
Disposals	(5 957)	(32 999)	(155)	(184)	(39 295)
Removals from the consolidation scope	-	(8 164)	(3 778)	(1 912)	(13 854)
Translation difference	13	976	2 138	407	3 535
Assets transferred and scrapped	5 853	37 703	(7 102)	(848)	35 606
Depreciation charges and reversals	(358)	(11 250)	(4 549)	(2 053)	(18 210)
Gross value at 31 October 2015	**28 740**	**428 047**	**219 304**	**103 682**	**779 773**
Accumulated depreciation at 31 October 2015	(7 900)	(263 180)	(181 061)	(80 277)	(532 418)
Accumulated impairment losses at 31 October 2015	-	-	-	-	-
Net value at 31 October 2015	**20 840**	**164 868**	**38 243**	**23 404**	**247 356**
Acquisitions and assets under construction	747	6 193	20 870	15 346	43 157
Assets sold or scrapped ***	(10)	(14 062)	(10 602)	(7 164)	(31 838)
Removals from the consolidation scope	-	-	-	(37)	(37)
Translation difference	(41)	(347)	(59)	(50)	(497)
Transfers, reclassifications and IFRS 5 reclassification *	94	2 581	549	(966)	2 259
Depreciation charges and reversals	(317)	(5 201)	(4 399)	1 862	(8 054)
Impairment for the financial year **	(20)	(10 603)	-	-	(10 623)
Gross value at 31 October 2016	**29 530**	**422 413**	**230 063**	**110 811**	**792 818**
Accumulated depreciation at 31 October 2016	(8 217)	(268 380)	(185 460)	(78 415)	(540 472)
Accumulated impairment losses at 31 October 2016	(20)	(10 603)	-	-	(10 623)
Net value at 31 October 2016	**21 293**	**143 430**	**44 604**	**32 396**	**241 723**

(*) At 31 October 2015, disposals of assets forming part of the Contrexéville complex were expected to be completed. These assets comprised the shares in the two Contrexéville hotels (the Cosmos and La Souveraine – Grands Hôtels du Parc), as well as assets relating to those companies held by SCI Foncière de Vittel et Contrexéville; also included in this transaction are other real estate assets belonging to SCI Foncière de Vittel et Contrexéville.
These disposals did not materialise in financial year 2016. In accordance with IFRS 5 these assets were therefore removed from "Assets held for sale" in the consolidated balance sheet for the financial year ended 31 October 2016, and reclassified by type under the relevant current and non-current asset headings.
(**) Impairment charges were recognised under line item "Impairment of non-current assets" within "Non-current operating profit" in the consolidated income statement, along with goodwill amortisation (see note 6.1.1).
(***) At 31 October 2016, this item mainly included assets scrapped.

Land:

The main change in this item related to the acquisition of land by SCI Pietra Saint-Amand for €623k.

Buildings:

The main changes in this item were related to renovation and other work on the Group's establishments, namely, for the most part, the new Juan-les-Pins casino in the amount of €1,585k, the Vichy Grand Café casino in the amount of €1,012k, the Meyrin casino in the amount of €810k and the Lyon Vert casino in the amount of €379k, the Havre casino in the amount of €202k.

Technical equipment:

The main acquisitions over the financial year were related to the renewal of the slot machine stock with an investment of €13,396k spread among all the Group's casinos.

Other tangible fixed assets (excluding assets under construction):

The most significant acquisitions relate to renovation works on the Saint-Galmier casino for €1,002k, the Juan-les-Pins casino for €557k and the 3.14 hotel for €310k. This item also included €566k in advances and down payments made by Partouche Immobilier with regard to construction work on the new casino in La Ciotat.

Assets under construction

The line item "Other tangible fixed assets" includes tangible assets under construction representing a net value of €10,095k at the balance sheet date and involving work mainly at Partouche Immobilier (€6,242k) primarily for work on the La Ciotat casino and renovation work on the Aix (€2,035k) and Lyon Vert (€908k) casinos.

Breakdown at 31 October 2016 of "Assets transferred, miscellaneous reclassifications and IFRS 5 reclassification":

€000 AT 31 OCTOBER 2016 GROSS VALUE	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Total	**94**	**2 581**	**549**	**(966)**	**2 259**
IFRS 5	94	842	264	1 009	2 209
Assets internally transferred and miscellaneous reclassifications	-	1 740	285	(1 975)	50

Of which breakdown of assets internally transferred and miscellaneous reclassifications:

	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Casino de Forges-les-Eaux	-	1 519	(175)	(1 556)	(213)
Casino Vichy 4 Chemins	-	-	(675)	218	(457)
Casino de Vichy Grand Café	-	76	644	(259)	461
Casino du Lyon Vert	-	-	(137)	34	(103)
Casino de Royat	-	5	47	(53)	(1)
Casino de Saint-Galmier	-	-	44	(44)	-
Casino de La Ciotat	-	8	-	(8)	-
Casino d'Andernos	-	(2 843)	-	876	(1 967)
Casino d'Annemasse	-	-	117	(16)	101
Groupe Partouche	-	-	107	(107)	(0)
Appolonia	-	-	209	4	213
Européenne de casino	-	2 975	-	(1 008)	1 967
Other assets internally transferred and miscellaneous reclassifications	-	-	105	(57)	48
Total assets internally transferred and miscellaneous reclassifications	**-**	**1 740**	**285**	**(1 975)**	**50**

Breakdown at 31 October 2015 of "Assets transferred and scrapped, IFRS 5 reclassification":

€000 AT 31 OCTOBER 2015 GROSS VALUE	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Total	**5 853**	**37 703**	**(7 102)**	**(848)**	**35 606**
IFRS 5	5 853	39 683	569	628	46 733
Assets internally transferred and scrapped	-	(1 980)	(7 671)	(1 476)	(11 127)

Of which breakdown of assets internally transferred and scrapped:

	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Casino Lyon Vert	-	(479)	(773)	33	(1 219)
Casino d'Aix-en-Provence	-	(28)	(745)	60	(713)
Casino de La Trinité-sur-Mer	-	(43)	(1 213)	(100)	(1 356)
Casino de Divonne	-	(4)	(1 518)	(93)	(1 615)
Casino de Vichy Grand Café	-	(547)	(46)	(30)	(623)
Other assets transferred and scrapped	-	(879)	(3 376)	(1 346)	(5 601)
Assets internally transferred and scrapped	**-**	**(1 980)**	**(7 671)**	**(1 476)**	**(11 127)**

NOTE 7. EMPLOYEE EXPENSES AND BENEFITS

7.1 WORKFORCE

7.1.1 AVERAGE WORKFORCE

AT 31 OCTOBER	2016	2015	2014
France	3 908	3 922	4 113
Other countries	260	276	334
TOTAL	**4 168**	**4 198**	**4 447**

1,942 people work in the gaming sector.

7.1.2 BREAKDOWN OF WORKFORCE BY PROFESSIONAL CATEGORY

AT 31 OCTOBER	2016	2015	2014
Executives	809	822	880
Junior executive staff	248	243	255
Non-executives	2 964	2 969	3 136
Manual workers	147	164	176
TOTAL	**4 168**	**4 198**	**4 447**

7.2 EMPLOYEE EXPENSES

€000 AT 31 OCTOBER	2016	2015	2014
Wages and salaries	123 292	125 690	131 813
Social security expenses	41 781	43 188	46 882
Employee profit-sharing	3 316	3 622	2 420
TOTAL	**168 389**	**172 500**	**181 115**

At 31 October 2016, social security expenses reflected the €5.2m impact on the Group of the CICE tax credit for competitiveness and employment, compared to €5.3m at 31 October 2015.

7.3 EMPLOYEE BENEFITS

▸ Retirement plans

The Group has set up various defined-contribution or defined benefit retirement plans.

The provision recognised in the balance sheet for defined benefit plans relates to the discounted value of the commitment for defined benefits at the balance sheet date, less the fair value of the plan's assets at that date, adjusted for actuarial gains or losses, and less the cost of past service. The provision relating to defined benefit plans is calculated annually according to the projected unit of credit method. In accordance with IAS 19 (revised), since 1 November 2013 the Company recognises service cost for the period and net interest on the net defined benefit liability in net profit or loss, and recognises remeasurements of the net defined benefit liability, including actuarial gains and losses, in equity (items of other comprehensive income that may not be recycled to net profit).

The discounted value of commitments under defined benefit plans is determined by discounting future disbursements with a market rate at the balance sheet date based on first-class corporate bonds, corresponding to the currency and to the estimated schedule of benefit payments.

For defined-contribution plans, the Group pays contributions to private or public insurance companies on a mandatory, contractual or voluntary basis. The Group's commitments are limited to contributions paid. Contributions are recorded in expenses when they are due. Contributions paid in advance are deferred to assets insofar as the payment in advance will result in a decrease in future payments or a cash reimbursement.

▸ Other post-employment benefit plans

Nearly all employees of the Company are covered by health insurance plans and life insurance plans financed by the public authorities. Consequently, the Company has no significant commitment in respect of its employees in terms of post-employment benefits other than retirement benefits; as a result, no provision has been established to this effect.

▸ Termination benefits

Termination benefits are employee benefits payable as a result of either the Group's decision to terminate an employee's employment contract before the normal retirement date or an employee's decision to accept benefits in connection with a voluntary redundancy. The Group recognises these termination benefits when it is demonstrably committed either to terminate the employment contract of a staff member in accordance with a detailed official plan without any real possibility of withdrawal or to grant termination benefits as a result of an offer made to encourage voluntary redundancy.

7.4 EMPLOYEE COMMITMENTS

These commitments were subject to an actuarial valuation based on the prospective method. The entire expense corresponding to rights acquired by the employees is determined based on the agreements in force at each company.

Provisions are calculated taking into account the probabilities of employees remaining at the Group until retirement (65 years), mortality based on gender, voluntary redundancy by the employee at retirement and on the following bases:

	2016	2015	2014
Discount rate	1,38 %	1,63 %	2,53 %
Salary inflation rate	1 %	1 %	1 %
Social charge provision rate	42 %	42 %	42 %

€000 AT 31 OCTOBER	2016	2015	2014
Provision at the beginning of the financial year	13 871	11 158	11 028
Impact recorded on employee expenses *	418	29	162
Impact on equity **	654	2 648	45
Changes in scope and translation adjustment	15	36	(77)
Total employee commitments	**14 958**	**13 871**	**11 158**
o/w non-current provision	14 621	13 553	10 954
o/w current provision	337	317	204

(*) Impact on employee expenses = current/past service cost for the period + net interest on the defined benefit liability.
(**) Impact on equity = remeasurement of the net defined benefit liability.

7.5 DIRECTORS' COMPENSATION

For the financial year ended 31 October 2016, the amount of gross compensation allocated to the management and supervisory bodies of Groupe Partouche SA amounted to €1,965,386. For the 2015-16 financial year, €70,000 in directors' fees was allocated by Groupe Partouche to the members of the Supervisory Board and paid in full in January 2017, along with the €2,000 outstanding balance of the 31 October allocation, for a total of €72,000.

NOTE 8. OTHER CURRENT AND NON-CURRENT PROVISIONS

A provision is established when, at the balance sheet date, the Group has an obligation resulting from a past event that is likely to result in an outflow of resources representing future economic benefits, the amount of which may be estimated reliably.

The obligation may arise from an agreement or from legal or regulatory provisions or from any established legal precedent, or it may be implicit since, through its past practices, its stated policy or a recent, sufficiently explicit statement, the Group created a reasonable expectation among third parties that it will assume this liability.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the amount of the

obligation cannot be evaluated with sufficient reliability, no provision is recognised.

If the effect of discounting is significant, the amount of the provision recognised relates to the discounted value of the expenditures that the Group expects to have to incur to settle the corresponding obligation.

In determining the possible outcomes of tax risks and litigation, the management uses as its basis the assessment performed by external consultants who have knowledge of each of the related issues and jurisprudence.

Groupe Partouche sets aside provisions for progressive jackpots at the end of the financial year. This provision is recognised in the line item "Current provisions" in the consolidated balance sheet. The jackpot provision is calculated at the balance sheet date on the basis of the jackpot amount displayed on all progressive slot machines, minus the amounts at the start of the period for each of these jackpots in addition to the amount saved in levies relating to the jackpot payout.

8.1 CHANGE IN PROVISIONS

€000 AT 31 OCTOBER	2014	2015	CHANGES IN 2016						2016
			CHARGES	REVERSALS NOT USED	REVERSALS USED	TRANSLATION DIFFERENCE	RE-CLASS.	CHANGES IN SCOPE	
Non-current provisions	5 597	4 580	677	(171)	(586)	-	44	-	4 545
Current provisions	3 447	3 049	2 839	(15)	(2 317)	-	(44)	-	3 512
Total provisions	**9 044**	**7 630**	**3 516**	**(186)**	**(2 904)**	**-**	**-**	**-**	**8 057**

8.2 BREAKDOWN OF PROVISIONS BY TYPE

€000 AT 31 OCTOBER	TOTAL PROVISIONS		NON-CURRENT PORTION		CURRENT PORTION	
	2016	2015	2016	2015	2016	2015
Tax and social audits	1 578	1 601	1 431	1 500	148	101
Labour and redundancy disputes	3 452	3 362	2 520	2 506	933	856
Provision for net equity of companies accounted for under the equity method	-	-	-	-	-	-
Other contingency and loss provisions *	1 090	1 883	594	574	495	1 308
Jackpot provision	1 936	784	-	-	1 936	784
Total	**8 057**	**7 630**	**4 545**	**4 580**	**3 512**	**3 049**

(*) At 31 October 2015, the current portion of "Other provisions for contingencies and losses" included a €400k provision for losses linked to the cessation of operations at the Vichy 4 Chemins casino. This provision was reversed at 31 October 2016. The rest of this item consists of other provisions of individually non-material amounts.

Details on the main current and non current disputes are provided in Section 20.5 of this Annual Report.

NOTE 9. FINANCING AND FINANCIAL INSTRUMENTS

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale financial assets. The classification depends on the reasons underlying the acquisition of the financial assets. Management determines the classification of its financial assets on their initial recognition and reviews it at each accounting close.

▸ Financial assets and liabilities at fair value through profit or loss

A financial asset is classified in this category if it is acquired primarily for the purpose of being sold in the near term or has been designated as such by Management. Derivatives are designated as held for trading, except where they are qualified hedge accounting transactions. All of the derivatives held by the Group are designated as hedges. Assets attached to this category are classified under current assets when they are held for trading, or where they are expected to be realised within 12 months following the balance sheet date.

Assets held to maturity

Assets held to maturity are non-derivative financial assets other than loans and receivables having a fixed settlement term, whose payments are determined or determinable and which the Group plans and has the capacity to hold until maturity. These assets are initially recognised at fair value and then at amortised cost in accordance with the effective interest rate method. They are subject to impairment tests where there is an indication of losses of value. An impairment loss is recognised if the carrying amount is higher than the estimated realisable value.

Loans, receivables and debt issued by the Company

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included under current assets, except those falling due within more than twelve months after the balance sheet date, which are classified under "Other non-current financial assets".

Available for sale financial assets

Available for sale financial assets are derivatives relating to this category or those which do not fall within another category. They are included under non-current assets unless Management intends to sell such assets within 12 months following the balance sheet date.

Investments in equity instruments in which the Company owns less than 20% of the shares in circulation or the voting rights of the issuing entity, and which are neither controlled by, nor under the significant influence of the Company, are classified as available for sale financial assets and are recognised under «Other non-current financial assets" within non-current assets. Quoted instruments are measured at fair value and changes in fair value taken directly to equity. Non-quoted instruments are recognised as follows:

- if the fair value of the unquoted instruments is determinable by valuation techniques that are appropriate to the type of security, they are recognised at fair value and the changes in fair value are taken directly to equity;
- if the fair value cannot be determined reliably, the instruments are measured at cost.

Gains and losses recognised on the sale of equity investments are recognised in the consolidated income statement. Any impairment loss representing a non-permanent impairment loss is recognised in the period in which such a loss of value arose. At each balance sheet date, the Group measures the impairment in value of a financial asset or a group of financial assets if there is an indication of a loss of value of a financial asset or a group of financial assets.

Derivative financial instruments

Derivative financial instruments are initially recognised at their fair value. They are then re-evaluated at their fair value. The method of accounting for the related profit or loss depends on whether the derivative is designated as a hedging instrument and, as applicable, the nature of the hedged item.

The Group uses cash flow hedges to manage risks on financial flows related to floating-rate borrowings.

According to IAS 39, the application of hedge accounting requires the company to demonstrate and document the effectiveness of the hedging relationship upon its establishment and throughout its life. The effectiveness of the hedge with respect to accounting is verified by the relationship among changes in value of the derivative and of the underlying hedged asset.

Derivative instruments are recognised in the balance sheet for their market value at the balance sheet date. The market value is established by reference to market data and according to commonly used models. The measurement of financial instruments is substantiated by two independent valuations.

In the case of hedging future interest expense, the hedged financial debt continues to be recognised at amortised cost, with the change in value of the effective portion of the hedging instrument being recorded in equity within comprehensive income (items that may be recycled subsequently to net profit).

The change in value of the ineffective portion of hedging instruments is recorded in the result from financial items.

When a hedging instrument reaches maturity or is sold, or when a hedge no longer meets the criteria for hedge accounting, the gains and losses accumulated on that hedging instrument and recorded in equity (comprehensive income) during the period of effective hedging remain in equity and are not reclassified to income unless earnings are affected by the hedged item.

9.1 OTHER NON-CURRENT FINANCIAL ASSETS

€000 AT 31 OCTOBER	2016	2015	2014
Non-consolidated investments	2 983	2 719	2 713
Other financial assets	1 647	1 666	1 633
Other non-current financial assets	**4 630**	**4 385**	**4 346**

Non-consolidated investments:

€000 AT 31 OCTOBER	GROSS VALUE IN 2016	IMPAIRMENT	NET VALUE IN 2016	NET VALUE IN 2015	NET VALUE IN 2014
Non-consolidated companies owned > 50%	1 100	(1 100)	-	-	-
Non-consolidated companies owned 20 to 50%	2 147	(2 064)	83	83	83
Non-consolidated companies owned < 20%	4 090	(1 191)	2 900	2 636	2 630
TOTAL	**7 338**	**(4 355)**	**2 983**	**2 719**	**2 713**

Due dates of other net non-current financial assets:

€000 AT 31 OCTOBER 2016	AMOUNT	1 TO 5 YEARS	> 5 YEARS
Non-current investment securities	21	21	-
Employee loans	200	22	178
Loans, guarantees and other receivables	1 548	234	1 314
Receivables attached to investments	-	-	-
GROSS AMOUNT	**1 769**	**277**	**1 492**
Provision	(122)	-	(122)
NET AMOUNT	**1 647**	**277**	**1 371**

9.2 CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" includes cash as well as all immediately available short-term investments.

These investments are made in SICAV-type or FCP-type mutual fund units, the value of which is not subject to changes in stock market prices and which can be converted easily into a cash amount subject to negligible risk of change in value.

Cash and cash equivalents are financial assets held for trading and are valued at their fair value. Changes in value are recorded as results from financial items.

Cash presented in the consolidated cash flow statement includes cash and cash equivalents such as defined above, net of current bank overdrafts, which are an integral part of the Group's cash management.

Pursuant to IAS 7, the amount of significant cash and cash equivalents balances held which are not available for the Group is disclosed below.

€000 AT 31 OCTOBER	2016	2015	2014
Cash and cash equivalents (assets)	152 492	164 858	116 711
Cash (liabilities)	(192)	(17)	(10)
Neutralisation of impairment provision	-	-	-
Cash position per cash flow statement	**152 300**	**164 841**	**116 701**

€000 AT 31 OCTOBER	2016	2015	2014
Highly liquid cash management financial assets	20 131	36 611	16 644
Cash	132 361	128 247	100 067
Cash and cash equivalents	**152 492**	**164 858**	**116 711**

Breakdown of cash management financial assets:

€000 AT 31 OCTOBER	2016	2015	2014
SICAV-type mutual fund units	20 131	36 611	16 644
FCP-type mutual fund units	-	-	-
Accrued interest / SICAV & FCP	-	-	-
Provision for impairment	-	-	-
Cash financial management assets	**20 131**	**36 611**	**16 644**

Breakdown of positive cash balances:

€000 AT 31 OCTOBER	2016	2015	2014
Bank	118 581	115 597	87 873
Cash	13 656	12 382	12 096
Interest receivable	125	268	98
Cash and cash equivalents	**132 361**	**128 247**	**100 067**

Cash less gaming levies:

€000 AT 31 OCTOBER	2016	2015	2014
Cash and cash equivalents (assets)	152 492	164 858	116 711
- Gaming levies	(32 136)	(29 791)	(28 649)
= Cash less gaming levies	**120 356**	**135 067**	**88 062**

In addition, regulations related to the Swiss gaming industry do not allow these establishments to transfer free cash flow, with the exception of payment of dividends.

This concerns two of the Group's casinos (Lac Meyrin casino and Crans-Montana casino) which had cash net of levies of €31m at 31 October 2016 (compared with €29.7m at 31 October 2015).

9.3 FINANCIAL DEBT

Financial debt is recognised at face value, net of related issuing costs and premiums. Subsequently, these borrowings are recognised at amortised cost using the effective interest-rate method, the difference between cost and repayment value being recognised in the income statement over the term of the borrowings.

The cost of net financial debt includes interest payable on borrowings, interest receivable on investments, and income from other dividends.

Financial debt is classified under current liabilities unless the Group has the unconditional right to defer the settlement of the debt at least twelve months after the balance sheet date, in which case those debts are classified as non-current liabilities.

€000 AT 31 OCTOBER	CURRENT PORTION IN 2016	NON-CURRENT PORTION IN 2016	TOTAL IN 2016	CURRENT PORTION IN 2015	NON-CURRENT PORTION IN 2015	TOTAL IN 2015	CURRENT PORTION IN 2014	NON-CURRENT PORTION IN 2014	TOTAL IN 2014
Bank borrowings	24 439	140 921	165 360	22 420	154 906	177 326	8	193 615	193 623
Interest accrued on loans	13	-	13	17	-	17	-	-	-
Restated capital lease	-	-	-	-	-	-	-	-	-
Bank overdrafts	192	-	192	17	-	17	10	-	10
Subtotal: Bank liabilities	**24 644**	**140 921**	**165 565**	**22 454**	**154 906**	**177 360**	**18**	**193 615**	**193 633**
Other borrowings	2 236	17 886	20 122	2 236	20 122	22 357	-	22 357	22 357
Employee profit-sharing	374	2 350	2 724	486	2 512	2 998	335	2 965	3 299
Deposits and guarantees	17	94	111	15	100	115	14	110	124
Liabilities in respect of investments in associates	-	5	5	-	5	5	-	4	4
Fair value remeasurement of hedging instruments	357	412	768	273	468	740	407	-	407
Total	**27 627**	**161 668**	**189 295**	**25 463**	**178 112**	**203 575**	**773**	**219 051**	**219 824**

A syndicated loan held by the parent company, Groupe Partouche SA, constitutes most of the Group's bank loans.

Taking into account the provisions of the Safeguard Plan approved in a ruling by the Paris Commercial Court on 29 September 2014, the principal amount outstanding at 31 October 2016 totalled €153,254k.

Certain operating subsidiaries took out new borrowings in the year totalling €10,979k.

The line item "Other borrowings" includes an advance from Financière Partouche to Groupe Partouche SA for a total of €20,122k, in accordance with the shareholder's advance agreement signed on 29 August 2003 and the modified agreements signed on 30 September 2005 and 30 December 2009. The schedule for repayment of this receivable was set by the Paris Commercial Court's ruling of 29 September 2014 approving the Safeguard Plan, as presented in Section 4.1.2 "Liquidity risk".

The potential impact of modifications to Groupe Partouche's Safeguard Plan is analysed in Note 16 in this chapter.

9.3.1 MATURITY DATES OF FINANCIAL DEBT

€000 AT 31 OCTOBER 2016	TOTAL	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Bank borrowings	165 360	24 439	87 177	53 744
Interest accrued on loans	13	13	-	-
Restated capital lease	-	-	-	-
Bank overdrafts	192	192	-	-
Other borrowings	20 122	2 236	10 620	7 266
Employee profit-sharing	2 724	374	2 350	-
Deposits and guarantees	111	17	38	57
Liabilities in respect of investments in associates	5	-	-	5
Fair value remeasurement of hedging instruments	768	357	412	-
Total	**189 295**	**27 627**	**100 596**	**61 071**

€000 AT 31 OCTOBER 2015	TOTAL	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Bank borrowings	177 326	22 420	82 052	72 854
Interest accrued on loans	17	17	-	-
Restated capital lease	-	-	-	-
Bank overdrafts	17	17	-	-
Other borrowings	22 357	2 236	10 061	10 061
Employee profit-sharing	2 998	486	2 322	189
Deposits and guarantees	115	15	34	66
Liabilities in respect of investments in associates	5	-	5	-
Fair value remeasurement of hedging instruments	740	273	468	-
Total	**203 575**	**25 463**	**94 942**	**83 170**

There is no foreign currency-denominated debt.

9.3.2 CHANGE IN BANK LOANS

€000 AT 31 OCTOBER	2014	2015	CHANGES IN SCOPE	INCREASE	DECREASE	2016
Bank borrowings	193 623	177 326	-	**10 979**	**22 945**	**165 360**

A syndicated loan of €153.3m constitutes most of the Group's bank loans:

- Original loan amount: €431,000k;
- Principal amount outstanding at period-end: €153,254k;
- Repayment terms: the balance is due to be repaid to the lenders according to the following repayment schedule, expressed in thousands of euros:

MATURITY DATES	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	AMORTISATION	PRINCIPAL AMOUNT OUTSTANDING AFTER AMORTISATION
15/12/2016	153 254	21 529	131 726
15/12/2017	131 726	16 165	115 560
15/12/2018	115 560	21 353	94 207
15/12/2019	94 207	21 353	72 854
15/12/2020	72 854	21 353	51 501
15/12/2021	51 501	28 984	22 517
15/12/2022	22 517	22 517	-

This repayment schedule is likely to be revised in light of the clause on early repayment on asset sale provided for in the Safeguard Plan, and by the application of Groupe Partouche's modified plan, as detailed in Note 16.

Interest rates:

Interest is calculated on the outstanding balance of the loan at an annual rate corresponding to one-, two- or three-month Euribor plus a margin of 3.50% per annum over the period from the date on which the plan was adopted to 15 December 2016, and 3.25% per annum from 16 December 2016 until the syndicated loan is repaid in full.

Guarantees:

Pledges of securities described in Section 4.1.7 "Pledges" of the Annual Report.

9.3.3 ANALYSIS OF BANK LOANS BY INTEREST RATE AT THE FINANCIAL YEAR-END

Please refer to Section 4.1.3 "Interest rate risk" of the Annual Report.

€000 AT 31 OCTOBER	BEFORE INTEREST RATE HEDGING IN 2016	AFTER INTEREST RATE HEDGING IN 2016	BEFORE INTEREST RATE HEDGING IN 2015	AFTER INTEREST RATE HEDGING IN 2015	BEFORE INTEREST RATE HEDGING IN 2014	AFTER INTEREST RATE HEDGING IN 2014
Fixed-rate loans	12 106	62 106	2 543	52 543	23	30 023
Variable-rate loans	153 254	103 254	174 783	124 783	193 601	163 601
Bank loans at the financial year-end	**165 360**	**165 360**	**177 326**	**177 326**	**193 623**	**193 623**
Average interest rate – fixed	1,65 %	3,41 %	1,38 %	3,71 %	2,35 %	4,85 %
Average interest rate – variable	3,13 %	3,13 %	3,38 %	3,38 %	3,51 %	3,51 %
Weighted average interest rate at the financial year-end	**3,02 %**	**3,23 %**	**3,35 %**	**3,48 %**	**3,51 %**	**3,71 %**

At the balance sheet date, the syndicated loan was the only floating rate borrowing, representing more than 92% of total bank borrowings.

Variable rate debt is partially covered by a single financial instrument: a €50m swap starting on 31 January 2015 and expiring on 31 December 2018 at 0.33%.

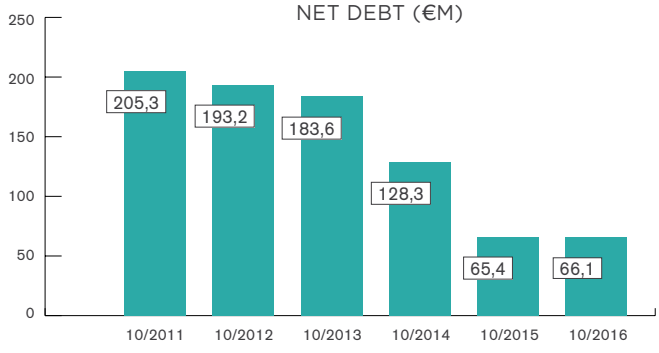
The accounting treatment of these hedges and the use of hedge accounting are documented in Note 9 "Derivative financial instruments", and Note 9.4 "Financial income (expense)" in Section 20 of the 2015 Annual Report.

The hedging instrument described above was considered "highly effective" under the terms of IAS 39.

9.3.4 NET DEBT

Gearing is the ratio of the Group's net debt to its equity. It is a measure of the risk associated with the Group's financial structure.

Leverage is the ratio of the net debt to consolidated Group EBITDA.



€000 AT 31 OCTOBER	2016	2015	2014
Bank loans and restated capital leases	165 360	177 326	193 623
Accrued interest	13	17	-
Sundry borrowings and financial liabilities	20 122	22 357	22 357
Financial instruments – assets	-	-	-
Financial instruments – liabilities	768	740	407
Bank overdrafts	192	17	10
Gross debt	**186 455**	**200 458**	**216 398**
Cash net of levies (see Note 6.2)	**120 356**	**135 067**	**88 062**
Other unavailable cash (cash subject to conditions precedent)	**-**	**-**	**-**
Net debt	**66 099**	**65 391**	**128 336**



For the entirety of this note, please refer to Section 4.1 "Financial risks" of the Annual Report.

For liquidity risk, please refer to Section 4.1.2 "Liquidity risk" of the Annual Report.

9.4 FINANCIAL INCOME (EXPENSE)

Income from interest is recognised in the income statement when it is acquired, using the effective interest-rate method.

Income from dividends is recognised in the income statement when the Group acquires the right to collect the payments.

€000 AT 31 OCTOBER	2016	2015	2014
Cost of debt	(5 692)	(7 172)	(9 594)
Cost of interest rate hedging	(316)	(245)	(1 001)
Investment income	447	569	834
Net financial income (expenses)	**(5 560)**	**(6 848)**	**(9 761)**
Finance costs linked to finance leases	(5)	(68)	(160)
Change in the fair value of hedging instruments (ineffective portion)	-	-	-
Cost of financial debt (a)	**(5 566)**	**(6 916)**	**(9 921)**
Foreign exchange gains	2 162	2 711	1 886
Foreign exchange losses	(491)	(137)	(90)
Dividends (non-consolidated companies)	815	126	128
Other	496	892	492
Financial provision charges and reversals	55	(218)	(674)
Other financial income and expenses (b)	**3 036**	**3 374**	**1 741**
Net financial income/(expense) (a + b)	**(2 529)**	**(3 542)**	**(8 180)**

Net financial expenses fell as a result of the combined effects of:

- a decrease in the average amount outstanding between the two financial years;
- a lower average annual interest rate than the preceding year.

Regarding the fair value of cash flow hedging instruments, since the Company has opted for hedge accounting as des-

cribed in the section on "Derivatives" above, the change in the effective portion of hedging instruments is recorded in equity (comprehensive income).

9.5 FINANCIAL RISKS

The Group could be exposed to liquidity risks and foreign exchange risks in the line of its activity. This exposure is detailed in Sections 4.1.2 "Liquidity risk", 4.1.3 "Interest rate risk" and 4.1.4. "Foreign exchange risk" of the Annual Report.

NOTE 10. TAXES

10.1 ANALYSIS OF THE TAX EXPENSE

€000 AT 31 OCTOBER	2016	2015	2014
Profit before tax	**19 555**	**18 412**	**16 746**
Current tax expense	(6 715)	(6 321)	(4 652)
Change in deferred tax	9 132	604	(3 607)
CVAE tax expense	(3 325)	(3 388)	(3 186)
Total tax expense	**(908)**	**(9 105)**	**(11 445)**
Total tax expense - CVAE tax excluded	**2 417**	**(5 717)**	**(8 259)**
Effective tax rate *	**(12,36) %**	**31,05 %**	**49,32 %**

(*) CVAE tax excluded.

Rationalisation of the effective tax rate - Tax proof

€000 AT 31 OCTOBER	2016	2015	2014
Profit before tax	**19 555**	**18 412**	**16 746**
French corporate income tax rate	33,33 %	33,33 %	33,33 %
Tax charge based on current corporate income tax rate (theoretical)	**(6 518)**	**(6 137)**	**(5 582)**
Temporary differences	21	(532)	(86)
Permanent differences	9 645	18 302	15 940
Net effect of consolidation operations	(3 992)	(14 676)	(2 753)
Tax losses generated by Group companies during the financial year	(2 540)	(17 288)	(21 503)
Impact of tax consolidation	11 264	13 009	10 964
Income taxed at the reduced tax rate, long-term capital gains or losses and effect of differences in foreign companies' tax rates	(12 369)	(146)	(1 463)
Tax loss carryforwards recognised as assets	5 335	-	-
Use of unrecognised tax loss carried forward	1 065	1 069	(4 393)
Tax credit and other	507	682	618
Total tax expense - CVAE tax excluded	**2 417**	**(5 717)**	**(8 259)**
Consolidated net income before tax	**19 555**	**18 412**	**16 746**
Reconstituted Group tax rate	**(12,36) %**	**31,05 %**	**49,32 %**

10.1.1 CORPORATE INCOME TAX RECEIVABLES

€000 AT 31 OCTOBER	2016	2015	2014
Current receivables from the French State	3 824	3 275	3 005
Current corporate income tax receivables	**3 824**	**3 275**	**3 005**

At 31 October 2016 and 2015, "Accounts receivable from the French State" mainly included tax credits and income tax receivables for companies outside the tax consolidation group.

At 31 October 2014, accounts receivable from the French State mainly included tax credits.

10.1.2 CURRENT TAX LIABILITIES

€000 AT 31 OCTOBER	2016	2015	2014
State – Gaming levies	32 136	29 791	28 649
State – Corporate income tax	142	969	161
TOTAL	**32 278**	**30 760**	**28 810**

10.2 DEFERRED TAX

The Group calculates its taxes in accordance with the tax legislation in force in the countries where the income is taxable.

Deferred taxes are determined each year for each tax entity using the liability method based on each company's tax position or on the income of all the companies that are included in the tax consolidation groups.

Deferred tax is calculated by applying the most recent tax rate enacted at the balance sheet date applicable to the period in which temporary differences reverse.

Deferred tax assets relating to tax losses carried forward are only recognised if the tax entity is reasonably certain that it will recover these amounts in later years.

All deferred tax liabilities are recognised unless the tax results from the initial recognition of goodwill.

In accordance with Section 39 of IAS 12, the Group did not recognise a deferred tax liability relating to the difference between the book value of equity-accounted investments and their tax bases.

In accordance with IAS 12, deferred taxes are classified as non-current assets and liabilities.

10.2.1 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is recognised using the liability method on all differences between tax bases and carrying amounts. Deferred tax assets and liabilities are not discounted. A breakdown of the net change in deferred taxes (both assets and liabilities) is as follows:

€000	2016	2015
Deferred tax assets at the beginning of the period	2 651	2 399
Deferred tax liabilities at the beginning of the period	(36 218)	(37 867)
Net deferred tax at 1 November	**(33 567)**	**(35 468)**
Impact of profit *	9 454	852
Impact of changes in scope	-	(42)
Impact of foreign exchange rates	9	127
Other movements **	224	962
Net deferred tax at 31 October	**(23 880)**	**(33 568)**
Deferred tax assets at 31 October	3 415	2 651
Deferred tax liabilities at 31 October	(27 294)	(36 218)

(*) The impact of profit in 2016 includes a €323k effect from the change in deferred taxes on CVAE timing differences, as well as €5,335k for the capitalisation of loss carry-forwards and €4,327k from the use of loss carry-forwards relating to the amortisation and depreciation of real estate assets, including notably €3,541k of deferred taxes on the impairment of goodwill as discussed in Note 6.1.

The impact of profit in 2015 includes a €248k impact arising from the change in deferred taxes on CVAE timing differences, as well as a deferred tax expense of (€113k) related to IDA reversals on unused loss carry-forwards, set out below in the section entitled "Tax losses carried forward".

(**) The other items mainly concern deferred taxes arising from changes in the fair value of financial instruments recognised in equity (recyclable component). These movements had no impact on profit for the period.



Deferred tax was in relation to the following restatements:

€000	2016	2015
Employee commitments	4 986	4 623
Derivative instruments	256	247
Revaluation adjustments / Real estate assets	(11 743)	(16 340)
Internal provisions	(23 480)	(22 764)
Tax loss carryforwards recognised as assets	5 335	-
Deferred tax on restatement of CVAE	(1 338)	(1 661)
Capital lease restatement	(1 001)	(1 097)
Other temporary items and consolidated adjustments	3 105	3 425
TOTAL	**(23 880)**	**(33 568)**

10.2.2 TAX LOSSES CARRIED FORWARD

Deferred tax assets related to loss carryforwards are recognised on the balance sheet only when such losses are determined to be recoverable.

At 31 October 2016, the total amount of unrecognised tax in relation to uncapitalised loss carryforwards was around €36.4m (total for French companies).

At 31 October 2016, deferred tax assets recognised as capitalised loss carry-forwards were €5.3m, of which €4.6m concerned the Groupe Partouche SA tax consolidation group.

To assess capitalisation of loss carry-forwards in consolidated financial statements at 31 October 2016, the Group conducted an analysis on the basis of provisional 2017 and 2018 budgets and the future taxable income of companies within the tax consolidation group in 2017 and 2018.

The estimates used for this analysis are the same as those used for the value-in-use method; they are extracted from the annual budgets and multi-annual plans drawn up by Group management.

At 31 October 2015, the total amount of unrecognised tax in relation to uncapitalised loss carryforwards was around €42m (total for French companies).

NOTE 11. EQUITY

11.1 CAPITAL – SHARES IN CIRCULATION

SHARE CAPITAL AT 31 OCTOBER	2016	2015	2014
Amount of share capital	193 631 200 €	193 631 200 €	193 631 182 €
Shares issued, fully paid up	9 681 560	9 681 560	96 815 591
Nominal value	20 €	20 €	2 €

The share capital is fully paid up at 31 October 2016. Shares may be in registered or bearer form, based on the choice of the shareholder. In accordance with the Articles of Association, all of the shares have one voting right each.

At an Extraordinary Shareholders' Meeting on 15 January 2015, the shareholders voted to withdraw shareholders' pre-emptive right to subscribe for nine new shares, and to reserve the subscription of those nine new shares, with a par value of €2 each, for a third party. The share capital increased from €193,631,182 to €193,631,200. The shareholders then voted to carry out a reverse stock split by issuing one new share with a par value of €20 for every ten old shares with a par value of €2.

11.2 TREASURY SHARES

IN EUROS AT 31 OCTOBER	2016	2015	2014
Treasury shares at historical cost held directly	1 636 333	437 719	373 949
Number of treasury shares held directly	49 729	16 745	166 577

Treasury shares are deducted from consolidated reserves.

Historical treasury shares:

At its meeting held on 4 April 2000, the Ordinary Shareholders' Meeting authorised the Executive Board, pursuant to the provisions of Article 217-2 of the Law of 24 July 1966, to acquire more than 10% of the number of shares comprising the share capital. This authorisation led to the purchase of 19,166 shares, representing 0.04% of the total share capital of Groupe Partouche SA, for a total amount of €168,767.

Following the buyback of fractional shares during the financial year in connection with the reverse stock split referred to in Section 11.1, "Share capital outstanding", the 19,166 shares held by the Company since the Extraordinary Shareholders' Meeting of 10 November 2003 became 1,917 shares. These treasury shares are presented under marketable securities.

Agreement with Oddo:

In May 2012, Groupe Partouche and Oddo Corporate Finance signed a liquidity provider's agreement compliant with the code of ethics drawn up by the Amafi and approved by the Autorité des Marchés Financiers in its decision dated 21 March 2011. This liquidity provider's agreement was signed for a term of one year and is tacitly renewable. Its aim is to ensure the liquidity and regular trading of the Company's shares. For the purposes of this agreement, Groupe Partouche placed €250,000 in its liquidity account.

Over the course of the financial year, Oddo continued its market making activities (purchases and sales) aimed at improving the liquidity of the shares.

IN EUROS AT 31 OCTOBER	2016	2015	2014
Number of Oddo treasury shares held	6 367	12 241	147 411
Value	255 322	223 065	205 182

Agreement with Aurel BGC:

Since October 2015, Groupe Partouche appointed Aurel BGC to implement a partial share buyback execution agreement, as authorised by the shareholders at the Combined Shareholders' Meeting of 25 March 2015.

As of 31 October 2015, the number of treasury shares held under this agreement was 2,587 shares, with a value of €45,879; these shares were acquired for the purpose of being cancelled.

During the 2015/2016 financial year, Aurel BGC continued to acquire shares for the purposes of their cancellation. As of 31 October 2016, the number of shares acquired under this agreement was 41,445, with a value of €1,212,237. It should be noted that on 29 March 2016, 25,380 shares were transferred to the Groupe Partouche registered treasury share account at CM-CIC (with a value of €644,258).

€000 AT 31 OCTOBER	2016	2015	2014
Number of Aurel BGC treasury shares held	15 615	2 587	-
Number of treasury shares held as registered shares *	25 830	-	-
Number of treasury shares held for the purpose of cancellation	**41 445**	**2 587**	**-**
Value (at historic cost) of shares held for the purpose of cancellation	**1 212 237**	**45 879**	**-**

(*) At 31 October 2016, the CM-CIC registered share account held 27,747 shares of which 25,830 were held for the purpose of cancellation and 1,917 were historic holdings of treasury shares.

11.3 CONSOLIDATED RESERVES

€000 AT 31 OCTOBER	2016	2015	2014
Revaluation reserve	(42 663)	(42 663)	(42 663)
Other reserves and retained earnings	156 657	137 880	134 802
Legal reserve	9 684	8 778	8 778
Group consolidation reserves	(38 470)	(18 954)	(14 202)
Other Group reserves	10 751	11 133	12 909
Consolidated reserves	**95 959**	**96 174**	**99 624**

The change in "Consolidated reserves" is mainly due to the appropriation of the Group's share of the loss for financial year 2015 of €1,975k, the change in the fair value of the effective portion of financial instruments (€18k) net of deferred tax, and the impact of revaluations of net defined benefit liabilities (provision/post-employment benefits) recognised in equity in accordance with IAS 19 revised in the amount of (€362k), and the impact of the acquisition of minority shares in La Roche-Posay, Agon Coutainville and Partouche Interactive in the amount of (€2,127k) with no effect on translation reserves.

11.4 MINORITY INTERESTS

€000 AT 31 OCTOBER	2016	2015	2014
Non-group reserves	13 000	17 984	18 773
Non-group translation reserves	3 694	3 537	2 286
Non-group earnings	7 504	7 329	6 876
Minority interests	**24 197**	**28 849**	**27 934**

The (€4.7m) change in minority interests consisted notably of net income on minority shares of €7.5m, distribution of dividends externally to the Group of (€7.9m), the net impact of (€1.4m) following the acquisition of minority shares in the La Roche-Posay and Agon Coutainville casinos and Partouche Interactive, and the recognition of a minority shareholder put option, in accordance with IAS 32 and in the amount of (€3m) with a balancing entry in current debt (relating to the 2nd tranche of the acquisition of minority interests in the La Roche-Posay and Agon Coutainville casinos, effective at end-January 2017).

NOTE 12. SUPPLEMENTARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12.1 OTHER CURRENT AND NON-CURRENT ASSETS

12.1.1 OTHER NON-CURRENT ASSETS

€000 AT 31 OCTOBER	GROSS VALUE IN 2016	IMPAIRMENT	NET VALUE IN 2016	2015	2014
Receivables from the French State *	15 342	-	15 342	12 877	8 349
Other non-current receivables	3 920	(1 808)	2 112	2 641	3 407
Other non-current assets	**19 262**	**(1 808)**	**17 454**	**15 518**	**11 757**

(*) At 31 October 2016, this item was mainly comprised of:

- a receivable from the French State with respect to the 2015 and 2014 CICE tax credit for Groupe Partouche SA's tax consolidation group (calendar year) for €9.2m;

- accrued income with respect to 10 months of the 2016 CICE tax credit currently being acquired, for €4.3m.

Breakdown of "Other non-current receivables":

€000 AT 31 OCTOBER	GROSS VALUE IN 2016	IMPAIRMENT	NET VALUE IN 2016	2015	2014
Receivables on disposal of assets > 1 year	2 456	(1 780)	676	1 076	1 477
Other receivables - due in more than one year	268	(28)	240	270	550
Prepaid expenses - portion > 1 year	1 195	-	1 195	1 295	1 380
Other non-current receivables	**3 920**	**(1 808)**	**2 112**	**2 641**	**3 407**

"Receivables on disposal of assets > 1 year" consists of the following:

- a €648k non current receivable related to the divestment of the Dinant casino;
- the non current portion of the receivable related to the sale of Société Française de Casinos (SFC) to Tête Dans les Nuages (TDN), provided for in full (€1,780k). The current portion of this receivable is classified as a current asset under "Trade receivables and other debtors" (in the amount of €961k, provided for in full).

12.1.2 OTHER CURRENT ASSETS

€000 AT 31 OCTOBER	2014 RESTATED *	2015	INCREASE	DECREASE	2016
Accrued interest/receivables and loans	-	-	-	-	-
Employee loans	161	127	174	(196)	105
Loans, guarantees	517	278	54	(42)	290
Receivables from the French State	3 475	3 408	414	(1)	3 821
Prepaid expenses	5 630	6 487	24	(788)	5 723
TOTAL GROSS VALUE	**9 783**	**10 300**	**667**	**(1 028)**	**9 940**
Provision/impairment loss	-	-	-	-	-
NET VALUE	**9 783**	**10 300**	**667**	**(1 028)**	**9 940**

12.2 TRADE AND OTHER PAYABLES

The chart of accounts for casinos (Order of 27 February 1984) involves the application of particular rules with respect to capital subsidies arising from the special casino tax (prélèvement à employer).

The special casino tax related to the additional revenue earned by the casinos using the sliding-scale levy system (26 August 2009), 50% of which had to be earmarked for capital investment designed to improve tourist facilities, as provided by Decree. The capital subsidies appearing in equity of the subsidiaries' individual company financial statements are, depending on their scheduled due date, recorded in the line item "Other current liabilities" or in the line item "Other non-current assets" in the consolidated balance sheet. The government withdrew this special casino tax during financial year 2015, with retroactive effect from 1 November 2014.

€000 AT 31 OCTOBER	2016	2015	2014
Customers, advances and down payments received	2 294	1 833	2 045
Trade accounts payable	13 371	14 919	16 650
Liabilities in respect of fixed asset acquisitions **	5 637	4 173	5 829
Liabilities in respect of securities acquisitions *	2 994	3	3
Employees	3 637	3 743	4 260
Employee profit-sharing	3 465	3 759	2 553
Social security organisations	7 308	7 717	7 958
Paid vacation	16 039	16 042	16 381
Applicable levy	685	2 074	3 436
Current account and partner liabilities	416	278	931
State – VAT	2 805	2 718	2 786
State – expenses payable	7 228	7 057	7 815
Other	25 149	23 062	19 952
TOTAL	**91 029**	**87 377**	**90 599**

(*) The change included a put option on minority interests in the amount of €2,991k in accordance with IAS 32, with a balancing entry in minority interests.

(*) At 31 October 2015, the current portion of liabilities relating to the restatement of finance leases used to acquire slot machines under licence was recognised under this heading on the consolidated balance sheet in the amount of €752k. At 31 October 2016 the debt relating to this restatement had been settled.

12.3 OTHER CURRENT AND NON-CURRENT LIABILITIES

€000 AT 31 OCTOBER	2016	2015	2014
Tax liabilities	-	13	12
Other liabilities	-	-	263
Liabilities to suppliers of fixed assets *	-	-	752
Deferred income – non-current portion	6 030	6 349	6 743
TOTAL OTHER NON-CURRENT LIABILITIES	**6 030**	**6 361**	**7 770**
Deferred income – current portion	1 591	1 985	2 075
TOTAL OTHER CURRENT LIABILITIES	**1 591**	**1 985**	**2 075**

Deferred income is mainly attributable to investment subsidies.

(*) At 31 October 2014, the item "Liabilities to suppliers of fixed assets" in the table above was entirely comprised of the non-current part of liabilities relating to the restatement of finance leases used to acquire slot machines under licence.

At 31 October 2015, the current part of liabilities relating to this historical restatement appears under "Trade and other accounts payable" in the consolidated balance sheet in the amount of €752k - included in Note 12.2).

At 31 October 2016, as the corresponding debt had been settled, the restatement was terminated.

NOTE 13. CASH FLOW STATEMENT DETAILS

13.1 BREAKDOWN OF CASH FLOW

Cash flow from operating activities

Net cash from operating activities before change in the working capital requirement, financial interest and taxes paid totalled €79.2m, versus €73.2m in 2015, related to the increase in EBITDA measured during the financial year.

Working capital requirement, having been stable in 2015, saw an unfavourable trend as presented below.

The amount of interest paid fell by €1.5m due to lower debt and average interest rates.

Taxes paid totalled €9.6m, up €0.2m relative to 2015.

Cash flow from (used in) investing activities

Cash used in investing activities was (€43.8m), compared to a net cash inflow of €13.1m driven by significant sale proceeds in the previous financial year (companies and real estate assets).

This net use of cash in the amount of (€43.8m) was mainly composed of:

- cash flows on acquisitions of property plant and equipment for (€41.6m), spread across all Group subsidiaries and including in particular the on-going construction of the new La Ciotat casino for (€3.1m), enhancements and asset renovations across several sites and the acquisition of slot machines and other electronic equipment;
- cash flows on acquisitions of shares for (€3.5m), primarily relating to the acquisition of minority interests in the La Roche-Posay and Agon Coutainville casinos.

Cash flow from (used in) financing activities

This item represented a cash outflow of (€24.3m), mainly consisting of the following:

- for financial debt, the annual repayments of the syndicated loan and shareholder's advance, as scheduled under the Safeguard Plan, for a total of (€23.8m), and the subscription of new loans for a total of €11.0m relating to structural investments made to ensure the continued growth of operations;
- (€7.9m) in dividend payments to minority shareholders.

Based on these movements, cash amounted to €152.3m at 31 October 2016, up €12.5m compared to 31 October 2015.

13.2 BREAKDOWN OF WCR

Changes in items making up the working capital requirement are as follows:

€000	2016	2015	2014
Inventories and semi-finished goods	47	(417)	252
Trade receivables	(3 885)	4 611	2 317
Receivables and accrued and deferred items	(8 221)	(7 181)	1 676
Trade accounts payable	(1 610)	(1 164)	(8 194)
Other payables	3 929	4 418	294
Deferred expenses	-	-	-
IMPACT OF THE CHANGE IN WCR	**(9 740)**	**267**	**(3 655)**

NOTE 14. OFF BALANCE SHEET COMMITMENTS

14.1 RELATED TO THE SCOPE

Commitments given at 31 October 2016:

None

Commitments received at 31 October 2016:

€000	2016	2015	2014
Sureties, deposits and pledges	2 741	2 740	3 582
TOTAL	**2 741**	**2 740**	**3 582**

At 31 October 2016, the above sureties, deposits and pledges covered the receivable from Société Française de Casinos (€2,740k).

14.2 RELATED TO FINANCING

Commitments given at 31 October 2016:

€000	2016	PAYMENTS DUE PER PERIOD			2015	2014
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS		
Long-term liabilities (bank debts with guarantees)	158 558	22 756	83 789	52 013	176 228	193 601
Capital leases	308	106	202	-	302	274
TOTAL	**158 866**	**22 862**	**83 991**	**52 013**	**176 530**	**193 874**

Commitments received at 31 October 2016:

€000	2016	2015	2014
Capital leases	253	317	335
TOTAL	**253**	**317**	**335**

14.3 RELATED TO OPERATING ACTIVITIES

14.3.1 CONTRACTUAL COMMITMENTS

Commitments given at 31 October 2016:

€000	2015	PAYMENTS DUE PER PERIOD			2014	2013
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS		
Operating lease contracts (leases, non-real estate lease contracts, other)	59 772	8 189	27 268	24 316	59 292	79 954
Collateral or mortgages	547	42	175	330	-	-
Sureties and deposits	11 739	1 384	1 058	9 297	4 846	6 457
Notes issued	146	146	-	-	-	-
Liability guarantees	-	-	-	-	-	-
Other financial commitments	-	-	-	-	-	1 650
Other commercial commitments	7 800	3 236	3 149	1 416	9 509	10 722
EHB specification	66 661	8 755	31 063	26 843	67 807	66 329
TOTAL	**146 665**	**21 752**	**62 712**	**62 201**	**141 454**	**165 112**

The line item "Commitments in respect of operating requirements" includes all of the operator's obligations over the remaining term of the concession. The corresponding expenses, which are paid annually, are recognised in the income statement under "Other current operating income and expenses".

Commitments received at 31 October 2016:

€000	2016	2015	2014
Claw back	98	98	98
Operating lease contracts (leases, non-real estate lease contracts, other)	2 093	3 884	5 607
Sureties and deposits	735	689	820
Liability guarantee	-	-	-
Other commercial commitments	9	-	55
TOTAL	**2 935**	**4 671**	**6 580**

The "Operating leases received" item mainly consists of €1,440k in commitments to lease event space at Casino du Palm Beach.

14.3.2 INVESTMENT COMMITMENTS

Commitments given at 31 October 2016:

€000	2016	PAYMENTS DUE PER PERIOD			2015	2014
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS		
Commitments related to investments	3 400	3 400	-	-	49	982
TOTAL	**3 400**	**3 400**	**-**	**-**	**49**	**982**

At 31 October 2015, the commitments reported in this table mainly concerned work at the Le Havre casino and the Royat casino. At 31 October 2016, €3,400k related to commitments from the Royat casino to carry out renovation works as part of the renewal of the public service concession contract.

Commitments received at 31 October 2016:

€000	2016	2015	2014
Other market commitments received	378	313	328
TOTAL	**378**	**313**	**328**

The commitments reported in this table concern the La Ciotat casino.

To the best of the Company's knowledge, there are no other significant off balance sheet commitments.

NOTE 15. RELATED PARTY TRANSACTIONS

Concerning the provisions of IAS 24 on management compensation, refer to Note 7, "Employee expenses and benefits".

▸ Transactions with Financière Partouche SA

Groupe Partouche SA rents the premises of its registered office from Financière Partouche SA. The total rent, including charges and tax, was €310,673 for financial year 2015-2016.

Groupe Partouche SA benefits from a shareholder's advance from Financière Partouche SA (agreement signed on 29 August 2003 and modified agreements signed on 30 September 2005 and 30 December 2009), for which the terms concerning interest (Euribor +2%) and settlement are set out in the plan approved by the Paris Commercial Court in its ruling of 29 September 2014.

The potential impact of modifications to Groupe Partouche's Safeguard Plan is analysed in Note 16 in this chapter.

As presented in Note 9.3, the principal amount outstanding on this advance at 31 October 2016 totalled €20,122k. The repayment schedule is presented in Section 4.1.2 "Liquidity risk" of the Annual Report, with the final instalment scheduled for 15 December 2022.

The interest expense for the 2015-2016 financial year amounted to €375k.

▸ Investment agreement between Financière Partouche SA and Butler Capital Partners (BCP)

An investment agreement was executed on 19 April 2011 in order to define the terms and conditions of the entry of BCP in the share capital of the company, with the approval of the principal shareholder Financière Partouche SA. This agreement led in May 2011 to two capital increases.

▸ Agreements with Ispar Holding SA

Ispar Holding SA, controlled and chaired by Isidore Partouche, provides assistance and advice to the Swiss casinos. With respect to financial year 2015-2016, the expenses recognised in respect of the remuneration of Ispar Holding SA by the Crans-Montana Meyrin casinos amounted to €92k and €183k, respectively.

▸ Agreements with Shal & Co

Shal & Co, controlled and chaired by Hubert Benhamou, provides assistance with the management activities of certain Groupe Partouche casinos. The corresponding remuneration received for financial year 2015-2016 was €580,000.

▸ Other

The other transactions in financial year 2015-2016 with related parties as part of ordinary activities are not considered significant for the Group and were carried out at market conditions.

NOTE 16. POST BALANCE SHEET EVENTS

Amendment of the Safeguard Plan - End of legal dispute with Oaktree

In its ruling of 19 September 2016, the Valenciennes Commercial Court, following agreements reached with OCM Luxembourg to settle disputes between the latter and both Financière Partouche and Groupe Partouche, amended Financière Partouche's Safeguard Plan.

In addition, the Paris Commercial Court, in its ruling of 2 November 2016, amended Groupe Partouche's Safeguard Plan. This amendment – which had previously been unanimously approved by the committee of credit institutions and similar – authorises in particular:

- the immediate repayment by Groupe Partouche of the remainder of the shareholder advance to Financière Partouche, i.e. a total of €20.1m;
- simultaneous early repayment of mono-holder lenders of the syndicated loan in the amount of €5.3m;
- adjustment of the initial authorisation to pay advance dividends as of 1 January 2017, in accordance with certain specific application requirements and subject to consolidated EBITDA of at least €75m and consolidated cash resources, after payment of the dividend, of at least €85m.

In view of the dates of the aforementioned rulings and the conditions precedent attached to these rulings, the consolidated financial statements to 31 October 2016 have been prepared in accordance with the terms of the safeguard plan as approved on 29 September 2014, i.e. the presentation of current and non-current debt under liabilities on the balance sheet is not affected by the aforementioned rulings.

Once judgements modifying the Safeguard Plans of Groupe Partouche and Financière Partouche have become definitive and with all recourse removed, the new repayment schedule of the syndicated loan will be as follows:

MATURITY DATES	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	AMORTISATION	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION
15/12/16	153 254	21 529	131 726
SP modification	131 726	5 333	126 393
15/12/17	126 393	16 165	110 227
15/12/18	110 227	21 353	88 874
15/12/19	88 874	21 353	67 521
15/12/20	67 521	21 353	46 168
15/12/21	46 168	23 651	22 517
15/12/22	22 517	22 517	-

NOTE 17. CONSOLIDATION SCOPE

Companies joining the Group at 31/10/2016
Changes in percentage interest at 31/10/2016
Companies leaving the Group at 31/10/2016

The following companies are consolidated by Groupe Partouche SA:

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2016	INTEREST PERCENTAGE IN 2015	INTEREST PERCENTAGE IN 2014	CONSOLIDATION METHOD
SA GROUPE PARTOUCHE	France				Parent company
FULLY CONSOLIDATED COMPANIES					
CASINOS					
SA CASINO DE SAINT-AMAND	France	100,00	100,00	100,00	FC
SA GRAND CASINO DE CABOURG	France	100,00	100,00	100,00	FC
SA CASINO DU GRAND CAFÉ	France	61,90	61,90	61,90	FC
SA FORGES THERMAL	France	60,38	60,38	59,50	FC
SA CASINO ET BAINS MERS DE DIEPPE	France	100,00	100,00	100,00	FC
SA JEAN METZ	France	100,00	100,00	100,00	FC
SA LE TOUQUET'S	France	90,10	90,10	90,10	FC
SA CASINOS DU TOUQUET	France	99,53	99,53	99,53	FC
SA CASINOS DE VICHY	France	92,00	92,00	91,83	FC
CASINO DE CONTREXÉVILLE	France	100,00	100,00	100,00	FC
SA NUMA	France	100,00	100,00	100,00	FC
SA GRAND CASINO DE LYON	France	100,00	100,00	100,00	FC
PALM BEACH CASINO	France	100,00	100,00	99,99	FC
SA LE GRAND CASINO DE DJERBA	Tunisia	99,90	99,90	99,90	FC
CASINO NUEVO DE SAN ROQUE	Spain	98,90	98,90	98,90	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2016	INTEREST PERCENTAGE IN 2015	INTEREST PERCENTAGE IN 2014	CONSOLIDATION METHOD
SA SATHEL	France	99,86	99,86	99,86	FC
SA CASINO MUNICIPAL DE ROYAT	France	99,86	99,86	99,86	FC
SA CASINO LE LION BLANC	France	99,86	99,86	99,86	FC
SA EDEN BEACH CASINO	France	99,65	99,64	99,64	FC
SA CASINO MUNICIPAL D'AIX THERMAL	France	99,61	99,61	99,61	FC
SA CASINO DES FLOTS BLEUS	France	99,59	99,59	99,59	FC
SA CASINO DE PALAVAS	France	99,87	99,87	99,87	FC
CASINO DE PORNICHET	France	100,00	100,00	100,00	FC
CASINO DE PORNIC	France	100,00	100,00	100,00	FC
CASINO D'ANDERNOS	France	99,98	99,79	99,79	FC
CASINO D'ARCACHON	France	98,75	98,73	98,70	FC
CASINO DE SALIES DE BÉARN	France	100,00	100,00	100,00	FC
CASINO DE LA GRANDE-MOTTE	France	99,98	99,98	99,98	FC
CASINO DE GRÉOUX	France	100,00	100,00	100,00	FC
CASINO D'ÉVAUX-LES-BAINS	France	100,00	100,00	100,00	FC
CASINO DE PLOMBIÈRES	France	100,00	100,00	100,00	FC
CASINO D'OSTENDE	Belgium	99,98	99,98	99,98	FC
CHAUDFONTAINE LOISIRS	Belgium	0,00	0,00	99,99	FC
CASINO DE LA ROCHE-POSAY	France	95,24	89,70	89,70	FC
CASINO DE AGON COUTAINVILLE	France	95,39	89,62	89,62	FC
CASINO DE HYÈRES	France	99,90	99,90	99,90	FC
CASINO DE VAL-ANDRÉ	France	100,00	100,00	100,00	FC
CASINO DE PLOUESCAT	France	97,00	97,00	97,00	FC
CASINO DE BANDOL	France	100,00	100,00	100,00	FC
CASINO LAC MEYRIN	Switzerland	40,00	40,00	40,00	FC
CASINO DU HAVRE	France	100,00	100,00	100,00	FC
CASINO DE LA TRINITÉ	France	100,00	100,00	100,00	FC
CASINO DU PALAIS DE LA MÉDITERRANNÉE	France	100,00	100,00	100,00	FC
CASINO DE DIVONNE	France	98,71	98,70	98,70	FC
CASINO D'ANNEMASSE	France	99,92	99,93	99,93	FC
CASINO DE CRANS-MONTANA	Switzerland	57,00	57,00	57,00	FC
CASINO DE LA TREMBLADE	France	99,89	99,89	99,89	FC
CASINO TABARKA	Tunisia	99,89	99,89	99,89	FC
HOTELS					
SA ELYSEE PALACE HÔTEL	France	91,76	91,76	91,58	FC
SA HÔTEL INTERNATIONAL DE LYON	France	97,25	97,25	97,25	FC
SNC GARDEN BEACH HOTEL	France	0,00	0,00	99,65	FC
SARL AQUABELLA	France	99,79	99,79	99,79	FC
HOTEL 3.14	France	100,00	100,00	99,99	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2016	INTEREST PERCENTAGE IN 2015	INTEREST PERCENTAGE IN 2014	CONSOLIDATION METHOD
GRANDS HÔTELS DU PARC	France	100,00	100,00	100,00	FC
HOTEL COSMOS	France	100,00	100,00	100,00	FC
SARL SINOCA	France	100,00	100,00	100,00	FC
OTHER					
SA CANNES BALNÉAIRES PALM BEACH	France	99,99	99,99	99,99	FC
SA CHM	France	87,04	87,04	86,89	FC
SA BARATEM	France	99,25	99,25	99,25	FC
SA HOLDING GARDEN PINÈDE	France	100,00	100,00	100,00	FC
SCI HÔTEL GARDEN PINÈDE	France	100,00	100,00	100,00	FC
SCI RUE ROYALE	France	99,99	99,99	99,99	FC
ELYSÉE PALACE EXPANSION	France	91,76	91,76	91,58	FC
ELYSÉE PALACE SA	France	91,73	91,73	91,56	FC
SCI LES THERMES	France	99,99	99,99	99,99	FC
SARL THERM'PARK	France	99,99	99,99	99,99	FC
SA GROUPE PARTOUCHE INTERNATIONAL	Belgium	99,90	99,90	99,90	FC
SARL SEK	France	99,86	99,86	99,86	FC
SCI EDEN BEACH CASINO	France	100,00	99,86	99,86	FC
SCI PALAVAS INVESTISSEMENT	France	99,88	99,87	99,87	FC
CBAP CENTRE BALNÉOTHÉRAPIE	France	99,99	99,99	99,99	FC
SCI FONCIÈRE DE VITTEL ET CONTREX	France	100,00	100,00	100,00	FC
EUROPÉENNE DE CASINO HOLDING	France	100,00	100,00	100,00	FC
BELCASINOS	Belgium	100,00	100,00	100,00	FC
CASINO CHAUDFONTAINE	Belgium	99,90	99,90	99,90	FC
SCI GAFA	France	95,28	89,81	89,81	FC
SCI LES MOUETTES	France	100,00	100,00	100,00	FC
SCI LES JARRES	France	100,00	100,00	100,00	FC
HOLDING LUDICA	France	100,00	100,00	100,00	FC
SCI JMB	France	100,00	100,00	100,00	FC
VZW	Belgium	100,00	100,00	100,00	FC
SCI PARC DE POSAY	France	95,24	89,71	89,71	FC
SARL PARC DU CHÂTEAU	France	76,19	71,76	71,76	FC
SCI DE L'ARVE	France	99,92	99,93	99,93	FC
SCI LA TREMBLADE	France	99,89	99,89	99,89	FC
PARTOUCHE IMMOBILIER	France	100,00	100,00	100,00	FC
SCI PIETRA PORNIC	France	100,00			FC
PARTOUCHE SPECTACLES	France	100,00	100,00	100,00	FC
KIOUSK	France	100,00	100,00	99,99	FC
GROUPEMENT DE MOYEN DES CASINOS	France	100,00	100,00	100,00	FC
CKO BETTING OSTENDE	Belgium	100,00	100,00	100,00	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2016	INTEREST PERCENTAGE IN 2015	INTEREST PERCENTAGE IN 2014	CONSOLIDATION METHOD
PARTOUCHE INTERACTIVE	France	100,00	96,00	96,00	FC
QUARISMA	France	95,07	91,26	91,26	FC
PARTOUCHE PRODUCTION	France	75,43	72,42	72,42	FC
PARTOUCHE TECHNOLOGIES	France	100,00	96,00	96,00	FC
PARTOUCHE IMAGE	France	88,66	85,11	72,44	FC
PARTOUCHE TOURNOIS	France	100,00	96,00	96,00	FC
PARTOUCHE IMAGE AFRIQUE	France	88,66			FC
WORLD SERIES OF BACKGAMON	United Kingdom	100,00	96,00	96,00	FC
APPOLONIA FRANCE	France	70,00	67,20	67,20	FC
PARTOUCHE INTERACTIVE HOLDING	Gibraltar	100,00	96,00	96,00	FC
PARTOUCHE INTERACTIVE GIBRALTAR	Gibraltar	0,00	96,00	96,00	FC
PARTOUCHE BETTING	Malta	0,00	0,00	96,00	FC
PARTOUCHE GAMING FRANCE	France	100,00	96,00	96,00	FC
SOCIÉTÉ D'EXPLOITATION DU CASINO DE DIVONNE	France	96,00	96,00	96,00	FC
GIE IMCJC	France	0,00	0,00	100,00	FC
INTERNATIONAL GAMBLING SYSTEMS	Belgium	19,00	19,00	19,00	FC
COMPANIES CONSOLIDATED USING THE EQUITY METHOD					
CASINOS					
PARTOUCHE INTERACTIVE MALTA	Malta	0,00	0,00	47,99	EM

20.2.2 FINANCIAL STATEMENTS OF THE COMPANY – 31 OCTOBER 2016

BALANCE SHEET - ASSETS (NET VALUES) €000 AT 31 OCTOBER	NOTES	2016	2015	2014
FIXED ASSETS				
Intangible assets	**2.1 / 2.2**			
Concession and similar rights		47	80	81
Internally generated goodwill		72 547	72 623	72 699
Advances and down payments on intangible assets		31	-	-
Tangible fixed assets	**2.1 / 2.2**			
Land		7 280	7 280	7 289
Buildings		11 669	12 465	11 862
Technical equipment		156	67	16
Other tangible fixed assets		748	694	721
Assets under construction		15	15	23
Advances and down payments		4	-	-
Financial investments				
Other investments	2.3 / 2.4	555 981	552 604	553 422
Receivables attached to investments		604	604	595
Other long-term investment securities	2.3	-	-	-
Loans	2.5	44	42	43
Other financial investments	2.4 / 2.5	1 395	219	145
Total fixed assets		**650 520**	**646 693**	**646 896**
CURRENT ASSETS				
Merchandise		-	6	16
Advances and down payments to suppliers		21	2	4
Trade receivables	2.5	102	60	78
Other receivables	2.4 / 2.5	132 363	130 538	147 051
Marketable securities		15 031	30 956	13 904
Cash and cash equivalents		42 439	42 954	8 757
Prepaid expenses	2.5 / 2.10	567	1 189	633
Total current assets		**190 522**	**205 703**	**170 443**
REGULARISATION ACCOUNTS				
Capitalised expenses		-	-	-
Translation adjustment – asset		-	-	-
GRAND TOTAL		**841 042**	**852 395**	**817 339**

BALANCE SHEET - LIABILITIES AND EQUITY €000 AT 31 OCTOBER	NOTES	2016	2015	2014
Share capital (o/w fully paid: 193,631) [1]	2.13	193 631	193 631	193 631
Share premium, merger and contribution reserves		54 285	54 285	54 285
Revaluation reserve [2]		-	-	-
Legal reserve		9 684	8 778	8 778
Statutory reserve [3]		-	-	-
Other reserves		14 423	14 423	14 423
Retained earnings		148 899	134 760	131 683
NET PROFIT (LOSS) FOR THE FINANCIAL YEAR		972	15 045	3 078
Equity	**2.12**	**421 894**	**420 921**	**405 877**
Provisions for contingencies	2.4	14	-	-
Provisions for losses	2.4	-	-	-
Provisions for contingencies and losses		**14**	**-**	**-**
Bank loans and overdrafts [5]	2.6	153 254	174 799	193 601
Sundry borrowings and financial liabilities	2.6	20 247	22 483	22 483
Advances and deposits on outstanding orders		-	-	-
Trade creditors	2.6	999	618	1 572
Tax and social security liabilities	2.6	2 561	2 572	2 886
Liabilities to fixed asset suppliers	2.6	21	18	18
Other liabilities	2.6	242 008	230 814	190 843
Deferred income	2.6 / 2.11	44	43	43
TOTAL [4]		**419 134**	**431 348**	**411 445**
Translation adjustment – liability		-	126	17
GRAND TOTAL		**841 042**	**852 395**	**817 339**
(1) Capitalised revaluation differential		294	294	294
(2) Includes a special revaluation reserve (1959)				
Free revaluation reserve				
Revaluation reserve (1976)				
(3) Includes a statutory reserve for long-term capital gains				
(4) Liabilities and deferred income falling due or to be released in less than one year		128 454	114 975	44 049
(5) Includes current account bank balances and bank overdrafts				



INCOME STATEMENT €000 AT 31 OCTOBER	NOTES	2016	2015	2014
Merchandise sales		-	2	16
Sales of services		10 943	11 031	11 687
Net turnover	2.14	**10 943**	**11 033**	**11 703**
Self-constructed assets		-	1 367	-
Operational subsidies		-	-	-
Reversals of depreciation, amortisation, provisions and expense transfers [7]		1 340	356	421
Other revenue		-	-	-
Total operating revenue [2]		**12 283**	**12 756**	**12 124**
OPERATING EXPENSES				
Purchases of goods (and custom duties)		-	-	3
Change in inventory (goods)		6	10	96
Other purchases and external expenses [6a]		11 553	12 234	10 338
Tax		575	566	665
Wages and salaries		3 808	3 704	3 633
Social security expenses		1 546	1 486	1 434
Depreciation and amortisation charges and provision on fixed assets		1 194	1 105	1 069
Impairment of current assets		-	109	65
Other expenses		71	71	1
Total operating expenses [4]		**18 752**	**19 287**	**17 305**
OPERATING INCOME/(LOSS)		**(6 470)**	**(6 530)**	**(5 181)**
Income allocated or loss transferred		46	31	26
Loss borne or income transferred		-	-	-
Income from associates [5]	2.16	11 873	32 200	28 019
Income from other marketable securities and receivables [5]		-	-	-
Other interest income [5]		1 162	1 660	2 593
Provision reversals and expense transfers		26 055	2 710	6 446
Positive foreign exchange differences		12	-	-
Net gains on the disposal of marketable securities		-	-	2
Total financial income		**39 102**	**36 571**	**37 059**
FINANCE COSTS				
Depreciation, amortisation and provision charges		36 667	18 346	22 683
Interest expense [6]		6 142	7 537	10 565
Negative foreign exchange differences		16	20	163
Total finance costs		**42 825**	**25 902**	**33 411**
FINANCIAL ITEMS		**(3 722)**	**10 669**	**3 647**
CURRENT INCOME BEFORE TAX		**(10 146)**	**4 170**	**(1 508)**

INCOME STATEMENT €000 AT 31 OCTOBER	NOTES	2016	2015	2014
Exceptional income on management transactions		11	36	15
Exceptional income on capital transactions		213	127	1 694
Provision reversals and expense transfers		-	-	692
Total exceptional income		**224**	**163**	**2 401**
Exceptional expense on management transactions		319	1 302	34
Exceptional expense on capital transactions		37	996	8 745
Exceptional depreciation, amortisation and provision charges		14	-	-
Total exceptional expense		**369**	**2 298**	**8 779**
EXCEPTIONAL ITEMS	2.17	**(145)**	**(2 134)**	**(6 378)**
Employee profit-sharing				
Corporate income tax	2.18	(11 264)	(13 009)	(10 964)
Total income		**51 655**	**49 522**	**51 609**
Total expense		**50 683**	**34 477**	**48 531**
NET PROFIT OR LOSS		**972**	**15 045**	**3 078**
(2) Includes property rental income		1 169	1 145	1 026
(2) Includes operating revenue relating to prior financial years		-	-	15
(4) Includes operating revenue relating to prior financial years		-	10	2
(5) Includes income from associated entities		12 462	33 184	29 704
(6) Includes interest from associated entities		597	660	729
(6a) Includes contributions made to organisations deemed to be in the public interest		31	20	20
(7) Includes expense transfers		1 213	356	421

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Notes to the balance sheet before appropriation for the financial year ending 31 October 2016 which totals €841,042k and the income statement for the financial year, presented in list format, showing total income of €51,655k and net profit of €972k.

The financial year is a 12-month period, from 1 November 2015 to 31 October 2016.

REMINDER ON THE SAFEGUARD PROCEDURE:

In a judgment dated 29 September 2014, the Paris Commercial Court approved Groupe Partouche SA's Safeguard Plan, previously unanimously adopted by all creditors' committee members, thus bringing to a close the observation period that had begun on 30 September 2013.

The main provisions of this nine-year plan are as follows:

- for the syndicated loan:
  - spreading of the syndicated loan repayment schedule until December 2022,
  - margin reduced to 3.25% from December 2016, compared with 3.50% until then,
  - abolition of numerous constraints, such as limitation of the volume of investments, compliance with financial ratios and the surplus cash flow repayment mechanism,
  - no obligation to sell assets,
  - a clause requiring the Group to allocate 50% of the net proceeds of any asset sales towards the early repayment of the syndicated loan;
- repayment of the shareholder's advance by Financière Partouche in line with a repayment schedule that runs to December 2022;
- freezing of intra-group debts until repayment in full of the other liabilities included in the plan, apart from any offsetting of related receivables or resulting from dividend distributions;
- methods of repaying current liabilities according to several options proposed to creditors.

CHANGES IN THE SAFEGUARD PROCEDURE:

In its ruling of 19 September 2016, the Valenciennes Commercial Court, following agreements reached with OCM Luxembourg to settle disputes between the latter and both Financière Partouche and Groupe Partouche, amended Financière Partouche's Safeguard Plan.

In addition, the Paris Commercial Court, in its ruling of 2 November 2016, amended Groupe Partouche's Safeguard Plan. This amendment – which had been unanimously approved by the committee of credit institutions and similar – authorises in particular:

- the immediate repayment by Groupe Partouche of the remainder of the shareholder advance to Financière Partouche, i.e. a total of €20.1m;
- simultaneous early repayment of mono-holder lenders of the syndicated loan in the amount of €5.3m;
- adjustment of the initial authorisation to pay advance dividends as of 1 January 2017, in accordance with certain specific application requirements and subject to consolidated EBITDA of at least €75m and consolidated cash resources, after payment of the dividend, of at least €85m.

In view of the dates of the aforementioned rulings and the conditions precedent attached to these rulings, the annual financial statements at 31 October 2016 have been prepared in accordance with the terms of the safeguard plan as approved on 29 September 2014, i.e. the presentation of debt on the balance sheet is not affected by the aforementioned rulings. The potential impact of modifications to Groupe Partouche's Safeguard Plan is analysed in Note 2.20 of this section.

For more information on the execution of the Safeguard Plan and associated financial risks, please refer to Sections 4.1.1 "Risk of non-compliance with the Safeguard Plan (plan de sauvegarde)" and 4.1.2 "Liquidity risk" of the Annual Report. Lastly, for details concerning the action taken by one of the bank creditors against the plan, please refer to Section 20.5 "Legal and arbitration proceedings".

THE KEY HIGHLIGHTS OF THIS FINANCIAL YEAR WERE AS FOLLOWS:

The recapitalisation of our subsidiaries Casino de la Pointe Croisette, Grand Casino du Havre, Partouche Spectacles & Évènements and Centre de Formation Professionnelle des Casinos in the amount of €37.36m in total;

The notes and tables below are an integral part of the parent company financial statements.

There have been no changes to methods or presentation affecting the parent company financial statements.

1 - ACCOUNTING POLICIES AND PRESENTATION

The Company's financial statements are prepared in accordance with French legislation and regulations. Accounting conventions have been applied in accordance with the provisions of the French Commercial Code and ANC Regulation 2014-03.

The main accounting policies applied are as follows:

1.1 INTANGIBLE ASSETS

Intangible assets related to software licences are written off over a period of 1 to 4 years.

A long lease charge is written off over a period of 30 years.

1.2 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated in the balance sheet at their historical acquisition cost (supplemented by acquisition expenses), at their production cost or at their contribution value in respect of SIHB SA fixed assets contributed as part of the merger-renunciation agreement concluded in 1994 with retroactive effect as of 1 November 1993.

The straight-line method of depreciation is used over the expected useful lives of the assets.

Buildings:	Straight-line	20 to 50 years
Equipment, material:	Straight-line	3 to 8 years
Equipment, fixtures and fittings:	Straight-line	5 to 10 years
Event equipment:	Straight-line	3 years
Vehicles:	Straight-line	5 years
Office and computer equipment:	Straight-line	2 to 5 years

1.3 LONG-TERM FINANCIAL INVESTMENTS

Long-term financial investments are stated in the balance sheet at acquisition cost (excluding incidental expenses) or at contribution cost.

When their inventory value falls below their gross value, a provision for impairment is established for the amount of the difference.

The inventory value of investments is based on their value-in-use or fair value.

This value can notably be determined through:

- the calculation of their net asset value in the most recent financial statements of the subsidiary that owns them, adjusted for any unrecognised unrealised capital gains (internally generated goodwill, buildings, deferred tax, etc.);
- forward-looking data such as profitability prospects;

The securities contributed by SIHB SA are valued at their contribution value at the time of the merger.

The securities contributed under the terms of the *Transmission Universelle du Patrimoine* in Groupe de Divonne SA were acquired at their carrying amount.

1.4 RECEIVABLES

Receivables are recorded at their face value. A provision for impairment is established whenever their inventory value, based on the likelihood of their being recovered, is less than their carrying amount.

1.5 RECEIVABLES AND DEBTS DENOMINATED IN FOREIGN CURRENCIES

During the financial year, receivables in foreign currencies are translated on the basis of the exchange rate on the transaction date. At the end of the financial year, these receivables are translated on the basis of the closing rate, and the differences with respect to amounts previously accounted are recorded under "Unrealised gains or losses on foreign exchange transactions". Losses on foreign exchange are provided for under "Provisions for contingencies".

1.6 CASH AND CASH EQUIVALENTS

Marketable securities are recorded in the balance sheet at their acquisition cost.

Where the acquisition cost is greater than their net realisable value at the end of the financial year, a provision for impairment is established for the amount of the difference.

1.7 DIVIDENDS

Dividends received from foreign subsidiaries are recorded at their net amounts after any withholding taxes applicable under the relevant tax regulations.

1.8 PROVISIONS FOR CONTINGENCIES AND LOSSES

Claims by the public authorities in respect of tax and social security reassessments are provided for, in the amount of the estimated risk on the basis of data available at the end of the financial year.

Group Partouche SA has been cited jointly in relation to redundancy schemes carried out at two of its subsidiaries; as of 31 October 2016, no provisions have been recognised as a result, since management and its advisors believe that Groupe Partouche SA has very little exposure in said cases.

1.9 DISTINCTION BETWEEN CURRENT PROFIT AND EXCEPTIONAL ITEMS

The "Exceptional items" income statement heading includes exceptional items resulting from ordinary activities, as well as extraordinary items. Exceptional items resulting from ordinary activities are those whose achievement is not related to the Company's ordinary course of business, either because their amounts or impact are of abnormal nature or because they very rarely occur.

2 – ADDITIONAL INFORMATION IN RESPECT OF THE BALANCE SHEET AND INCOME STATEMENT (IN €000)

2.1 INTANGIBLE AND TANGIBLE FIXED ASSETS

€000 AT 31 OCTOBER 2016	GROSS VALUE OF FIXED ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR	INCREASES	
		REVALUATION DURING THE FINANCIAL YEAR	ACQUISITION, CREATION, INTER-ACCOUNT
Setup costs, research	-	-	-
Other intangible assets	**76 427**		**41**
Land	7 280		-
Buildings on own land	11 317		-
Buildings on other land	2 239		-
Fixtures and fittings – buildings	4 949		-
Machinery and equipment	91		142
Other equipment, fixtures and fittings	1 445		6
Vehicles	290		156
Office and computer equipment, furniture	614		118
Fixed assets under construction	15		-
Advances and down payments	0		4
Total tangible fixed assets	**28 239**		**425**
GRAND TOTAL	**104 667**		**465**

€000 AT 31 OCTOBER 2016	DECREASES		GROSS VALUE OF ASSET AT END OF FINANCIAL YEAR	LEGAL REVALUATION ORIGINAL VALUE AT END OF FINANCIAL YEAR
	BY INTER-ACCOUNT TRANSFER	BY SALE OR SCRAPPING		
Setup costs, research	-	-	-	-
Other intangible assets	**0**	**0**	**76 468**	**-**
Land	-	-	7 280	-
Buildings on own land	-	-	11 317	-
Buildings on other land	-	-	2 239	-
Fixtures and fittings – buildings	-	-	4 949	-
Machinery and equipment	-	-	233	-
Other equipment, fixtures and fittings	-	-	1 451	-
Vehicles	-	73	372	-
Office and computer equipment, furniture	-	-	732	-
Fixed assets under construction	-	-	15	-
Advances and down payments	-	-	4	-
Total tangible fixed assets	**0**	**73**	**28 591**	**-**
GRAND TOTAL	**0**	**73**	**105 059**	**-**

As a reminder, with a view to the application of CRC Regulation 2002.10, for the year ending 31 October 2005, the Company carried out an analysis of its buildings based on three components contributing to the net carrying amount of these assets as of 31 October 2005 which breaks down as follows:

- Structures: 51%
- Fluids: 24%
- Fixtures and fittings: 25%

2.2 DEPRECIATION AND AMORTISATION

€000 AT 31 OCTOBER 2016	POSITIONS AND MOVEMENTS DURING THE FINANCIAL YEAR			
	BEGINNING OF THE FINANCIAL YEAR	APPROPRIATION DURING THE FINANCIAL YEAR	DECREASE DURING THE FINANCIAL YEAR	END OF THE FINANCIAL YEAR
Setup costs, research	-			-
Other intangible assets	**3 724**	**119**		**3 844**
Land	-	-	-	-
Buildings on own land	1 822	365	-	2 186
Buildings on other land	1 828	112	-	1 940
Fixtures and fittings – buildings	2 391	319	-	2 710
Machinery and equipment	24	53	-	76
Other equipment, fixtures and fittings	963	116	-	1 079
Vehicles	163	38	73	127
Office and computer equipment, furniture	529	72	-	602
Recoverable packaging and other	-	-	-	-
TOTAL	**7 718**	**1 075**	**73**	**8 720**
GRAND TOTAL	**11 443**	**1 194**	**73**	**12 563**

2.3 INVESTMENTS

€000 AT 31 OCTOBER 2016	GROSS VALUE AT BEGINNING OF THE FINANCIAL YEAR	ACQUISITION, INTER-ACCOUNT TRANSFER
Investments in associates	-	-
Other investments	628 666	37 720
Other long-term investment securities	-	-
Loans and other long-term investments	261	1 178
TOTAL	**628 927**	**38 898**

€000 AT 31 OCTOBER 2016	DECREASE BY INTER-ACCOUNT TRANSFER	DECREASE BY SALE OR SCRAP-PING	GROSS VALUE OF ASSET AT FINAN-CIAL YEAR-END	REVALUATION OF ORIGINAL VALUE AT FINANCIAL YEAR-END
Investments in associates	-	-	-	-
Other investments	-	-	666 386	-
Other long-term investment securities	-	-	0	-
Loans and other long-term investments	-	-	1 439	-
TOTAL	**0**	**0**	**667 825**	**-**

As mentioned in the review of the main events of the year, the increase in the heading "Other investments" was due primarily to the recapitalisation of subsidiaries for a total amount of €37.36m.

Pursuant to the share buyback agreement, the terms of authorisation and execution of which are set out Note 2.13, "Breakdown of share capital", 41,445 treasury shares with a total value of €1.21m were acquired on 31 October 2016 and are recognised under "Loans and other long-term investments" pending their cancellation.

2.4 PROVISIONS

€000 AT 31 OCTOBER 2016	BEGINNING OF THE FINANCIAL YEAR	INCREASE / ALLOCATION	DECREASE / REVERSAL	END OF THE FINANCIAL YEAR
Provisions				
For litigation	-	-	-	-
For foreign exchange losses	-	-	-	-
For tax	-	-	-	-
Other contingency and loss provisions	-	14	-	14
TOTAL	**0**	**14**	**0**	**14**
For property and equipment	-	-	-	-
Provisions for investments in associates	75 459	34 342	-	109 800
Provisions for financial investments	-	-	-	-
Provisions for trade accounts receivable	115	-	-	115
Other provisions for impairment	201 313	2 325	26 182	177 457
TOTAL	**276 887**	**36 667**	**26 182**	**287 372**
GRAND TOTAL	**276 887**	**36 681**	**26 182**	**287 386**
Including:				
Operating allocations and recoveries		-	126	
Financial provision charges and reversals		36 667	26 055	
Exceptional allocations and reversals		14	-	
Movements by balance sheet accounts following the TUP		-	-	
Impairment of shares in equity-accounted associates		-	-	

In response to a risk relating to a labour tribunal case, a provision of €14k was recognised during the financial year.

Additions to provisions on equity investments totalling €34,342k correspond mainly to the recapitalisation of subsidiaries.

"Other provisions for impairment" relates to:

- Current account receivables, which were provisioned in respect of the Group's subsidiaries in light of their net financial positions, corrected, where applicable, according to their carrying amount (see: § 1.3). At the financial year-end, these provisions amounted to €166,954k;

The incorporation of receivables from companies recapitalised under investments in associates resulted in a reversal of financial provisions of €26,012k;

- The balance of other provisions at the financial year-end concerns receivables from various third parties, including in particular:
  - a receivable of €6,860k for contractually acquired goods never delivered. Legal proceedings are still in progress; for reasons of prudence, this receivable was fully impaired during prior years;
  - a receivable from a third party which was provisioned in full when that third party was placed into court-ordered insolvency proceedings. Notwithstanding the approval of a recovery plan, the provision has been maintained at the full amount of the receivable, adjusted to reflect any payments received. The amount outstanding at the balance sheet date was €2,741k;
  - a Jatek (foreign third party) receivable provisioned in full for €781k during prior years.

2.5 MATURITIES OF RECEIVABLES

€000 AT 31 OCTOBER 2016	GROSS AMOUNT	1 YEAR MAXIMUM	MORE THAN 1 YEAR
Receivables attached to investments	604	604	
Loans	44	44	-
Other financial investments	1 395	1 395	-
Other trade receivables	217	217	-
Employee accounts payable	0	0	-
Social security and other social benefits	3	3	-
Corporate income tax *	12 103	3 043	9 061
VAT	1 422	1 422	-
Other taxes	-	-	-
Other receivables	18	-	18
Subsidiaries and associates	274 253	274 253	-
Sundry receivables	21 928	20 148	1 780
Prepaid expenses	567	567	-
GRAND TOTAL	**312 554**	**301 695**	**10 858**
Loans granted during the financial year	1	-	-
Repayment of loans during the financial year	-	-	-

(*) The 2015 CICE tax credit for the Group's tax consolidation group, positioned at more than one year, amounted to €4,433k (2015 calendar year), to which is added the unallocated 2014 CICE of €4,578k.

2.6 MATURITIES OF DEBTS

€000 AT 31 OCTOBER 2016	GROSS AMOUNT	1 YEAR MAXIMUM	MORE THAN 1 YEAR	MORE THAN 5 YEARS
Bank loans and overdrafts	153 254	21 529	80 225	51 501
Sundry borrowings and financial liabilities	20 247	2 236	10 620	7 392
Trade accounts payable	999	999	-	-
Employee accounts payable	288	288	-	-
Social security and other social benefits	301	301	-	-
State and other public authorities:				
- Corporate income tax	-	-	-	-
- VAT	1 682	1 682	-	-
- Other taxes	290	290	-	-
- Miscellaneous	-	-	-	-
Liabilities to fixed asset suppliers	21	21	-	-
Subsidiaries and associates	240 030	99 087	-	140 943
Other liabilities	1 978	1 978	-	-
Deferred income	44	44	-	-
GRAND TOTAL	**419 134**	**128 454**	**90 844**	**199 836**
Bank loans contracted during the financial year	-	-	-	-
Bank loan repayments during the financial year	21 529	-	-	-

The potential impact of modifications to Groupe Partouche's Safeguard Plan is analysed in Note 2.20 of this section.

Balance at 31 October 2016 of debts concerned by the Safeguard Plan

€000	TOTAL AT 31/10/2015	EXCLUDING RELATED PARTIES	OF WHICH: RELATED PARTIES	FINANCIAL YEAR MOVEMENTS	TOTAL AT 31/10/2016	EXCLUDING RELATED PARTIES	OF WHICH: RELATED PARTIES
Bank loans and overdrafts	174 783	174 783		-21 529	153 254	153 254	
Sundry borrowings and financial liabilities	22 483		22 483	-2236	20 247		20 247
Trade accounts payable	71	69	2	0	71	69	2
State and other public authorities:							
- Other taxes	194	194		0	194	194	
Liabilities to fixed asset suppliers	18	18		0	18	18	
Subsidiaries and associates	144 702	-	144 702	-2618	142 084		142 084
GRAND TOTAL	**342 251**	**175 064**	**167 187**	**-26 382**	**315 869**	**153 535**	**162 334**

Changes during the financial year correspond to movements carried out pursuant to the Safeguard Plan approved on 29 September 2014.


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2.7 ELEMENTS RELATED TO MORE THAN ONE BALANCE SHEET ITEM

AMOUNT CONCERNING RELATED PARTIES - €000 AT 31 OCTOBER 2016	AMOUNT
Fixed assets	
Investments in associates	553 464
Receivables attached to investments	604
Deposits and guarantees paid	57
Current assets	
Trade receivables	31
Other receivables	116 385
Prepaid expenses	2
Liabilities	
Sundry borrowings and financial liabilities	20 247
Trade accounts payable	66
Liabilities in respect of securities acquisitions	-
Other liabilities	239 856
Deferred income	44

The information relating to financial income and expenses is mentioned in Notes 5 and 6 of the income statement..

2.8 ACCRUED INCOME

ACCRUED INCOME RECOGNISED IN THE FOLLOWING BALANCE SHEET ACCOUNTS €000 AT 31 OCTOBER 2016	AMOUNT
Accrued interest	-
Other financial investments	**0**
Trade receivables	**0**
State, income receivable	**18**
Trade accounts payable – credit notes receivable	-
Accrued income – social security bodies	-
Accrued income – management fees	11 141
Accrued income – other	4
Other receivables	**11 145**
Banks – accrued interest	**120**
Total	**11 283**

2.9 ACCRUED EXPENSES INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS

€000 AT 31 OCTOBER 2016	AMOUNT
Bank loans and overdrafts	-
Trade notes and accounts payable	-
Employees – paid vacation and social charges	403
Employees – other expenses payable	-
Tax and social security liabilities	285
Other liabilities	1 406
Accrued interest on overdrafts	0
TOTAL	**2 094**

2.10 PREPAID EXPENSES

€000 AT 31 OCTOBER 2016	AMOUNT
Prepaid operating expenses	567
Prepaid expenses	-
Total prepaid expenses	**567**

2.11 DEFERRED INCOME

€000 AT 31 OCTOBER 2016	AMOUNT
Deferred income	44
Total deferred income	**44**

2.12 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€000 at 31 October 2016

EQUITY ACCOUNTS	POSITION AT 31/10/2015	APPROPRIATION OF 2015 PROFIT	POSITION AFTER APPROPRIATION	FINANCIAL YEAR MOVEMENTS	POSITION AT 31/10/2016
Share capital	193 631		193 631		193 631
Share premium account, merger reserve	7 881		7 881		7 881
Contribution reserve	46 404		46 404		46 404
Revaluation reserve	0		0		0
Legal reserve	8 778	906	9 684		9 684
Statutory reserve	0		0		0
Other reserves	14 423		14 423		14 423
Retained earnings	134 760	14 138	148 899		148 899
Net profit (loss) for the year	15 045	-15 045	0	972	972
Net shareholders' equity carried forward	**420 921**	**0**	**420 921**	**972**	**421 894**

2.13 BREAKDOWN OF SHARE CAPITAL

CATEGORIES OF SECURITIES	YEAR-END	NUMBER OF SHARES CREATED DURING THE YEAR	VALUE NOMINAL VALUE	TOTAL
Ordinary shares	9 681 560	-	20 €	193 631 200 €

TREASURY SHARES

Treasury shares fall into one of three categories:

- Following the transactions carried out in 2015 on the capital and after the stock split, 1,917 shares have been self-held by the Company since the Extraordinary Shareholders' Meeting of 10 November 2003. These treasury shares are presented under marketable securities.
- In addition, through the liquidity provider's agreement established in May 2012 with Oddo Corporate Finance, 6,367 treasury shares were held at 31 October 2016. These treasury shares are also presented under marketable securities.

The purpose of this liquidity agreement is to foster regular and liquid trading in the Company's shares.

- Finally, at the Combined Shareholders' Meeting of 6 April 2016, the shareholders voted to authorise a share buyback programme for a period of 18 months, expiring 6 October 2017. The agreement entered into with Aurel BGC on 5 October 2015 continued.

The purpose of this agreement is as follows:

- To award shares to the employees and/or corporate officers of the Company and/or existing or future related companies, under the conditions laid down in law, and in accordance with any formula permitted by law, particularly within the framework of share awards covered by the fifth paragraph of Article L. 225-209 of the French Commercial Code;

or

- To subsequently deliver shares in exchange for or in payment of external growth transactions;

or

- To cancel some or all of the shares bought back;

or

- To help ensure the liquidity and regularity of trading in the Company's shares under a liquidity contract with a provider of investment services and in compliance with the code of conduct of the Autorité des Marchés Financiers, the French financial markets authority.

The implementation of this agreement at 31 October 2016 is described in Note 2.3 "Investments".
The market price of Groupe Partouche shares at 31 October 2016 was €40.00.

2.14 BREAKDOWN OF NET TURNOVER

€000 AT 31 OCTOBER 2016	FRANCE	REST OF WORLD	TOTAL AMOUNT
Merchandise sales	0		0
Group management fees	8 268	1 087	9 355
Rent	1 169		1 169
Other	419		419
TOTAL	**9 856**	**1 087**	**10 943**

2.15 EXPENSE TRANSFERS

€000 AT 31 OCTOBER 2016	AMOUNT
Miscellaneous operating expense transfers	1 213
Total operating expense transfers	**1 213**

2.16 FINANCIAL INCOME FROM ASSOCIATES

€000 AT 31 OCTOBER 2016	AMOUNT
Dividends distributed by subsidiaries	11 873
TOTAL	**11 873**

2.17 BREAKDOWN OF EXCEPTIONAL ITEMS

€000 AT 31 OCTOBER 2016	EXCEPTIONAL EXPENSE	EXCEPTIONAL INCOME
Disposal of tangible fixed assets and related receipts	0	5
Litigation indemnities	172	0
Premiums / discounts on treasury shares	37	208
Penalties and fines	1	-
Various exceptional income and expenses for the period	146	12
Exceptional allocations and reversals	14	-
TOTAL	**369**	**224**

2.18 BREAKDOWN OF CORPORATE INCOME TAX

€000 AT 31 OCTOBER 2016	PROFIT BEFORE TAX	TAX DUE	NET PROFIT AFTER TAX
Current profit	-10 146	11 214	1 067
Exceptional profit	-145	50	-95
Accounting profit	**-10 292**	**11 264**	**972**

It should be noted that Groupe Partouche SA is head of a tax consolidation group comprising 61 subsidiaries.

2.19 FINANCIAL COMMITMENTS

OFF BALANCE SHEET COMMITMENTS RELATED TO SUBSIDIARIES

€000 AT 31 OCTOBER 2016	
COMMITMENTS GIVEN	AMOUNT
Sureties and deposits	0
TOTAL	**0**
COMMITMENTS RECEIVED	AMOUNT
Clawback commitments	42 389
TOTAL	**42 389**

OFF BALANCE SHEET COMMITMENTS RELATED TO FINANCING

€000 AT 31 OCTOBER 2016	
COMMITMENTS GIVEN	AMOUNT
Guaranteed bank debt	153 254
TOTAL	**153 254**
COMMITMENTS RECEIVED	AMOUNT
Other commitments received	2 741
TOTAL	**2 741**

OFF BALANCE SHEET COMMITMENTS RELATED TO BUSINESS ACTIVITY

€000 AT 31 OCTOBER 2016	
COMMITMENTS GIVEN	AMOUNT
Sureties and deposits	10 113
Retirement indemnities	108
Operating lease contract	3 714
Other commitments given	**220**
TOTAL	**14 155**
COMMITMENTS RECEIVED	AMOUNT
Operating lease contract	8 264
TOTAL	**8 264**

2.20 OTHER INFORMATION

SYNDICATED LOAN

A €153.25m syndicated loan is the company's only bank borrowing.

Taking into account the provisions of the Safeguard Plan approved in a ruling by the Paris Commercial Court on 29 September 2014:

- Original loan amount: €431,000k;
- Principal amount outstanding at period-end: €153,254k;
- Repayment terms: The balance is due to be repaid to the lenders according to the following repayment schedule, expressed in thousands of euros:

MATURITY DATES	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	AMORTISATION	PRINCIPAL AMOUNT OUTSTANDING AFTER AMORTISATION
15/12/2016	153 254	21 529	131 726
15/12/2017	131 726	16 165	115 560
15/12/2018	115 560	21 353	94 207
15/12/2019	94 207	21 353	72 854
15/12/2020	72 854	21 353	51 501
15/12/2021	51 501	28 984	22 517
15/12/2022	22 517	22 517	0

This repayment schedule is likely to be revised in light of the clause on early repayment on asset sale provided for in the Safeguard Plan, and by the application of Groupe Partouche's modified plan, as detailed above in the section headed "Changes to the Safeguard Procedure".

▸ **Interest rates**

Interest is calculated on the outstanding balance of the loan at an annual rate corresponding to one-, two- or three-month Euribor plus a margin of 3.50% per annum over the period from the date on which the plan was adopted to 15 December 2016, and 3.25% per annum from 16 December 2016 until the syndicated loan is repaid in full.

▸ **Guarantees**

The pledges of securities described in the Annual Report are provided under 4.1.8 "Pledges" in this Reference Document.

SHAREHOLDER'S ADVANCE AGREEMENT BETWEEN FINANCIÈRE PARTOUCHE SA AND GROUPE PARTOUCHE SA

The line item "Sundry borrowings and financial liabilities" includes an advance from Financière Partouche to Groupe Partouche SA for a total of €20,122k, in accordance with the shareholder's advance agreement signed on 29 August 2003 and the modified agreements signed on 30 September 2005 and 30 December 2009. The Paris Commercial Court's ruling of 29 September 2014 concerning the Safeguard Plan also set out a new repayment schedule for this receivable, presented in Section 4.1.1 "Liquidity risk" and below.

Interest on this advance is also laid down in the plan at a rate of Euribor plus a 2% margin, giving rise to a €375k interest expense in the 2015-2016 financial year.

The outstanding balance at 31 October 2016 breaks down as follows (in €'000s):

MATURITY DATES	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	AMORTISATION	PRINCIPAL AMOUNT OUTSTANDING AFTER AMORTISATION
15/12/2016	20 122	2 236	17 886
15/12/2017	17 886	2 236	15 650
15/12/2018	15 650	2 795	12 856
15/12/2019	12 856	2 795	10 061
15/12/2020	10 061	2 795	7 266
15/12/2021	7 266	3 354	3 913
15/12/2022	3 913	3 913	0

The application of the modified Groupe Partouche Safeguard Plan, as detailed in the section "Changes to the Safeguard Procedure", will result in the immediate repayment by Groupe Partouche of the remainder of the shareholder advance from Financière Partouche of €20.1m.

MODIFIED PLAN

In summary, the application of the modified Groupe Partouche Safeguard Plan, as detailed in the section "Changes to the Safeguard Procedure", will have the following effects:

- to increase by €5,333k the amount of financial debt due in less than one year to lending establishments (and reduce the amount due in more than five years by the same amount);
- to position the whole of the €20,122k Financière Partouche shareholder advance at less than one year.

The table of debt repayments due presented in paragraph 2.6 will become:

€000 AT 31 OCTOBER 2016	GROSS AMOUNT	1 YEAR MAXIMUM	MORE THAN 1 YEAR	MORE THAN 5 YEARS
Bank loans and overdrafts	153 254	26 862	80 225	46 468
Sundry borrowings and financial liabilities	20 247	20 122	-	125
Trade accounts payable	999	999	-	-
Employee accounts payable	288	288	-	-
Social security and other social benefits	301	301	-	-
State and other public authorities:				
- Corporate income tax	-	-	-	-
- VAT	1 682	1 682	-	-
- Other taxes	290	290	-	-
- Miscellaneous	-	-	-	-
Liabilities to fixed asset suppliers	21	21	-	-
Subsidiaries and associates	240 030	99 087	-	140 943
Other liabilities	1 978	1 978	-	-
Deferred income	44	44	-	-
GRAND TOTAL	**419 134**	**151 673**	**80 225**	**187 237**
Bank loans contracted during the financial year	-			
Bank loan repayments during the financial year	21 529			

2.21 AVERAGE WORKFORCE

AT 31 OCTOBER 2016	STAFF
Executives	19
Non-executives	21
TOTAL	**40**

2.22 REMUNERATION AWARDED TO THE EXECUTIVE AND SUPERVISORY BODIES

These compensations amounted to €1,650,410 and consisted of:

- remuneration allocated to the members of the Supervisory Board: €592,200;
- remuneration allocated to the members of the Executive Board: €1,058,210.

The shareholders voted at the Combined Shareholders' Meeting of 6 April 2016 to set the total amount of directors' fees allocated to the Supervisory Board at €70,000. At 31 October 2016, this amount had not been paid.

2.23 COMMITMENTS FOR PENSIONS AND OTHER RETIREMENT COSTS

Due to their insignificant amount, no provisions were established in respect of pensions and other retirement costs.

2.24 SUNDRY INFORMATION

At the financial year-end, the amount outstanding on variable-rate loans represented the entirety of the Company's loans.

At year-end, only one financial instrument existed to cover interest rate risk: a €50m swap starting on 31 January 2015 and expiring on 31 December 2018 at 0.33%.

2.25 DEFERRED TAX

€000 AT 31 OCTOBER 2016	AMOUNT
Tax to be paid on:	
Pre-deducted expenses	-
Prepaid tax on:	
Temporarily non-deductible expenses (to be deducted on the following financial year)	8
Taxed revenue to be deducted at a later date	-
Net deferred tax	**8**

2.26 POST BALANCE SHEET EVENTS

Implementation of the Safeguard Plan: in December 2016, Groupe Partouche paid the €21.5m instalment on its syndicated loan, as well as the €2.2m instalment on the shareholder's advance made by Financière Partouche, in accordance with the Safeguard Plan approved on 29 September 2014.

For details of the potential changes to the Safeguard Plan see "Changes to the Safeguard Procedure" and paragraph 2.20 above.

3 – SUBSIDIARIES AND ASSOCIATED ENTITIES AT 31 OCTOBER 2016

Information in €000

NAME	HEAD OFFICE	SHARE CAPITAL	EQUITY *	
SUBSIDIARIES (MORE THAN 50% OF SHARE CAPITAL)				
Cie EUROPÉENNE DE CASINOS	PARIS	24 813	291 256	
HOLDING GARDEN PINÈDE	JUAN-LES-PINS	15 418	16 107	
HÔTEL COSMOS	CONTREXÉVILLE	50	(4 402)	
SOC EXPLOIT° CASINO ET HÔTELS CONTREXÉVILLE	CONTREXÉVILLE	75	(2 551)	
SOCIÉTÉ DU CASINO DE ST-AMAND-LES-EAUX	ST-AMAND-LES-EAUX	17 786	28 267	
SOCIÉTÉ DU GRAND CASINO DE CABOURG	CABOURG	300	2 191	
GRAND CASINO DE LA TRINITÉ-SUR-MER	LA TRINITÉ-SUR-MER	38	(1 592)	
GRAND CASINO DE BEAULIEU (company in liquidation)	BEAULIEU-SUR-MER	0	0	
JEAN METZ	BERCK-SUR-MER	80	341	
NUMA	BOULOGNE-SUR-MER	80	799	
GRAND CASINO DE LYON	LYON	750	7 675	
SOCIÉTÉ DU CASINO ET DES BAINS DE MER	DIEPPE	396	792	
SOCIÉTÉ FONCIÈRE DE VITTEL ET CONTREXÉVILLE	CONTREXÉVILLE	50	246	
GRAND CASINO DU HAVRE	LE HAVRE	150	957	
SCI LES THERMES	AIX-EN-PROVENCE	150	849	
SCI DE LA RUE ROYALE	PARIS	134	162	
SOCIÉTÉ CANNES BALNÉAIRE	CANNES	2 551	(57 298)	
CASINO LA POINTE CROISETTE	CANNES	38	(9 150)	
GROUPE PARTOUCHE INTERNATIONAL	BRUXELLES	144	(34 350)	
SATHEL	LA TOUR DE SALVAGNY	323	12 782	
CASINO DES 4 SAISONS	LE TOUQUET	392	1 842	
HOLDING IMMOBILIÈRE DE LYON	LYON	300	4 244	
LE TOUQUET'S	CALAIS	92	1 713	
CASINOS DE VICHY	VICHY	240	(19 164)	
ÉLYSÉE PALACE EXPANSION	VICHY	40	(1 109)	
ÉLYSÉE PALACE HÔTEL	VICHY	40	(1 133)	
SOC CHEMINS FER ET HÔTELS MONTAGNE PYRÉNÉES	VICHY	701	1 526	
CASINO DE LA TREMBLADE	LA TREMBLADE	39	352	
FORGES THERMAL	FORGES-LES-EAUX	15 600	29 357	
TTH DIVONNE	DIVONNE-LES-BAINS	2 442	15 454	
CASINO D'ANNEMASSE – SGCA	ANNEMASSE	200	5 657	

	% HELD	DIVIDENDS RECEIVED	GROSS VALUE OF INVESTMENTS	NET VALUE OF INVESTMENTS	LOANS, ADVANCES IN GROSS VALUE	GUARANTEES	TURNOVER	NET PROFIT
	100,00 %	0	316 504	316 504	0	-	44	5 313
	100,00 %	0	336	336	0	-	0	770
	100,00 %	0	50	0	4 667	-	1 644	(12)
	100,00 %	0	6 833	0	1 628	-	2 275	(147)
	100,00 %	0	18 371	18 371	2 307	-	23 068	3 549
	100,00 %	0	2 769	2 769	0	-	5 580	783
	100,00 %	0	4 476	0	4 299	-	48	(152)
	-	0	152	0	8 276	-	-	-
	100,00 %	560	3 025	3 025	314	-	3 276	192
	100,00 %	600	3 458	3 458	0	-	4 684	453
	100,00 %	3 000	20 000	20 000	0		15 497	3 442
	100,00 %	660	4 611	4 611	0	-	5 577	147
	100,00 %	0	50	50	1 196	-	295	111
	100,00 %	0	9 450	9 450	8 247	-	10 416	(348)
	99,99 %	700	0	0	2 556	-	1 405	(108)
	99,99 %	0	534	534	0	-	85	29
	99,99 %	0	48 424	0	60 544	-	704	186
	100,00 %	0	32 868	0	8 613	-	7 826	(9 501)
	99,90 %	0	153	0	39 014	-	0	(114)
	99,86 %	0	93 513	93 513	9 784	-	22 866	4 706
	99,53 %	244	5 593	5 593	474	-	3 344	524
	97,25 %	1 945	4 207	4 207	0	-	516	193
	90,10 %	541	4 668	4 668	0	-	3 878	696
	79,93 %	0	371	0	18 299	-	200	(1 019)
	79,68 %	0	1 307	0	4 435	-	0	(13)
	79,68%	0	1 240	0	644	-	0	(5)
	76,63 %	0	602	602	0	-	0	(9)
	99,89 %	0	1 488	352	0	-	1 811	14
	60,38 %	1 618	11 837	11 837	0	-	23 709	430
	98,71 %	0	25 082	25 082	0	-	25 663	4 212
	99,92 %	0	10 389	10 389	0	-	11 811	2 194

NAME	HEAD OFFICE	SHARE CAPITAL	EQUITY *	
CASINO DE CRANS-MONTANA	CRANS-MONTANA (SWITZERLAND)	4 621	9 156	
PARTOUCHE INTERACTIVE	PARIS	370	(49 204)	
SCI PIETRA SAINT-AMAND	PARIS	152	149	
PARTOUCHE IMMOBILIER	PARIS	12 000	14 446	
SCI PIETRA PORNIC	PARIS	100	99	
PARTOUCHE SPECTACLES & ÉVÉNEMENTS	PARIS	37	20	
CENTRE FORMATION PROFESSIONNEL CASINOS	FORGES-LES-EAUX	8	(1)	
EQUITY INVESTMENTS (10 TO 50%)				
SOCIÉTÉ DU CASINO MUNICIPAL D'AIX THERMAL	AIX-EN-PROVENCE	2 160	11 478	
SOCIETAT DE L'OCI DELS PYRENEUS	ESCALDES ENGORDANY	38	NC	
BASTIDE II RICH TAVERN	MONTPELLIER	46	NC	
PALAVAS INVESTISSEMENT	PALAVAS-LES-FLOTS	8	212	
CASINO DE ST-JULIEN-EN-GENEVOIS	SAINT-JULIEN-EN-GENEVOIS	210	8 294	
SUD CONCERTS	MARSEILLE	61	41	
OTHER INTERESTS				
CASINO DE PALAVAS	PALAVAS-LES-FLOTS	330	1 289	
CASINO MUNICIPAL DE ROYAT	ROYAT	240	2 029	
EDEN BEACH CASINO	JUAN-LES-PINS	1 056	6 624	
SCI TREMBLADE	LA TREMBLADE	1	110	
SEMTEE	ESCALDES ENGORDANY	29 403	43 233	
CASINO D'AGON COUTAINVILLE	AGON COUTAINVILLE	51	9 239	
CASINO D'ARCACHON	ARCACHON	60	(1 138)	
SOCIÉTÉ THERMALE DE PLOMBIÈRES-LES-BAINS	PLOMBIÈRES-LES-BAINS	38	NC	
CASINO LE LION BLANC	ST-GALMIER	240	777	
CASINO LES FLOTS BLEUS	LA CIOTAT	200	1 494	
CASINO LE MIAMI	ANDERNOS	268	(841)	
CASINO DE LA ROCHE-POSAY	LA ROCHE-POSAY	177	46 548	
SCI LUNA JUAN	PARIS	3 400	3 254	
SCI DE L'ARVE	ANNEMASSE	381	2 053	

(*) Equity includes share capital, reserves and retained earnings, profit for the financial year as well as investment subsidies and statutory provisions.

	% HELD	DIVIDENDS RECEIVED	GROSS VALUE OF INVESTMENTS	NET VALUE OF INVESTMENTS	LOANS, ADVANCES IN GROSS VALUE	GUARANTEES	TURNOVER	NET PROFIT
	57,00 %	1 842	1 857	1 857	0	-	10 810	3 052
	100,00 %	0	9 706	0	51 163	-	0	(870)
	99,00 %	0	151	151	11	-	4	(4)
	100,00 %	0	12 600	12 600	12 903	-	2 253	500
	100,00 %	0	100	100	0	-	0	(1)
	100,00 %	0	2 354	20	218	-	271	(231)
	100,00 %	0	702	0	47	-	49	(15)
	38,63 %	0	2 780	2 780	0	-	24 759	(2371)
	33,00 %	-	13	13	51	-	NC	NC
	25,00 %	-	46	0	-	-	NC	NC
	10,00 %	-	122	122	0	-	228	204
	18,00 %	108	2 224	2 224	0	-	7 936	1 062
	39,83 %		71	71	850	-	11 652	17
	9,09 %	37	183	183	0	-	6 721	609
	1,91 %	17	73	73	0	-	6 783	1 003
	1,44 %	0	155	155	11 356	-	6 028	(624)
	1,00 %	0	0	0	1 262		319	138
	0,61 %	0	181	181	0	-	12 122	(765)
	0,05 %	0	2	2	0	-	2 763	363
	0,03 %	0	1	0	10	-	2 602	(235)
	0,00 %	-	2	0	0	-	NC	NC
	0,16 %	1	0	0	0	-	5 925	490
	0,02 %	0	0	0	0	-	4 150	615
	0,00 %	0	0	0	462	-	2 950	551
	0,00 %	0	0	0	0	-	8 309	2 197
	2,94 %	0	100	100	2 008	-	29	(146)
	0,04 %	0	0	0	0	-	896	481

4 - CAPITAL GAINS ON WHICH TAX HAS BEEN DEFERRED (€000)

Contributing company: SIHB Company absorbed by Compagnie Fermière des Eaux (now Groupe Partouche)

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 Paris, France

Nature of the operation: Merger

Date of the operation: Extraordinary Shareholders' Meeting of 29 July 1994 which authorised the merger with retroactive effect as of 1 November 1993

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

LAND

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
Cliff	1	-	(1)

INVESTMENTS IN ASSOCIATES

NAME	NUMBER OF SHARES	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
SAS CASINO DES 4 SAISONS 26 rue St-Jean 62520 Le Touquet	22 050	1 210	5 488	4 278
SA EDEN BEACH CASINO Boulevard Edouard Baudouin 06160 Juan-les-Pins	924	305	155	-150
SA FORGES THERMAL Avenue des Sources 76440 Forges-les-Eaux	6 210	2 310	9 072	6 762
SAS JEAN METZ Avenue du Général de Gaulle 62600 Berck-sur-Mer	992	27	3 025	2 998
SAS NUMA Place de la République 62200 Boulogne-sur-Mer	4 930	113	3 457	3 344
SAS CASINO ET BAINS DE MER DIEPPE Boulevard de Verdun 76200 Dieppe	4 600	991	3 825	2 834
SA SATHEL 200 avenue du Casino 69890 La Tour de Salvagny	10 008	10 965	29 104	18 139
SAS LE TOUQUET'S 59 rue Royale 62100 Calais	1 801	210	4 668	4 458
SUBTOTAL		**16 131**	**58 794**	**42 663**

RECEIVABLES

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
JATEK	778	778	-



CAPITAL GAINS ON DEPRECIABLE ASSETS *

Buildings

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
Granville cellar	0	1	1
Saint-Placide apartment	19	76	57
Subtotal	**19**	**77**	**58**
TOTAL	**16 929**	**59 649**	**42 720**

(*) Capital gains on depreciable assets have been recognised.

4A - CAPITAL GAINS ON WHICH TAX HAS BEEN DEFERRED (€000)

Contributing company: SA Groupe de Divonne
141 bis rue de Saussure – 75017 Paris, France

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 Paris, France

Nature of the operation: "Transmission universelle de patrimoine"

Date of the operation: 2 November 2007

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

NON-DEPRECIABLE ASSETS	TAX VALUE	BOOK VALUE	BALANCING AMOUNT RECEIVED	BALANCING AMOUNT TAXED	EXCHANGE OR CONTRIBUTION VALUE
Internally generated goodwill		71 719			71 719
Other intangible assets					
Land					
Investments in associates	40 368	40 347			40 347
Other financial investments - Loan of securities	15	15			15

CAPITAL GAINS ON DEPRECIABLE ASSETS

DEPRECIABLE ASSETS	REINTEGRATION PERIOD	CAPITAL GAINS REALISED	AMOUNT PREVIOUSLY REINTEGRATED	AMOUNT AS A PROPORTION OF NET PROFIT FOR THE FINANCIAL YEAR	AMOUNT REMAINING TO BE REINTEGRATED
Patents					
Other intangible rights					
Land used for business operations			NONE		
Buildings					
Machinery and equipment					
Other tangible fixed assets					

5 – RESULTS OF THE LAST FIVE FINANCIAL YEARS (EXPRESSED IN EUROS)

INDICATION	FINANCIAL YEAR ENDED 31/10/2012 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2013 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2014 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2015 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2016 (12 MONTHS) BEFORE APPROVAL AT SHAREHOLDERS' MEETING
I- SHARE CAPITAL AT THE END OF THE FINANCIAL YEAR					
Share capital	193 631 182	193 631 182	193 631 182	193 631 200	193 631 200
Number of existing ordinary shares	96 815 591	96 815 591	96 815 591	9 681 560	9 681 560
Number of shares carrying priority dividends	-	-	-	-	-
(Without voting rights)	-	-	-	-	-
Maximum number of shares that may be created in the future	-	-	-	-	-
By conversion of bonds	-	-	-	-	-
By exercising share subscription options	-	-	-	-	-
II- RESULTS FOR THE FINANCIAL YEAR					
Turnover excluding tax	13 983 338	12 646 922	11 702 884	11 033 414	10 943 046
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	13 692 936	1 450 084	8 794 489	18 885 536	1 401 613
Corporate income tax	-14 387 356	-9 774 079	-10 963 735	-13 009 088	-11 263 808
Employee profit-sharing for the financial year	0	0	0	0	0
Depreciation, amortisation and provision charges	38 455 197	24 455 360	16 680 634	16 850 147	11 693 241
Net profit	-10 374 906	-13 231 196	3 077 590	15 044 477	972 181
Distributed profit	0	0	0	0	0
III- EARNINGS PER SHARE					
Profit after tax and employee profit-sharing, but before depreciation, amortisation and provisions	0,29	0,12	0,20	3,29	1,31
Profit after tax, employee profit-sharing, depreciation, amortisation and provisions	-0,11	-0,14	0,03	1,55	0,10
Dividend per share	0,00	0,00	0,00	0,00	0,00
IV- EMPLOYEES					
Average workforce during the financial year	48	46	45	45	44
Payroll for the financial year	4 073 799	3 660 360	3 632 619	3 704 299	3 808 042
Social benefits paid for the financial year	1 580 300	1 476 944	1 433 779	1 485 930	1 545 647

20.3 VERIFICATION OF ANNUAL HISTORIC FINANCIAL INFORMATION

20.3.1 STATUTORY AUDITORS' REPORTS

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 OCTOBER 2016

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your Shareholders' Meeting, we hereby report to you for the financial year ended 31 October 2016 on:

- the audit of the consolidated financial statements of Groupe Partouche SA, as attached to this report;
- the justification of our assessments;
- the special verification required by law.

The consolidated financial statements were approved for publication by the Executive Board. Our role is to express an opinion on these financial statements, based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, on a test basis, or using other sampling methods, the evidence substantiating the amounts shown and disclosures made in the consolidated financial statements. An audit also involves assessing the accounting principles adopted and the significant estimates made in drawing up the financial statements, as well as assessing their overall presentation. We believe that the evidence we have gathered provides a sufficient and reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position and its assets and liabilities at the balance sheet date, and of the results of the operations of the group of persons and entities included in the scope of consolidation for the year then ended, in accordance with IFRS as adopted by the European Union.

Without qualifying the opinion given above, we wish to draw your attention to Note 16 to the consolidated financial statements, "Post balance sheet events", which presents the changes made after the closure of the accounting period to the Group Partouche SA Safeguard Plan and the related suspensive conditions.

II - JUSTIFICATION OF ASSESSMENTS

In accordance with Article L. 823-9 of the French Commercial Code (Code de commerce) governing the justification of our assessments, we hereby report on:

At each financial year-end, the Company systematically performs tests to determine any impairment in the value of goodwill, in accordance with the methods described in Note 6.2 to the consolidated financial statements. We have examined the methods used for these goodwill impairment tests as well as the estimates of cash flows and assumptions used, and we have verified that the notes to the consolidated financial statements provide appropriate information. As specified in Note 2.2.1 to the consolidated financial statements, these estimates are based on assumptions, which, by nature, have an uncertain characteristic, therefore the performance may differ, sometimes significantly, from the estimates.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion formed, which is expressed in the first part of this report.

III - SPECIFIC AUDIT PROCEDURE

We also performed the specific procedures in accordance with professional standards applicable in France and required by law in relation to the information contained in the Group's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Marseille and Paris, 13 February 2017

MCR Baker Tilly	**France Audit Expertise**
Emmanuel Mathieu	José David

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 OCTOBER 2016

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your Shareholders' Meeting, we hereby report to you for the financial year ended 31 October 2016 on:

- the audit of the accompanying annual financial statements of Groupe Partouche SA as appended to this report;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements, based on our audit.

I - OPINION ON THE PARENT COMPANY FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves the verification, either on a test basis or using other sampling methods, of the evidence substantiating the amounts and disclosures appearing in the parent company financial statements. An audit also involves assessing the accounting principles adopted and the significant estimates made in drawing up the financial statements, as well as assessing their overall presentation. We believe that the evidence we have gathered provides a sufficient and reasonable basis for our opinion.

In our opinion, the parent company financial statements give a true and fair view of the financial position and the assets and liabilities of the Company at the balance sheet date and of the results of its operations for the year then ended, in accordance with French accounting regulations.

Without qualifying the opinion given above, we wish to draw your attention to "Changes to the Safeguard Procedure" and Note 2.20 to the consolidated financial statements, "Other information", which present the changes made after the closure of the accounting period to the Group Partouche SA Safeguard Plan and the related suspensive conditions.

II -JUSTIFICATION OF ASSESSMENTS

In accordance with Article L. 823-9 of the French Commercial Code (Code de commerce) governing the justification of our assessments, we hereby report on:

Note 1.3 to the parent company financial statements, which sets out the accounting principles and methods applicable to non-current financial assets applied by the Company, notably the criteria for assessing the book value of investment securities compared to their value in use or their fair market value.

As part of our assessment of the accounting methods and principles adopted by your Company, we verified the appropriateness of the above-mentioned accounting policies and that of the disclosures in the notes to the financial statements and have ascertained that they were properly applied.

These assessments were made in the context of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III - SPECIFIC PROCEDURES AND DISCLOSURES

We have also performed the other procedures required by law in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Executive Board's management report and in the documents addressed to shareholders with respect to the financial position and the parent company financial statements.

We checked the disclosures made pursuant to Article L. 225-102-1 of the French Commercial Code concerning the remuneration and benefits paid to the corporate officers and the commitments entered into in their favour, for consistency with the financial statements or with the data used to draw up those financial statements and, where applicable, with the information provided to your Company by the companies controlled by it or that it controls. On the basis of our audit, we hereby certify the truthfulness and accuracy of this information, and the fair view provided by it.

Pursuant to the law, we have verified that the Executive Board's report contains the appropriate disclosures as to the identity of and percentage interests and votes held by shareholders.

Marseille and Paris, 13 February 2017

MCR Baker Tilly	**France Audit Expertise**
Emmanuel Mathieu	José David

20.3.2 OTHER INFORMATION VERIFIED BY THE STATUTORY AUDITORS

No other information has been verified by the Statutory Auditors other than the information cited in their reports presented above (Section 20.3.1).

20.3.3 FINANCIAL INFORMATION NOT CONTAINED IN THE FINANCIAL STATEMENTS

On 17 February 2016, Groupe Partouche published its revenue for the first quarter of the financial year in progress, which has been reproduced in Section 12. This internally sourced financial information has not been verified by the Statutory Auditors.

20.4 DIVIDEND DISTRIBUTION POLICY

The net dividends distributed for the previous five financial years, tax paid (tax credit) and the total corresponding income are as follows:

FINANCIAL YEAR FOR WHICH THE DIVIDEND WAS PAID YEAR ENDED 31 OCTOBER	NET DIVIDEND PER SHARE (IN €)	TAX ALREADY PAID (TAX CREDIT)	COMPREHENSIVE INCOME
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-

During the financial year ending 31 October 2016, no interim dividend was paid.

Any dividend that remains unclaimed within five years of falling due is payable under applicable legal provisions to the French state (Service des domaines - French government estates commission).

No dividend has been proposed in respect of the financial year ending 31 October 2016.

Groupe Partouche has not distributed any dividends for a number of years, since its priority is to reimburse the bank debt contracted in connection with external growth transactions (Compagnie Européenne de Casinos in 2002 and Groupe de Divonne in 2005). The October 2009 agreement with the syndicated-loan banking pool entails a covenant in an amendment to the subordination agreement restraining the Group from voting dividend payments or other distributions of earnings until the loan is fully repaid, which was scheduled for 31 October 2015. The Safeguard Plan, which was approved in a ruling by the Paris Commercial Court on 29 September 2014, stipulates that no dividend payments shall be authorised before 1 January 2019. With effect from 1 January 2019 (in respect of the 2018 and following financial years), the Company will be authorised to pay dividends only in the event that Financière Partouche requires them to implement its own Safeguard Plan and within the limits of what is necessary, and only if Financière Partouche's Safeguard Plan is scrupulously implemented and no substantial changes are subsequently made to it. Please refer to Note 16 of Section 20.2.1 on the changes to the Safeguard Plan as they relate to dividends.

20.5 LEGAL AND ARBITRATION PROCEEDINGS

See also Note 8 to the consolidated financial statements, "Other current and non-current provisions".

ACCOUNTING OPTIONS FOR CONTINGENCIES AND CLAIMS

A legal claim is only provisioned when the obligation towards a third party is deemed likely to lead to an outflow of resources without consideration.

CLAIMS

▸ A longstanding legal claim relating to events that occurred in 1991 concerning the Hyères casino and disputing the actions at that time of a local notary and Crédit Foncier was reactivated in 2011. The implication of the company CDTH operating the Hyères casino as having indirectly benefited at the time of these disputed wrongdoings appears unfounded and simply opportunistic. The legal proceedings have not yet resulted in a ruling to date.

- Following the judicial liquidation of the company Grand Casino de Beaulieu, the employees of this casino believed that they could initiate proceedings against Groupe Partouche SA, alleging that it was their co-employer. This action against the holding company appears to be unfounded in view of the reality of the facts and current case law. The case is referred to the Court of Cassation.

▸ A conflict arose between La Trinité-sur-Mer casino and the local council, which claimed that it could take over the assets of the casino as being essential to public service; our subsidiary has contested this claim on the grounds that gaming activities are not a public service. The administrative authorities and the courts will need to rule on this dispute.

▸ Active tax-related claims have been estimated on the basis of information available at the balance sheet date. Evaluations of any tax-related claims are conducted within each subsidiary, on a case-by-case basis and in detail with respect to each of the grounds presented for reassessment. Provisions are recognised for any claims for which a favourable outcome does not seem likely.

▸ On 27 March 2014, the proposed Safeguard Plan was unanimously voted for by the creditors who are members of creditor committees, including the Oaktree investment fund via OCM Luxembourg French Leisure SV. The plan was approved by a judgment of the Paris Commercial Court on 29 September 2014. In 2014, the Oaktree investment fund initiated proceedings to call into question its vote on the credit institutions committee and on the Safeguard Plan approved by the Commercial Court. These proceedings are still pending, but

the agreement described in Note 16 of Chapter 20.2.1 will bring them to an end.

CLAIMS INVOLVING THE COMPANY OR THE GROUP

To the best of the Company's knowledge, there are no governmental, legal or arbitration proceedings, including any proceedings that might be suspended or threatened, which may have or which have had a direct or indirect material impact on the Company's or the Group's financial position or profitability during the twelve-month period under review.





ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 SHARE CAPITAL AT 31 OCTOBER 2016

The share capital comprised 9,681,560 (nine million six hundred eighty-one thousand five hundred sixty) shares of 20 (twenty) euros each, with their nominal value fully paid up.

21.1.2 SECURITIES THAT DO NOT REPRESENT THE SHARE CAPITAL

There are no securities that do not represent the share capital, since all of the shares issued are the same type.

21.1.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

PURCHASE TRANSACTIONS RELATING TO THE SHARES OF THE COMPANY BY THE COMPANY IN RESPECT OF FINANCIAL YEAR 2015-2016

Since the Shareholders' Meeting of 24 April 1998, Groupe Partouche SA has had an authorisation relating to the purchase of treasury shares each year in compliance with the provisions of Article L. 225-209 of the French Commercial Code.

The Annual Ordinary Shareholder's Meeting of 6 April 2016 once again authorised the Executive Board, for a period of 18 months, to purchase the Company's shares and specified the terms and limits to which these purchases are subject.

It was decided that the shares thus purchased could only be:

- cancelled in full or in part, with the Executive Board having moreover been authorised to reduce the share capital;
- awarded to the employees and/or corporate officers of the Company and/or existing or future related companies, under the conditions laid down in law, and in accordance with any formula permitted by law, particularly within the framework of share awards covered by Article L. 225-209-5 of the French Commercial Code;
- held and subsequently exchanged or used as payment for future acquisitions;
- used to help ensure the liquidity and regularity of trading in the company's shares under a liquidity contract with a provider of investment services and in compliance with the code of conduct of the Autorité des Marchés Financiers, the French financial markets authority.

NUMBER OF TREASURY SHARES HELD

Groupe Partouche held 1,917 treasury shares at 31 October 2016. These shares are to be allocated, without consideration, to Company employees or officers pursuant to Article L. 225-209-5 of the French Commercial Code. They are shown on Groupe Partouche's balance sheet at a nominal value of €38,340 and in the annual financial statements at a carrying amount of €76,680.

The Executive Board also implemented a share buyback programme to help ensure the liquidity and regularity of trading in the Company's shares under a liquidity contract with Oddo, an investment services provider, and held 6,367 shares for this purpose at the end of the financial year on 31 October 2016, which were shown on Groupe Partouche's balance sheet at a nominal value of €127,340 and in its annual financial statements at a carrying amount of €254,680.

Finally, at the Combined Shareholders' Meeting of 16 April 2016, the shareholders voted to authorise a share buyback programme for a period of 18 months, expiring 6 October 2017. The agreement entered into with Aurel BGC on 5 October 2015 continued. Under this programme, at the balance sheet date of 31 October 2016, the Company held 41,445 of its own shares, which were shown on Groupe Partouche's balance sheet, under long-term financial investments, at a nominal amount of €828,900 and in the annual financial statements at a carrying amount of €1,212,237.

At the balance sheet date of financial year 2016, the Company held a total of 49,729 of its own shares, which were shown on Groupe Partouche SA's balance sheet at a nominal amount of €994,580 and in the annual financial statements at a carrying amount of €1,543,597.

SHARE BUYBACK PROGRAMME

The following Groupe Partouche shares were purchased and sold under the share buyback programme (transactions carried out by Oddo Corporate Finance and Aurel BGC) between 1 January 2016 and 31 December 2016:

P or S	Number	Amount	Average price
Purchase	99 683	3 522 548 €	35,34 €
Sale	67 495	2 450 433 €	36,31 €

In respect of the liquidity provider's agreement entered into by Groupe Partouche and Oddo Corporate Finance, the liquidity account contained the following shares and cash at 31 December 2016:

- 8,025 Groupe Partouche shares;
- 307,744 euros in cash.

EXISTING AUTHORISATION

The Annual Ordinary Shareholders' Meeting of 6 April 2016 renewed its authorisation to the Executive Board to repurchase its own shares on the stock market under the provisions of Article L. 225-209 of the French Commercial Code, in order to allocate these shares to employees or senior executives in the event of a bonus share award falling under the terms set forth by Article L. 225-209-5 of the French Commercial Code, remit these shares under the terms of an external growth transaction, or enhance the liquidity and regularity of share quotations.

The maximum purchase price has been set at €80 per share with an overall ceiling of €75,000,000. This authorisation, which is valid for a maximum period of 18 months, will expire on 6 October 2017.

21.1.4 OTHER SECURITIES GIVING ACCESS TO THE CAPITAL

None.

21.1.5 SHARE CAPITAL SUBSCRIBED, BUT NOT PAID UP – CAPITAL INCREASE – CAPITAL DECREASE

The Executive Board benefits from the following authorisations granted by the Extraordinary Shareholders' Meetings of 25 March 2015, and 6 April 2016, which may lead to the issue of securities conferring access to the share capital. These authorisations are summarised in the table below:

NATURE OF TRANSACTION AUTHORISED	DURATION AND EXPIRATION OF AUTHORISATION	MAXIMUM AMOUNT	TERMS
Capital increase ▪ In cash (ESM of 25 March 2015)	26 months 25 May 2017	€30,000,000	With and without preferential right of subscription
Capital increase ▪ By capitalisation of reserves, share premium or net profit (ESM of 25 March 2015)	26 months 25 May 2017	Amount of premiums, reserves and earnings available	
Capital increase ▪ By private investments (ESM of 25 March 2015)	26 months 25 May 2017	Maximum amount of 20% of the share capital per year	Without preferential right of subscription
Capital increase ▪ By in-kind contributions (ESM of 25 March 2015)	26 months 25 May 2017	Maximum amount of 10% of the share capital	Without preferential right of subscription
Capital decrease ▪ By cancelling the shares bought back under the conditions laid down in Article L. 225-209 of the French Commercial Code (Extraordinary Shareholders' Meeting of 6 April 2016)	18 months 6 October 2017	Maximum amount of 10% of the share capital	

To date, the Executive Board has not used any of the aforementioned authorisations.

21.1.6 SHARE CAPITAL UNDER OPTION

None.

21.1.7 HISTORY OF SHARE CAPITAL

Changes in share capital over the five preceding financial years:

YEAR (FROM 1 NOVEMBER 2011 TO 31 OCTOBER 2016)	TYPE OF OPERATION	AMOUNT OF CHANGE IN SHARE CAPITAL	SUCCESSIVE AMOUNTS OF SHARE CAPITAL	CUMULATIVE NUMBER OF SHARES
2012			193 631 182 €	96 815 591
2013			193 631 182 €	96 815 591
2014			193 631 182 €	96 815 591
2015	Capital increase Reverse stock split of 26 January 2015	18 €	193 631 200 €	9 681 560
2016			193 631 200 €	9 681 560

21.1.8 MARKET IN THE COMPANY'S FINANCIAL INSTRUMENTS

Groupe Partouche shares are listed on the Euronext Paris stock exchange – Eurolist Comp. B (ISIN code: FR0012612646) and are included in the CAC Mid & Small, CAC Small and CAC All-Tradable indices.

Share transfers and payments of dividends are handled by CM-CIC Securities (6 rue de Provence, 75009 Paris, France).

The table below shows the change in the share price and transaction volume of Groupe Partouche shares:

PERIOD	PERIOD HIGH AND LOW (IN EUROS)		NUMBER OF SHARES EXCHANGED	CAPITAL (IN €M)
	HIGH	LOW		
2015				
January	15,30	12,20	131 353	1,80
February	17,50	14,70	109 285	1,75
March	17,00	14,80	81 355	1,26
April	15,40	13,10	41 281	0,58
May	17,50	14,00	46 902	0,75
June	22,49	17,10	87 939	1,71
July	22,20	20,20	49 395	1,05
August	22,20	17,90	64 154	1,28
September	19,74	16,65	59 516	1,09
October	18,10	16,70	28 361	0,50
November	20,79	17,90	42 248	0,82
December	23,21	20,00	57 859	1,24

PERIOD	PERIOD HIGH AND LOW (IN EUROS)		NUMBER OF SHARES EXCHANGED	CAPITAL (IN €M)
	HIGH	LOW		
2016				
January	29,0	23,2	105 991	2,70
February	32,8	27,2	123 673	3,67
March	34,5	29,5	60 086	1,93
April	33,4	31,0	31 890	1,02
May	33,2	31,0	23 844	0,76
June	38,0	31,8	50 903	1,76
July	47,9	35,5	126 179	5,43
August	43,7	36,5	47 630	1,91
September	40,3	36,8	33 197	1,28
October	44,2	38,1	26 443	1,08
November	42,2	35,7	24 052	0,94
December	43,0	36,5	33 137	1,33

21.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

Memorandum and Articles of Association (see Section 5.1.3)

Pursuant to Article 37 of the Articles of Association, the latter may only be amended by an Extraordinary Shareholders' Meeting, notably in respect of a change to the type of the Company. However, an Extraordinary Shareholders' Meeting cannot increase the commitments of the shareholders, subject to operations resulting from the groupings of shares as provided by the law.

21.2.1 PURPOSE

Pursuant to Article 3 of the Articles of Association, the purpose of the Company in France and all other countries is:

Ðthe administrative, financial and accounting management of all the present or future companies operating mainly in the entertainment, hotel and gaming sectors;

- the acquisition of equity stakes of all types in such companies;
- assisting these companies in improving their growth by providing all types of services;
- all transactions in shares in French and foreign markets;
- acquisition and sale of real estate fixed assets and current assets.

And in general all types of industrial and commercial operations related to:

- the creation, acquisition, rental, lease or operation of all types of business in any of the aforementioned sectors of activity;
- the acquisition, operation or sale of any process or patent related to these activities;
- the direct or indirect participation in any type of financial, real estate or personal property operations or commercial enterprise transaction related to the aforementioned purpose or any other connected purpose.

21.2.2 DISPOSITIONS IN THE ARTICLES OF ASSOCIATION OR ELSEWHERE RELATING TO EXECUTIVE AND MANAGEMENT BODIES

FUNCTIONING OF THE SUPERVISORY BOARD

(see Section 14.3 on internal regulations)

Members of the Supervisory Board must own at least one share.

The Supervisory Board's organisational and operating methods are detailed in Section 14.3, which relates to the internal regulation that it adopted on 27 October 2005, as modified on 24 December 2008 and 8 June 2011; as well as in Articles 21 and 22 of Groupe Partouche SA's Articles of Association, reproduced below:

ARTICLE 21 - ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD

- The Supervisory Board elects natural persons from among its members as Chairman and Vice-Chairman, responsible for convening Supervisory Board meetings and chairing these meetings. They are appointed for the period of their mandate on the Supervisory Board. The Board determines their remuneration, if any. The Board may appoint a secretary who need not be a shareholder.

- The Board meets as often as the interests of the Company dictate. However, the Chairman must convene a meeting of the Board no more than 15 days after the request date, when at least one member of the Executive Board or at least one-third of the members of the Supervisory Board presents him with a substantiated request to do so. Meetings take place at the registered office or at any other location indicated in the meeting notice. Any member of the Board may, via letter or telegram, mandate another advisor to represent him at a Board meeting. The effective presence of at least half of the members of the Board is required for its operations to be valid. The Board's deliberations shall be valid if at least half of its members are present or deemed present; each member present or represented has one vote and each member present only has one vote. In the event of a tie, the Chairman casts the deciding vote.

- A register is kept and signed by the members of the Board who attend the meeting. The Supervisory Board's deliberations are officially established by minutes kept in a special record filed at the Company's registered office. Copies or extracts of minutes presenting the Board's deliberations are provided and certified in accordance with the law.

ARTICLE 22 - POWERS OF THE SUPERVISORY BOARD

The Supervisory Board performs a permanent control of the way in which the Company is managed by the Executive Board.

It appoints the members of the Executive Board and designates its Chairman, and, where applicable, the General Managers; it proposes their revocation to the Shareholders' Meeting and sets the level of their remuneration.

It convenes the Shareholders' Meeting of Shareholders, if convocation is not issued by the Executive Board.

It gives the Executive Board the authorisations required prior to the operations falling within the provisions of Article 19 of the Articles of Association.

It authorises agreements governed by Article 24 of the Articles of Association. At any time, it may perform verifications and controls as it sees fit, and may receive any document it deems useful to accomplish its mission. It presents its observations on the Executive Board report and the accounts for the financial year to the Annual Ordinary Shareholders' Meeting.

The Supervisory Board may decide to transfer the registered office within the same department or to an adjoining department, subject to the ratification of this decision by the next Ordinary Shareholders' Meeting.

The Supervisory Board may grant one or more of its members any special mandates for one or more pre-determined purposes and set their remuneration for this end.

EXECUTIVE BOARD ORGANISATION AND PROCEDURES

The organisation and procedures of the Executive Board are stipulated in Articles 16 and 18 of Groupe Partouche SA's Articles of Association, reproduced below:

ARTICLE 16 - FORMATION OF THE EXECUTIVE BOARD

1 - The Company is managed by an Executive Board under control of the Supervisory Board.

The Executive Board is formed by at least two members (seven at most) appointed by the Supervisory Board.

2 - The members of the Executive Board must be individual entities who may be selected apart from the shareholders, even from among the Company's paid personnel.

Should a member of the Supervisory Board be appointed to the Executive Board, this member's first mandate shall come to an end as soon as he or she takes office on the Executive Board.

Subject to legal exceptions, no member may simultaneously belong to more than two Executive Boards, nor exercise the functions of General Manager or Chairman of the Board of Directors in more than two limited companies with their head offices in metropolitan France.

A member of the Executive Board may not accept an appointment to another company's Executive Board or as another company's sole General Manager without the prior authorisation of the Supervisory Board.

3 - The appointment of any member of the Executive Board may be revoked by the Ordinary Shareholders' Meeting upon recommendation of the Supervisory Board.

If the member concerned has an employment contract with the Company, the revocation of his or her appointment as a member of the Executive Board does not lead to the termination of his or her employment contract.

4 - The Supervisory Board sets the remuneration of each member of the Executive Board upon their nomination.

ARTICLE 18 - ORGANISATION AND PROCEDURES OF THE EXECUTIVE BOARD

1 - The Supervisory Board appoints one of the members of the Executive Board as Chairman.

The Executive Board meets as often as the interests of the Company dictate, as convened by its Chairman or at least half of its members, at the registered office or at any other location indicated in the meeting notice.

The Chairman of the Executive Board presides over its meetings and appoints a secretary, who need not be a member of the Executive Board.

The Executive Board's deliberations are only valid if at least half of its members are in attendance.

The Executive Board's decisions are taken based on the majority of the votes of its members. Voting by proxy is prohibited.

In the event of a tie, the Chairman casts the deciding vote.

2 - The deliberations of the Executive Board may be officially established by minutes kept in a special record, signed by the members of the Executive Board having attended the meeting.

The minutes mention the names of the members in attendance and those of the absent members.

Copies or extracts of these minutes are certified by the Chairman of the Executive Board or by one of its members and, in the event of liquidation, by the authorised liquidator.

3 - The members of the Executive Board may divide among themselves all management tasks, subject to the authorisation of the Supervisory Board. However, this allocation of tasks may not under any circumstances absolve the Executive Board from its obligation to meet regularly and deliberate upon the most important issues faced in managing the Company, nor may it prevent its members from acting collectively to ensure the management of the Company.

ARTICLE 19 - POWERS AND OBLIGATIONS OF THE EXECUTIVE BOARD

1 - The Executive Board is invested with the most extensive powers to act in all circumstances in the name of the Company in its relations with third parties, within the limits of the Company's purpose and subject to the powers that the law expressly confers upon the Supervisory Board and Shareholders' Meetings.

In its relations with third parties, the Company is bound even by acts of the Executive Board that are not within the Company's purpose, unless it can prove that the third party knew that the act went beyond this purpose or could not have been unaware thereof given the circumstances, mere publication of the Articles not being sufficient to constitute such proof.

The disposal of property, the full or partial disposal of shareholdings and the pledging of collateral, guarantees, security and warranties are subject to authorization by the Supervisory Board. Failure to comply with this provision may not be invoked against third parties except as provided for by law.

Should the Supervisory Board refuse to authorise one of the aforementioned operations, the Executive Board may, if it deems necessary, call an Ordinary Shareholders' Meeting on an extraordinary basis, which may grant the authorisation requested and draw all the necessary conclusions from the dispute arising between the management bodies.

The Executive Board calls Shareholders' Meetings, sets the agenda for these meetings and carries out the decisions there made.

2 - The Executive Board submits a management report to the Supervisory Board at least once per quarter. Within three months following the close of the financial year, it submits the annual financial statements and if necessary the consolidated financial statements to the Supervisory Board for verification and control.

3 - The Company is represented by the Chairman of the Executive Board in its relations with third parties.

The Supervisory Board may allot the same representative power to one or more of the members of the Executive Board, who are then called Group Managing Directors.

All documents committing the Company with regard to third parties must be signed by either the Chairman of the Executive Board, one of the Group Managing Directors or any other person authorised to this effect.

As provided by Article 8 of the Articles of Association, the Executive Board is also entrusted with the powers necessary to increase the Company's share capital.

II - Capital increases

[...] Capital increases are decided upon or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry out capital increases in one or more stages, to set their terms and conditions, to formally record the performance of these increases and to amend the Articles of Association accordingly. A capital increase must be carried out within five years of the date of the Shareholders' Meeting having decided upon or authorised the increase, except in the case of capital increases resulting from the conversion of bonds into shares or additional increases reserved for bondholders who will have opted for conversion, or for capital increases decided pursuant to the provisions of Article L. 225-229-III of the French Commercial Code […]

21.2.3 RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHING TO SHARES

These are stipulated in Article 15 of the Articles of Association, which is reproduced below:

ARTICLE 15 - RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

1 - Each share entitles its holder to a share in the Company's profits and assets proportional to the portion of the amount of share capital that it represents, as stipulated in Articles 40 and 43 hereafter.

2 - Ownership of a share automatically implies acceptance of the Company's Articles of Association and of the resolutions passed by the Shareholders' Meeting.
The rights and obligations attached to a share pass to the acquirer thereof, whoever he or she may be.
The heirs or creditors of a shareholder may not, on any pretext whatsoever, demand that seals be affixed to the property of

the Company or request the division or public sale by auction of same, or interfere in any way in the Company's administration; in order to exercise their rights they are obliged to refer to the company registers and decisions of the Shareholders' Meetings.

3 - Shareholders are only liable for the debts of the Company up to the par value of the shares they hold.

21.2.4 CHANGES TO SHAREHOLDERS' RIGHTS

By reference to Article 21.2.4 of Annex I of Commission Regulation (EC) No. 809/2004, no actions exist to modify shareholders' rights that are stricter than those provided by law.

21.2.5 SHAREHOLDERS' MEETINGS

(See Articles 27 to 37 of the Articles of Association, Article R. 225-61 et seq. of the French Commercial Code; Decree of 23 June 2010)

GENERAL REGULATIONS

Meeting notice procedures – Announcements to shareholders

Shareholders' Meetings may be convened by the Executive Board, or failing this, by the Supervisory Board or the Statutory Auditors, as provided by Article R. 225-162 of the French Commercial Code, or by a proxy designated by the President of the Commercial Court rendering a decision under a summary procedure, upon the request of one or more shareholders together holding at least one twentieth of the share capital, or by the official liquidator.

- Shareholders' Meetings are held at either the head office or any other location that should be specified in the meeting notice.
- Notices are published in one of the newspapers entitled to receive legal notices in the departmental region of the head office, as well as in the French Bulletin des annonces légales obligatoires. Shareholders who have held nominative shares for at least one month at the announcement's publication date are convened by an ordinary letter. They may ask to receive notices by registered letter if they remit the relevant postage costs to the Company.
- Letters must be sent and/or publication must take place at least fifteen days before the meeting date for the first notice, and ten days before the meeting date for the second notice and any subsequent notices.

The meeting notice should include the name of the Company and if possible its logo, company type, share capital amount, head office address and registration number, as well as the meeting date, time, location, nature and agenda.

Pursuant to Article R. 225-85 of the Decree of 23 June 2010, it shall also contain a clear and exact description of the terms under which particular faculties of shareholders may be exercised.

Should a meeting be adjourned due to a failure to obtain an adequate quorum, a second meeting shall be convened in the same form and manner, and notice thereof shall include the date of the first meeting.

Any meeting that has not been convened in the required form and manner may be annulled. However, recourse to such voidability is withdrawn should all shareholders have attended or been represented.

The proxy form addressed by the Company, or the person designated by it, to the shareholders shall clearly inform them that should the proxy form omit to designate the name of the nominated representative, their vote will be considered favourable to the resolutions submitted by the Executive Board. Each proxy form must be accompanied by the documents listed in Article R. 225-81 of the French Commercial Code.

Announcements to shareholders, in advance of any meeting, may be made by any of the following means:

- Sending, at their request, the agenda of the meeting, all draft resolutions, notices in respect of the members of the Executive and Supervisory Boards and the candidates to these positions, the report of the Executive Board, the observations of the Supervisory Board, and a summary of the Company's financial position and net profit for the past five years. Moreover, the following should be enclosed:
  - in advance of an Annual Shareholders' Meeting, the income statement, the balance sheet and the special report of the Statutory Auditors,
  - in advance of an Extraordinary Shareholders' Meeting, the Statutory Auditors' report, if applicable.
- Making the aforementioned documents available to shareholders at the Company's head office, along with the list of companies, the company registers, and the indication of the total compensation paid to the Company's five or ten highest-earning individuals, as well as the Statutory Auditors' report and, if applicable, any merger or disposal proposals.

VOTING BY CORRESPONDENCE

Any shareholder may vote by correspondence by completing an official form established in accordance with the law. To be considered valid, this form must be received at least three days prior to the date of the Shareholders' Meeting. Forms which do not indicate a clear vote or which express an abstention are considered nay votes. Once a shareholder has cast his/her vote by correspondence or requested an admission card, he/she can no longer choose any other method of participating in the meeting.

ADMISSION TO SHAREHOLDERS' MEETINGS

(Article 28 of the Articles of Association; Article L. 225-106-1 of the French Commercial Code)

All shareholders may attend and vote at Shareholders' Meetings, irrespective of the number of the shares they hold. Shareholders may be represented by any person of their choosing, under the statutory and regulatory conditions laid down in Article L. 225-106-1 of the French Commercial Code. The right to participate in Shareholders' Meetings is contingent upon the shares being registered in the name of the shareholder, or of the intermediary registered on the shareholder's behalf, three business days before the date of the meeting, at the location indicated in the notice of meeting, and upon the provision of a certificate issued by the authorised intermediary confirming that such shares are not available for sale or transfer from the date of such delivery until the date of the meeting.

VOTING RIGHTS

(Article 31 of the Articles of Association)

At the Extraordinary Shareholders' Meeting of 15 January 2015, the shareholders voted, firstly, to proceed with reverse stock splits and, secondly, not to confer double voting rights upon fully paid-up Company shares which can be shown to have been held in registered form for at least two years in the name of the same shareholder, or registered Company shares allotted free of charge as part of a capital increase through the capitalisation of reserves, income or share issue premiums, to a shareholder, and to amend Article 31 of the Articles of Association accordingly as follows:

"Each shareholder present or represented by proxy at a Shareholders' Meeting has as many votes as the shares held or represented, without limitation.

However, until expiry of the two-year period following the start date of the share consolidation published by the Company in the Bulletin des Annonces Légales Obligatoires in accordance with the resolution adopted by the shareholders at the Extraordinary Shareholders' Meeting of 15 January 2015, any unconsolidated share will entitle its holder to one (1) vote and any consolidated share to ten (10) votes, such that the number of votes attaching to shares in the Company is proportional to the share of the capital those shares represent.

Voting rights attaching to shares in the Company shall be proportional to the share of the capital those shares represent, with each share in the Company entitling its holder to one vote. Shares in the Company (including any bonus shares that might be allotted as part of an increase in the share capital by way of capitalisation of reserves, earnings or issue premiums) shall not qualify for double voting rights, in accordance with the final paragraph of Article L. 225-123 of the Commercial Code."

MULTIPLE VOTING RIGHTS

None.

QUORUM

(Article 34 for the Ordinary Shareholders' Meeting and Article 36 for the Extraordinary Shareholders' Meeting of the Articles of Association, and Article 6 of the Law of 26 July 2005)

The Extraordinary Shareholders' Meeting decides on changes to the Articles of Association, subject to a majority quorum as provided by Article 36 reproduced below:

1 - The deliberations of the Extraordinary Shareholders' Meeting are deemed valid when the shareholders present or represented own one quarter for a first convening or one fifth for the second convening of the Company shares with voting rights. Should this quorum fail to be reached, the second Shareholders' Meeting may be postponed for up to two months following the date upon which it was initially convened.

The quorum for all Shareholders' Meetings is calculated after the deduction of shares with no voting rights as provided by the law or the regulations in force.

2 - The resolutions voted on by all Extraordinary Shareholders' Meetings, whether on first or second convening, are deemed valid with at least two-thirds of the voting rights of the shareholders present or represented.

Shareholders' Meetings held on second convening may only deliberate on the agenda of the first Shareholders' Meeting.

3 - At constitutive Extraordinary General Meetings, the quora and majorities set out under Point 1 above are only calculated after deducting shares issued in return for contributions in kind or held by the recipients of special benefits, who have no voting rights either for themselves or as representatives.

21.2.6 CLAUSES DELAYING, DEFERRING OR PREVENTING A CHANGE OF CONTROL

There are no clauses that restrict a change of control.

Article 13 of the Articles of Association stipulates:

ARTICLE 13 - TRANSMISSION OF SHARES

Shares may be freely exchanged subject to legal provisions. Transmission is effected by account transfer under the terms and conditions specified by the texts in force.

21.2.7 CROSSING OF OWNERSHIP THRESHOLDS

CROSSING OF STATUTORY THRESHOLDS AND PENALTIES IN THE EVENT OF NON-COMPLIANCE WITH DISCLOSURE REQUIREMENTS

(Article 12 of the Articles of Association)

Pursuant to Article L. 233-7 §5 of the French Commercial Code, and Article 12 of the Articles of Association, shareholders must notify the Company of the number of shares held directly or indirectly, alone or in concert, whenever their holding crosses the threshold of 2% of the share capital or a multiple of this percentage. In the event of non-compliance

with this disclosure obligation, shares exceeding the non-disclosed fraction will be deprived of their voting rights at the request, recorded in the minutes of the Shareholders' Meeting, of one or more shareholders, holding 5% at least of the capital of the Company, when the shares of the Company are officially listed on a stock exchange.

21.2.8 CHANGES IN THE SHARE CAPITAL

Article 8 of the Articles of Association stipulates:

ARTICLE 8 - CHANGES IN THE SHARE CAPITAL

I - Capital increases

The share capital may be increased either by issuing new shares or by increasing the par value of the existing shares.

The new shares shall be paid for either in cash or through compensation with debts in liquid funds due and payable by the Company, through capitalisation of reserves, income or share issue premiums, with assets in kind or through bond conversion.

The new shares are issued either at their par value or at this value increased by an issue premium: they may be ordinary shares or preferred shares enjoying certain advantages over other shares and entitling their holders to preferential rights to income or assets or any other indirect advantage.

Capital increases are decided upon or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry out capital increases in one or more stages, to set their terms and conditions, to formally record the performance of these increases and to amend the Articles of Association accordingly. A capital increase must be carried out within five years of the date of the Shareholders' Meeting having decided upon or authorised the increase, except in the case of capital increases resulting from the conversion of bonds into shares or additional increases reserved for bondholders who will have opted for conversion, or for capital increases decided pursuant to the provisions of Article L. 225-229-III of the French Commercial Code.

When a capital increase takes place through the capitalisation of reserves, income or share issue premiums, the Shareholders' Meeting deciding upon the increase must meet the quorum and majority requirements for Ordinary Shareholders' Meetings.

In the event of an issue of new shares to be paid for in cash, the share capital of the Company prior to the proposed increase must first be fully paid up and the shareholders shall be entitled to exercise their pre-emptive right to subscribe to shares as provided by law. The entitlement of usufructuaries and bare owners to the pre-emptive subscription right is governed by the aforementioned Article.

If the new shares are paid for through compensation with debts due and payable by the Company, the latter shall be disclosed in financial statements prepared by the Executive Board, certified as valid by the Statutory Auditors and attached to the statement of subscription and payment.

The minimum subscription period is ten trading days, with the option for early termination of this period once the capital increase is subscribed by shareholders in proportion to their existing holdings.

The Shareholders' Meeting that decides upon the capital increase may elect to exclude the pre-emptive subscription right upon examining the reports of the Executive Board and the Statutory Auditors.

Capital increases shall be carried out notwithstanding the existence of fractional rights. Those shareholders not possessing the number of subscription or share rights exactly required to obtain a whole number of new shares, shall have to personally arrange for the purchase or sale of fractional rights to bring their holdings to a whole number.

In conjunction with any decision to increase the Company's share capital, the Extraordinary Shareholders' Meeting shall also need to consider a draft resolution intended to authorise a capital increase reserved for employees. Moreover, a draft resolution of this kind must be presented, once every five years for the approval of an Extraordinary Shareholders' Meeting convened for this purpose, as long as the shares held by the employees of the Company and of any affiliated company as defined under Article L. 225-180 of the French Commercial Code represent less than 3% of the total share capital.

II - Redemption of share capital

The share capital may, upon the decision of the Extraordinary Shareholders' Meeting, be redeemed by way of an equivalent reimbursement for each share, through transfer of income or reserves, with the exception of the legal reserve.

Dividend shares thus created may be reconverted into capital shares, either through an obligatory transfer of the portion of Company profits attributable to these shares, or through an optional payment by each of the owners of dividend shares.

III - Capital decreases

The share capital may be reduced in one or more stages for any reason, either by reducing the par value of shares or the number of shares. If a capital decrease is not entailed by losses, bondholders and creditors may oppose the decrease.

A decision to reduce the share capital to a level below the minimum required by law, regardless of the motivation behind this decision, may only be taken if a capital increase can be effected to increase the share capital to a level above said minimum, unless the Company is to be transformed into a company of another form not requiring a capital amount greater than its share capital following the decrease.

Should this condition not be met, any interested party may apply for a court order requiring the dissolution of the Company. The dissolution of the Company shall not take effect if, on the date when the court's decision is rendered, the share capital has been brought back up to the legal minimum.

The Company is not authorised to buy back its own shares. However, the Shareholders' Meeting having decided upon a capital decrease not entailed by losses may authorise the Executive Board to buy back a specified number of shares

as to cancel them. This buyback shall be proportional to the number of shares held by each shareholder and limited to shares available in the market.

Capital decreases are decided or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry them out.

In all cases, the proposal for a reduction in the share capital is communicated to the Statutory Auditors no less than 45 days prior to the Shareholders' Meeting of shareholders convened to decide upon this proposal.

The meeting examines the report of the Statutory Auditors, who present their assessment of the justification and conditions for the capital decrease.

If the capital decrease is carried out by reducing the number of shares, shareholders are required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares may be exchanged for new shares.

IV - Reverse stock splits

In the event of a reverse stock split, shareholders are also required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares may be exchanged for new shares.

21.2.9 PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

(ARTICLES 39 AND 40 OF THE ARTICLES OF ASSOCIATION)

ARTICLE 39 – PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

I - Presentation of the accounts

At the end of each financial year, the Executive Board establishes the schedule of the assets and liabilities existing at that date.

It also draws up the income statement and the balance sheet.

The Executive Board prepares a written report on the results for the financial year, the situation of the Company and its business activity during the period under review.

These documents are made available to the Statutory Auditors at the Company's registered office at least 45 days prior to the Shareholders' Meeting convened to approve the parent company financial statements, with the exception of the report on the results for the financial year and the situation of the Company, which may be made available to the Statutory Auditors no less than 20 days prior to the meeting. Copies of these documents must be forwarded to the Statutory Auditors should they request them.

II - Presentation and measurement methods

The income statement and the balance sheet are established each year in accordance with the same presentation guidelines and measurement methods used in previous years. However, in the event of any proposed changes, the Shareholders' Meeting, upon examining the financial statements established in accordance with both the proposed and existing presentation guidelines and methods, as well as the reports of the Executive Board and the Statutory Auditors, shall render its decision upon the proposed changes.

If methods other than those required by applicable legal and regulatory provisions were used for the measurement of the Company's assets in the schedule and in the balance sheet, mention is made of this fact in the report presented by the Executive Board.

III - Depreciation, amortisation and provisions

All necessary depreciation, amortisation and provisions are recognised even if there has not been any profit or it has been insufficient, to ensure that the balance sheet provides a fair view of the Company's financial position.

An impairment charge is recognised for any impairment in the carrying amount of assets, whether due to wear, change in techniques, or any other causes.

Provisions are recognised for all capital losses on other assets as well as probable future losses and expenses.

The Company's incorporation costs are amortised prior to any distribution of profit.

Capital increase expenses are amortised no later than the end of the fifth financial year following the one in which these expenses were incurred. These expenses may be charged to the amount of the issue premium relating to the capital increase.

IV - Deposits, sureties and guarantees

The amounts of deposits, sureties or guarantees given are mentioned at the foot of the balance sheet.

ARTICLE 40 - APPROPRIATION AND ALLOCATION OF EARNINGS

- Net earnings consist of the net profit for the financial year, less overheads and other Company expenditure, as well as the depreciation or amortisation of Company assets and all provisions for commercial and industrial contingencies.
- Net earnings are appropriated and allocated as follows:
  - A deduction of 5% is taken from net profit for the year after the offset of any prior year losses carried forward, for the purpose of creating the legally required "legal reserves", until these reserves equal one tenth of the Company's share capital;
  - Net earnings to be appropriated consist of the net profit for the financial year, less prior-year losses and legally required reserves, plus retained earnings carried forward;
  - The Shareholders' Meeting then allocates the amounts it deems appropriate to the optional, ordinary and/or extraordinary reserves, and to retained earnings.

The resulting balance, if any, is allocated among all shareholders proportionately to their paid-up outstanding shareholdings. Accordingly, and until expiry of the two-year period following the start date of the share consolidation published by the Company in the Bulletin des Annonces Légales Obligatoires in accordance with the resolution adopted by the shareholders at the Extraordinary Shareholders' Meeting of 15 January 2015, each unconsolidated share shall entitle its holder to one tenth of the amount of dividend paid in respect of each consolidated share.

The Shareholders' Meeting may decide to allocate amounts deducted from the optional reserves either in order to pro-

vide or supplement a dividend or for the purpose of allocating exceptional provisions; in this case, the resolution shall expressly indicate the reserve categories from which these deductions are to be made.

After the approval of the financial statements by the Shareholders' Meeting, any losses are recorded in a special account for offset against profit of future years until the expiry of their availability for carry forward.

▸ The Shareholders' Meeting convened to approve the financial statements for a given year may grant to each shareholder, in respect of all or a part of the dividend set aside for distribution, an option to be paid either in cash or in shares, the price of which is previously determined as provided by law. The offer of payment in shares must be made simultaneously to all shareholders. Requests by shareholders in this regard must be made during a period determined by the Shareholders' Meeting, which may not last longer than three months from the date of this meeting.

21.3 STATUTORY AUDITORS' FEES

	MCR				FRANCE AUDIT EXPERTISE			
	AMOUNT (€K)		%		AMOUNT (€K)		%	
AT 31 OCTOBER	2 016	2 015	2 016	2 015	2 016	2 015	2 016	2 015
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements								
Issuer	125	184	36 %	32 %	125	184	16 %	12 %
Fully consolidated subsidiaries	220	392	64 %	68 %	630	1 003	78 %	65 %
Other work and services performed directly related to the Statutory Auditor's mission								
Issuer	0	2	0 %	0 %	50	352	6 %	23 %
Fully consolidated subsidiaries								
SUBTOTAL	**345**	**578**	**100 %**	**100 %**	**805**	**1 539**	**100 %**	**100 %**
Other services rendered by the networks to fully consolidated subsidiaries								
Legal, tax, employee-related								
Other (specify if > 10% of audit fees)								
SUBTOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**345**	**578**	**100 %**	**100 %**	**805**	**1 539**	**100 %**	**100 %**

22 MATERIAL CONTRACTS

SYNDICATED LOAN

On 27 September 2005, at the same time as the acquisition of Groupe de Divonne, Groupe Partouche contracted a new syndicated loan, which constitutes the bulk of the Group's bank debt. Following the Paris Commercial Court ruling approving the Safeguard Plan, the repayment of this debt is spread over a period of more than eight years. The guarantees related to this credit are the collateralisations of the securities of the Group's main subsidiaries. (See Sections 4.1.1 "Risk of non-compliance with the Safeguard Plan (plan de sauvegarde)", 4.1.2 "Liquidity risk" and 4.1.8 "Pledges".).

SHAREHOLDER'S ADVANCE AGREEMENT

On 26 August 2003, Groupe Partouche signed a shareholder's advance agreement granted by Financière Partouche SA, in the amount of €100,000,000 for a period of 7 years and 3 months, commencing on 29 August 2003. This advance is remunerated at the annual rate of Euribor plus 2%.

Following a rider to this agreement signed on 26 April 2005, Financière Partouche agreed a supplementary advance of €20,000,000 for a period of 5 years and 7 months from the date the monies are made available.

A second rider to this agreement signed on 30 September 2005 specifies that the shareholder's advance will be extended until 30 November 2012.

A third rider signed on 30 December 2009 extended it to 31 December 2015.

Following the capital increase in 2010, the amount of this advance is €25.4m.

At 31 October 2013, the shareholder's advance and the interest it generates, totalling €31.6m, were recorded in financial debt. This balance was frozen at 30 September 2013 pending the conclusion of the Safeguard Procedure (procédure de sauvegarde) on 30 March 2014.

At 31 October 2015, after an initial payment made pursuant to the Safeguard Plan carried out during the 2014 financial year, the balance of this shareholder's advance amounted to €22.4m.

At 31 October 2016, the principal amount outstanding totalled €20.1m (see Section 16.2 "Service contracts providing for benefits upon termination of employment").


BINGO
BINGO
BINGO
BINGO
BINGO
20 EURO
50 EURO

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THIRD-PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST

Decree 2012-557 of 24 April 2012 relating to labour, social and environmental transparency requirements for companies stipulates that published data relating to these subjects must be verified by an independent third-party body, according to methods laid down by ministerial decree. Compta Durable, an accounting firm located at 14 boulevard de Douaumont, 75017 Paris, France, was commissioned by Groupe Partouche to carry out these verifications.

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DOCUMENTS ON DISPLAY

24.1 DDOCUMENTS ON DISPLAY

During the period of validity of this Reference Document, the following documents (or copy of these documents) may, where applicable, be consulted:

a) the memorandum and Articles of Association of the issuer;

b) all reports, correspondence and other documents, historic financial information, valuations and declarations established by an expert at the request of the issuer, certain of which are included or referred to in the Reference Document;

c) the historic financial information of the issuer or, in the case of a group, the historic financial information of the issuer and its subsidiaries for each of the two financial years preceding the publication of the Reference Document.

The documents above may be consulted at the registered office of the Company - Groupe Partouche SA, 141 bis rue de Saussure 75017 Paris, France.

24.2 PERSON RESPONSIBLE FOR THE INFORMATION

Alain Cens, Chief Financial Officer

Telephone: +33 (0)1 47 64 33 45

24.3 FINANCIAL COMMUNICATION CALENDAR

Results for the financial year ended 31 October 2016	> Tuesday, 31 January 2017, in the evening
1st quarter financial information at 31 January 2017	> Wednesday, 15 March 2017, in the evening
Turnover for the 2nd quarter ending 30 April 2017	> Wednesday, 14 June 2017, in the evening
Results for the 1st half-year ending 30 April 2017	> Wednesday, 28 June 2017, in the evening
3rd quarter financial information at 31 July 2017	> Wednesday, 13 September 2017, in the evening
Turnover for the 4th quarter ending 31 October 2017	> Wednesday, 13 December 2017, in the evening
Results for the financial year ending 31 October 2017	> Tuesday, 30 January 2018, in the evening



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INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

Please refer to the table listing the Company's subsidiaries and equity investments presented in Point 3 of the notes to the individual company financial statements in Section 20.2.2 above, and to Note 17 to the Group's consolidated financial statements for the financial year ended 31 October 2016, presented in Section 20.2.1 of this document.

26 TABLE OF RECONCILIATION

In order to facilitate the reader's access to information in the annual report, for which the original French version has been registered as a Document de référence, the following table of reconciliation presents the headings relating to the minimum disclosure requirements in this Reference Document.

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The original French version of this document was submitted to the Autorité des Marchés Financiers on 14 February 2017 pursuant to Article 212-13 of the AMF's General Rules and Regulations.

The original French version of this document may be used for the purposes of public capital and financial operations if it is supplemented by a transaction note approved by the Autorité des Marchés Financiers.

The original French version of this document was prepared by the issuer, and its signatories are responsible for its content.

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