Partouche Group

The Partouche Group continued during the year 2000 (how very symbolic !) to build its future. This future will involve the creation of major establishments, such as Le Pharaon in Lyons or the future Aix-en-Provence Pasino, which will be born with the new century. It will also involve continuous and general improvements to our casinos, in order to meet, in the spirit of the Partouche Group, the expectations of our clients and friends. Our efforts abroad will be directed towards defending and illustrating our philosophy.

Our way is the right one, even if it is not the easiest.

We shall not deviate from it.

Consolidated net Turnover

1,697

billion francs

Consolidated net income

211,8

million francs



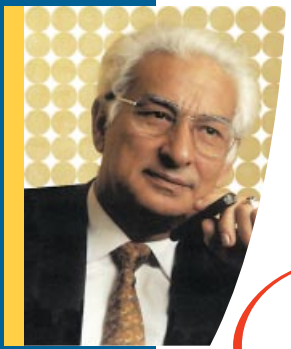
Saint-Amand Casino

Le Lyon Vert Casino

Average workforce

3 341

Message from the Chairman of the Supervisory



Isidore Partouche

Dear Shareholders and Friends,

It is with satisfaction that I note that the Partouche Group has strengthened its position as the leading casino operator in France.

The year 2000, a symbolic turning-point for humanity, was also a real turning-point in the life of the Group.

Indeed, no year has ever been so teeming with buy-outs, new openings, casinos constructions,



Cabourg Casino



Beaulieu Casino



Board

improvements and works of all kinds.
And even more importantly, the Partouche Group was entrusted, for the first time in the history of French casinos, with the casino of a major city: Lyons.
In other words, the adaptability of the management teams and their winning spirit are keeping alive the very spirit of the Group that I myself created nearly 30 years ago.

"To surpass oneself is the only race that never ends!"



Forges-les-Eaux Casino



Boulogne Casino

Such expansion was inspired by the Executive Board, but was made possible, we should not forget it, by the energy and devotion of more than 3 000 members of staff who also strive, and I thank them for this, to make the Partouche Group the symbol of the new generation of gaming that we want to be accessible, positive, available and resolutely geared to the future…
"To surpass oneself is the only race that never ends!" the Partouche Group has appropriated this statement for itself.
We will relentlessly continue to respect the trust and also the friendship that our shareholders, clients and friends show to us.
I know that 2001 will see the Partouche Group continue its path in this profession that I love, while adhering to its values, its ethical standards, and all its special features, which will make the Chairman of the Supervisory Board, which I am proud to be, very happy.

Isidore Partouche

Message from the Chairman of the



Dear Ladies
and Gentlemen,
Dear Shareholders,

On behalf of all the members of the Executive Board, it falls to me to tell you of the significant events that took place during the 1999/2000 fiscal year and to outline prospects for the current year.
First of all, the Partouche Group has strengthened its Leading position in France, the Lyon Vert has retained its premier position among 166 French casinos and the Group's other casinos have moved up in the national rankings.
During the past year, we saw the number of our casinos increase by 6 establishments and the total number of our slot machines, by 209 machines.

We were proud to open the first licensed casino in a major French city: "Le Pharaon" in Lyons. The past year has been exceptionally replete with new operations, which, not surprisingly, has adversely impacted on our results. From the second semester, having identified the factors that reduced our profitability, the Partouche Group's rigorous management enabled us to regain two points in our operating margin. This ability to react quickly and to take decisions where necessary is the proof of our determination and our pragmatism.

This year, the Group's activities will involve the opening of the Aix-en-Provence Pasino, a new concept devised by Isidore Partouche. This establishment will accommodate, in addition to the gaming rooms, a number of themed restaurants, a shopping mall, a 2000 seat theatre, and has a covered car park with 500 spaces. Located in the heart of Aix-en-Provence, the Pasino will also benefit from the extraordinary client catchment area of the Marseilles conglomeration.

The "Le Pharaon" casino in Lyons should at the same time receive its first authorisation to operate slot machines.

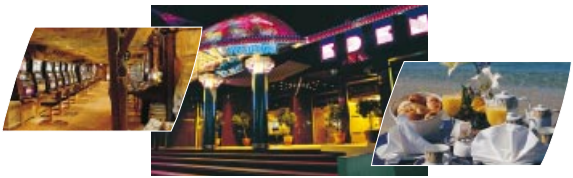
Executive Board

The Palm Beach in Cannes should reach stability thanks to its unique positioning in organising prestigious events and conferences. We would like to be able to move the Carlton Casino there, which would re-create an exceptional establishment on the Côte d'Azur. The creation of the only casino in the Lot, at Alvignac, is currently being studied.
We applied for a planning permission in order to build a hotel - casino at Trinité-sur-Mer, that will meet the tourism development needs of this capital of Sailing.

All these creations evidence the Group's ability to develop, which will ensure that the fundamental ethics and values, which have made the Partouche Group the Leading Operator in the games industry in France, are maintained.

Hubert Benhamou

" The Partouche Group has developed while retaining its fundamental values. "



Juan-Les-Pins - Eden Casino

Background

1973

Arriving 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. Although restoring the casino proved difficult, success was ultimately achieved with the aid of the "family's" business acumen.

1976

Le Touquet Casino was bought from Mr. Lucien Barrière and the establishment returned to its long-standing reputation.

1982

Creation of the Calais Casino.

1986

Acquisition of the Forges-les-Eaux casino, 110 km from Paris, and opening of the Boulogne-sur-Mer casino.

1988

Acquisition of the Dieppe casino. Until 1988, Mr. PARTOUCHE's efforts were mainly focused on the bottling and distribution of brand waters such as Amanda, Arline in Franconville, Eau-d'Alet-les-Bains, Source Lucheux and Source Baudour in Belgium.



Dieppe



Berck

Palm Beach - Cannes

Casinos remained a second line of business because at the time the Group's financing resources were largely invested in spring waters bottling.

1989

Gradual withdrawal from the water business in favour of the casino sector. This strategic move enabled all the released resources to be re-channelled into boosting the casino business.
In the same year, the Fecamp, Bagnoles-de-l'Orne and Vichy casinos joined the Group.

1991

The Partouche Group casinos were finally granted their first slot machines operating licences. The Group also took control of the Lyon-Vert casino in La Tour-de-Salvagny that year, together with its subsidiaries, the Saint Galmier and Juan-les-Pins casinos.

1992

The towns of Royat and Chamalières entrusted the Group with the reopening of the Royat casino. In order to increase the Group's liquidity for investment in Lyons, the Fecamp and Bagnoles-de l'Orne casinos were sold off in that same year.

1994

The Partouche Group took control of the Aix-en-Provence and La Ciotat casinos and then in December of the same year acquired the Palavas casino.

1995

Acquisition of an equal share in the Grasse casino leaving management responsibility to the Boucau Group.

On 29 March 1995, Groupe Partouche S.A. was launched on the "Second Marché" of the Paris Stock Exchange (Sicovam Code 5354), in order to strengthen the



Carlton *Royat*

Group's image, consolidate its position in France and provide it with additional resources to finance the development of its business, particularly on the international level.
In September 1995, the Group negotiated the acquisition of the prestigious Belgian casino and resort of Knokke-le-Zoute.

1996

The Partouche Group bought out the minority interest of the Générale des Eaux Group in Société Fermière du Casino Municipal de Cannes, listed on the spot market of the Paris Stock Exchange. This company operates the Croisette casino and controls the Hotel Majestic company and the Gray d'Albion in Cannes.
The Group opened its first casino in Agadir (Morocco) in association with Club Méditerranée.

1997

Acquisition of the 4-star Hotel which became the Meridien-Garden Beach. This transaction brought together the hotel and the Juan-les-Pins casino properties, constituting a cohesive asset.

1998

The Partouche Group celebrated its 25th anniversary in April 1998 and opened the Jerba Pasino, whose original concept as an entertainment centre, combined with a casino, is designed to provide this pearl of South Tunisia with a wide range of leisure activities catering for all types of clientele and meeting the requirements of its very large number of visitors.
In June 1998, the Group bought the Carlton Casino Club in Cannes from the English group London Clubs International.
On 2 November 1998, the Partouche Group bought out the Vivendi Group's 99% interest in Cannes Balnéaire, the company that owns the Cannes Palm Beach, with a view to reopening an establishment, known to be the most prestigious casino in France.
On 2 November 1998, Groupe Partouche S.A. was transferred on what at the time was the monthly settlement Department, division of the "Premier Marché" of the Paris Stock Exchange.

1999

Opening on 1 July of the Hilton in Lyons' Cité Internationale, which was to be home to the new casino.
Abroad, a priority focus of the Group's expansion, the San Roque Grand Casino in Andalucia, at the foot of Gibraltar, was inaugurated on 23 July, and the Hilton Bucharest's Casino was created and inaugurated by the Partouche Group on 23 October.

2000

In October, the Partouche Group acquired a majority stake in SFC, which operates four casinos, three of which are located in Auvergne and one on the Narbonne Coast.
In February, acquisition of the Lydia in Port Barcarès, Perpignan Beach.
In April, opening of the first casino in a major city by the Mayor of Lyons, Mr. Raymond Barre.
In Aix-en-Provence, take-over of the Hotel Aquabella and then of the town's spa.

The Profession

France authorises the following games
Table games:

French roulette, English and American roulette, Black Jack, Baccarat - Chemin de Fer and Trente et Quarante (cards), Craps (dice), Boule and Casino Stud Poker.

Automatic games:

Slot machines are legally defined as automatic machines incorporating games of chance and coming within the categories known as "roll machines" and "video games". The Group has a large number of slot machines (2 050[a] as at 31 October 1999 and 2 279 to date).

Other activities:

In addition to its gaming activities, the Partouche Group also produces part of its turnover from the hotel and restaurant trade, a complementary activity to its core business and an important way of offering its clientele the very best in accommodation and hospitality.

Strict regulatory framework

According to French Law, gaming activity is strictly prohibited and can result in prosecution under the terms set out in Article 410 of the old Penal Code.
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.
The Act 88-13 of 5 January 1988 extends this authorisation to include major city areas with a population of more than 500 000, and having specific tourist and cultural activities.

Licences to open casinos are granted by the Ministry of the Interior with due notice from the Local Council of the area in which the activity is to be carried out, following an investigation and on the basis of a list of specifications drawn up by the municipality.
The latter then issues a business concession to the enterprise once the tender procedure, as introduced by the Act 93-122 of 29 January 1993 (the so-called Sapin Act), has been complied with.
A National Gaming Board made up of senior civil servants (14) and Members of Parliament (5) is responsible for examining gaming licence applications and renewals.
An Order issued by the Ministry of the Interior fixes the period of the concession, the authorised games and the operating conditions for the casino.
A licence may be cancelled by the Ministry of the Interior in the event of failure to comply with the specifications or provisions of the Order.
Casinos that have obtained the necessary licence must operate under a manager and executive committee, personally responsible, for ensuring that the regulations and provisions in the list of specifications are complied with.
The manager responsible and members of the executive committee must be approved beforehand by the Ministry of the Interior. If this approval is withdrawn, they can no longer continue their activities.
Approval is also required for hiring all gaming employees. The latter must also be holders of their own professional cards.
Each game is subject to a very detailed set of regulations.

Tax levies

The progressive tax levied on gross gaming revenue in casinos is as follows:

Gross gaming revenue				
10 %	up to	380 000 F		
15 %	from	380 001 F	to	750 000 F
25 %	from	750 001 F	to	2 220 000 F
35 %	from	2 220 001 F	to	4 125 000 F
45 %	from	4 125 001 F	to	6 875 000 F
55 %	from	6 875 001 F	to	20 625 000 F
60 %	from	20 625 001 F	to	34 375 000 F
65 %	from	34 375 001 F	to	48 125 000 F
70 %	from	48 125 001 F	to	61 875 000 F
80 %	above	61 875 000 F		

This progressive scale applies after the deduction of 25% on the gaming revenue.

Local authorities levy a maximum rate of 15% on the same tax base as the State levy. The combined State and local authority levies cannot exceed 80%, with the local authority' share being offset against the State's share, when necessary.

In addition, there is a fixed levy of 0,5% on the very first franc generated on table games and of 2% on slot machine income.

Slot machines have a statutory theoretical payout rate of at least 85%.

In the case of slot machines, casinos benefit from a "slide" phenomenon.

This means that although the State levy is calculated on the basis of the theoretical amount that the machines are designed to redistribute, in fact the real generated return is slightly lower than the theoretical amount, given that the players do not bet the maximum number of coins on each go (a parameter taken into account when calculating the theoretical redistribution rate).

The difference between the theoretical and actual amounts is called "slide", an amount not subject to the levy and therefore entirely earned by the casino and liable to company income tax.

Casino games which constitutes the Partouche Group's core business are not subject to value added tax (VAT).

In 1996, a 3% CRDS (Contribution to the Repayment of Social Debt) tax was levied on gross gaming revenue, followed, in 1997, by the 3,40% CSG (General Social Contribution) of slot machines gross gaming income. Since January 1998, the CSG has been increased to 7,5% and is now calculated on a reduced basis of 68% of slot machines gross gaming revenue.

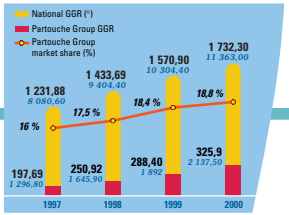


Calais *Palavas* *Pasino Djerba* *Vichy* *Saint-Galmier*

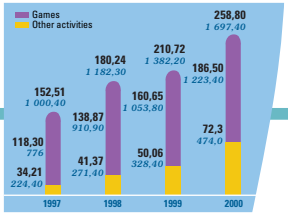
Key figures

Activity

Gross gaming revenue (theoretical)
in millions of euros *and French francs*

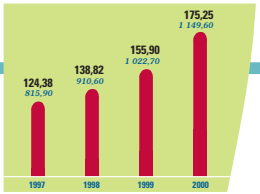


Consolidated net turnover
in millions of euros *and French francs*



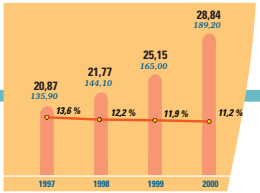
Financial structure

Consolidated shareholders' equity
in millions of euros *and French francs*

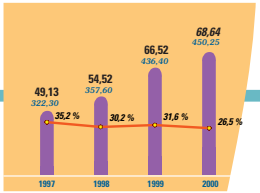


Profitability

Consolidated net income, Group share
in millions of euros *and French francs*
and as % of consolidated turnover

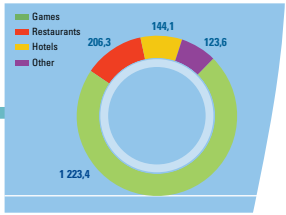


Operating margin
in millions of euros *and French francs*
and as % of consolidated turnover

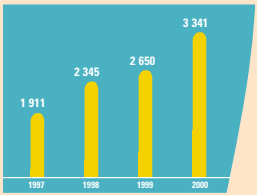


Consolidated turnover by sphere of activity

in millions of French francs

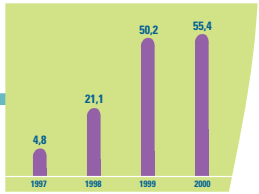


Group workforce as at 31 October 2000

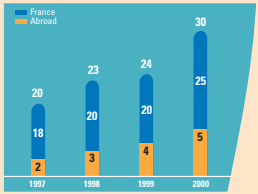


Net debt of shareholders' equity

as %

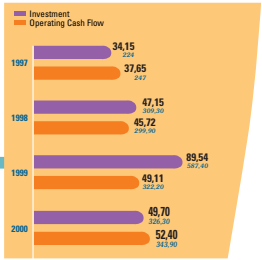


Number of casinos in operation as at 31 October 2000

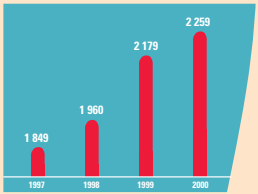


Investment and Operating Cash Flow

in millions of euros *and French francs*

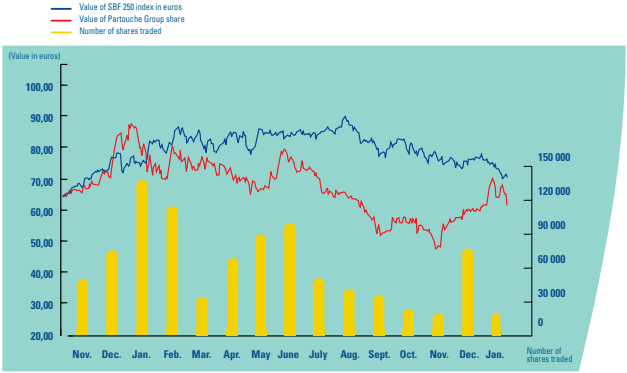


Number of slot machines within the Group in France as at 31 October 2000



Stock market performance

Movements in Partouche Group share price[(2)]



Source: Les Echos (www.lesechos.fr) — Source of the SBF 250 index : Paris Stock Exchange (www.bourse-de-paris.fr)

Financial information

	1998	1999	2000
Price as at 31/10 (in FF)[(2)]	393	426	384
Number of shares as at 31/10	6 156 774	6 156 774	6 156 774
Market capitalisation (in FF)[(2)]	2 419 612 182	2 625 076 352	2 364 201 216
Earnings per share (in FF)	23,40	26,80	30,73
Net dividend (in FF)	10	11	11
Total payout (in millions FF)	61,60	67,70	67,70
Payout ratio (%)	42,70	41,00	35,80
Net stock yield (%)*[(2)]	2,54	2,58	2,86

(*) Net dividend paid out in year N, related to latest price for year N-1



Le Touquet



Knokke-le-Zoute



La Ciotat

Financial information 2000



Report by the Executive Board to the Annual General Meeting held on 2 April 2001 at 10.00 a.m.

Dear Sir, Madam,
In compliance with the law and the Articles of Association, we have convened you to this Ordinary General Meeting in order to report to you on the position and activities of our company and of the Group during the year ended 31 October 2000 and to ask that you adopt the ordinary resolutions relating to the approval of the financial statements for the said year, to the appropriation of earnings, to the approval of the regulated agreements and to the setting-up of a procedure enabling the company to purchase its own shares pursuant to the provisions of Article L. 225-209 of the new Commercial Code (formerly Article 217-2 of the Company Act of 24 July 1966).

1.- REPORT OF THE EXECUTIVE BOARD TO THE ANNUAL GENERAL MEETING

1.1.- GROUP ACTIVITIES

Business situation and trends in the Group during the year

In the course of the year ended 31 October 2001, the Partouche Group saw a 22,8% growth in its turnover, a greater performance than the previous fiscal year.
Approximately one-third of this rise was as a result of acquisitions, i.e. mainly the acquisition of the Société Française des Casinos (SFC) Group.

Gaming in France (o)

For a definition of the aggregates that are specific to our economic sector : real gross gaming revenue, theoretical gross gaming revenue and “sliding”, the reader should please refer to pages 8 and 9 in the section on the “Profession - Framework”, and more specifically to the paragraph entitled “Tax levies”.
Trends in the casino sector in France continues to be good with, for the 2000 fiscal year, theoretical Gross Gaming Revenue (GGR) of FF 11 363,0 million, up by 10,3%, and real GGR of FF 13 490,2 million, up by 12,3%, both variants being above the figures for the previous year.
This acceleration of growth in the sector is also reflected in an increase in the number of casinos, from 160 in 1999 to 166 in 2000.
The total number of French Casinos in the Partouche Group was increased by 5 units, with the opening of the Lyons casino and the acquisition of the SFC casinos, namely La Bourboule, Gruissan, Mont Dore and Châtel-Guyon casinos.
With theoretical 2000 GGR of FF 2 137,5 million, the Partouche Group increased its market share to 18,8%, compared with 18,4% in 1999.
Traditional games within the Group in France represented a GGR of FF 231,9 million and saw a fall of FF 20,1 million.
Despite the contribution from the new Lyons casino (FF 5,6 million), the SFC division (FF 1,5 million) and the fine results of certain casinos such as Forges-les-Eaux and St-Amand, this department has been considerably impacted by developments in the Carlton Casino in Cannes and its more rigid policy for handling client accounts. The Carlton thus saw its GGR fall by FF 24,6 million.
The slot machines sector continued to be the engine of growth for the casinos: within the Partouche Group, GGR hit FF 2 300,5 million (+ 17%); this breaks down into theoretical GGR totalling FF 1 905,6 million (+ 16,2%) and “sliding” of FF 394,9 million (+ 20,9%).
This satisfactory increase in GGR is not encountered in all the Group’s establishments; indeed although some casinos no longer see any noticeable increase in their level of activity, others and often those of significant size, still record sharp rises, such as the casinos of Royat (+ 9,8%), Forges-les-Eaux (+ 14,9%), Palavas (+ 14,8%), Dieppe (+ 23,3%) and Beaulieu (+ 34,7%). The relative proportion of slot machines in real GGR has still increased and is now reaching 90,8%.
The total number of machines rose from 2 050 in 1999 to 2 259 in 2000 due to the authorisations granted to the casinos of Royat (+ 20 machines), Forges-les-Eaux (+ 30 machines) and the advent of the SFC Group (159 machines).

Gaming abroad

The Bucharest casino in Romania was inaugurated in November 1999, which brought up to 5 the number of establishments operated abroad. The operating company for this establishment was consolidated for the first time, from the beginning of the fiscal year.
The real GGR achieved within establishments abroad reached FF 89,9 million in 2000, compared with FF 71,0 million in 1999. This rise is mainly due to the contribution from the recently opened casinos of Bucharest (FF 7,5 million) and San Roque (FF 21,5 million), as well as the positive results of the Jerba casino (FF 17,8 million, i.e. a 23,6% increase). Traditional games, as a proportion, continues to predominate, with 78,4% of the total.

The gaming sector as a whole and levies

Total GGR thus reaches FF 2 622,3 million (+ 14,5%) and can also be split between organic growth of FF 2 528,0 million (+ 10,4%) and external growth of FF 94,3 million.
This sum was reduced by the tax levies operated by the State and local authorities, which totalled FF 1 398,8 million, i.e. 53,3% of GGR. This ratio was 54,0% in France, where it saw a slight reduction, due to the inclusion of the SFC Division casinos, and 34,5% abroad.
Net Gaming Revenue after levies, is FF 1 223,6 million, as against FF 1 053,7 million in 1999, a rise of 16,1%.

Turnover

There were, in addition to the net gaming revenue explained above, turnover from the Group's other activities, i.e. a volume of FF 474,0 million equal to 27,9% of total turnover. These other activities are mainly the restaurant and hotel business, which generated a turnover of FF 350,4 million. The increase in this sector was mainly due, on the one hand, to the deliberate efforts made by the Group to improve this component and on the other hand, to the first complete year of two new hotels, Hilton Lyons and Aquabella in Aix-en-Provence.
Moreover, the SFC Division brought in an additional FF 41,9 million from other activities, hotels and restaurants, as well as hydrotherapy.
Total turnover amounted to FF 1 697,4 million, FF 99,1 million through external growth, and therefore saw a considerable increase of 22,8%.

Consolidated net income

The gross operating margin amounted to FF 595,5 million compared with FF 537,1 million previously, and after, inter alia, a net rise in amortisation and depreciation charges (FF 116,4 million, compared with FF 85,0 million in 1999), operating income amounted to FF 450,3 million compared with FF 436,4 million, a slight increase compared with that in turnover: it in fact represented no more than 26,5% of turnover, compared with 31,6% in 1999. This deterioration is explained by the impact of three factors:
- The two most recent establishments opened abroad, San Roque and Bucharest, generated a total operating loss of FF 27,9 million. At San Roque in Spain, an over-estimate of off-season attendance led to over-manning which adversely impacted on staff costs and a new local tax was a further addition to the already high burden of levies. In Bucharest, a disappointing operating environment, forcing in particular to abandon any principle of financial transparency, did not permit the right level of sales to be achieved and questions the presence of this establishment within the Group.
- The opening of the Cité Internationale hotel-casino complex in Lyons also had, the expected adverse impact: the operating loss for both entities was FF 21,9 million. The Hilton hotel saw an occupation rate of 41% and its first full year resulted in a loss of FF 14,7 million in line with projections. This figure is after amortisation and depreciation charges of FF 12,8 million. Le Pharaon casino, opened in April, operates traditional gaming at present, while awaiting shot machines authorisation. This is a normal phase in operations when opening a casino in France and usually generates a loss.
- The SFC Division whose advent represented around one-third of the increase in activity for the year has a margin level (13,7% of turnover) that is lower than the norm for the Group.

The net financial loss of FF 42,2 million mainly reflects changes in the Group's bank borrowings, which increased during the 1999 fiscal year. The impact of this financial loss reduced ordinary income before tax to FF 408,0 million, i.e. to a level close to that of 1999.
The extraordinary income of FF 47,4 million was mainly impacted by the recognition of contractual penalties relating to the late delivery of the Cité Internationale real estate complex.
Under the contract governing dealings between the company HOTEL INTERNATIONAL DE LYON (HIL) and the firm responsible for completing the construction, and after an established delay of 49 days by reference to the revised delivery date, our subsidiary HIL claimed that the provisions in the contract for penalties for delay on acceptance should apply.
Despite confirmation by letter from the debtor company "to accept the consequences of its delay", the latter did not respond to the claim that had been submitted. Some months later, HIL issued a writ against that company, claiming the amount due under a strict application of the contractual provisions, i.e. total penalties of FF 59 328 882, in accordance with the ceiling of 30% of the contract value. On 10 October 2000, the Lyons Commercial Court found against the debtor company, upholding the amount of FF 59 328 882 and ordering the latter, the urgency thereof having been satisfactorily proved, to pay forthwith the sum of FF 25 000 000, notwithstanding any appeal, with a bank guarantee in accordance with normal practice.
On 31 October 2000, the recognition of this transaction led to the recording of exceptional income relating to the application of the contractual provisions allowed at first instance, i.e. FF 59 328 882, and the recording of a provision totalling FF 34 328 882, reducing the positive impact on the income for the year to FF 25 000 000, which represented an amount that was less than the loss as claimed by HOTEL INTERNATIONAL DE LYON.
However, as the debtor company has appealed against the decision of the Commercial Court, there is a resulting uncertainty as to the final amount that might be allowed to HIL on the final settlement of the dispute, which is the reason why the provision has been shown in the accounts.
The annual provision for amortisation of consolidated goodwill is stable and Employee profit sharing has increased markedly as it now covers two additional establishments: Vichy and Palavas.
The net income of all the consolidated companies amounted to FF 211,8 million, representing a 13,7% increase, with the Group share amounting to FF 189,2 million (+ 14,7%).

Investment and financing

After two fiscal years with particularly heavy burdens, the Group last year reduced its investment flows to the level of FF 326,3 million, which covered acquisitions, construction works (new Aix-en-Provence casino) and refurbishment works (Palm Beach in Cannes, and Le Méridien Garden Beach in Juan-les-Pins). Operating Cash flow (FF 343,9 million) and a favourable increase in the working capital requirement (+ FF 22,7 million) allowed, after payment of dividends, a slight reduction in the Group's net indebtedness.
A detailed breakdown of investments is given in terms of allocations, external growth, refurbishment and construction works (see end of Note 3 in the Notes to the Consolidated Financial Statements).

Outlook

The growth in business generated by the success of the slot machines and their increased number allow the Partouche Group to anticipate an increase in its turnover of approximately 10%, excluding external growth.
The steps undertaken during the 2000 fiscal year in reaction to the deterioration in the operating margin and which allowed the beginning of recovery as from the second semester will continue to bear fruit and the Partouche Group thus anticipates a two-point improvement in such operating income.
In France, our application to transfer the Carlton to the Palm Beach is still outstanding. We have also applied to the Ministry of the Interior for a gaming licence that would allow the reopening of Port-Bacarès casino. The new Aix-en-Provence casino will be inaugurated before summer, which will provide this establishment, already ranked No. 9 nationally, the resources for further development.
Lastly, the Partouche Group will seek to develop Alvignac and La Trinité-sur-mer projects.
Abroad, the Group intends to withdraw from Bucharest and is also involved in the national Swiss tender for the setting up of casinos, submitting its application for a Casino B on the Murten-Morat site. We propose with our Swiss partners (30% stake), to create a medium-sized establishment with a maximum of 150 slot machines located in a shopping complex at the heart of major communication links.
Projected investment will approximately reach 20 million francs, but will not be achieved before next year.

Key events occurring since the end of the fiscal year

There have been no company acquisitions since the beginning of the current fiscal year, and no material changes in the existing business.
For information, the first quarter 2001 turnover amounted to FF 469,7 million, compared with FF 387,9 million for the previous year (up by 21,09%).

1.2.- SHAREHOLDING INFORMATION

Identity of major Shareholders	31-10-99 (n-1)	31-10-00 (n)
FINANCIÈRE PARTOUCHE SA	62,62%	62,62%
SOGESIC SARL	4,62%	4,62%
PARTOUCHE FAMILY	4,48%	4,35%
Sub-total	**71,72%**	**71,59%**
Public	28,28%	28,41%
Total	**100,00%**	**100,00%**

1.3.- NET INCOME APPROPRIATION AND EARNINGS

Examination of the financial statements of the holding company Groupe Partouche S.A. and net income

The GROUPE PARTOUCHE S.A.'s net income, after tax, was FF 190 928 651, compared with FF 94 159 969 for the previous year, representing a 102,77% increase.
Net income mainly comprised financial income and dividends paid by subsidiaries.
Assets, made up largely of financial investments and receivables, totalled FF 2 248 293 913, compared with FF 2 045 970 461 for the previous fiscal year.
On the liabilities side, shareholders' equity reached FF 1 247,7 million, compared with FF 1 124,5 for the previous fiscal year.
Loans and liabilities amounted to FF 268,1 million, as against FF 417,6 million for the previous year, and is the result of the partial use of bank debt to secure funding for the Group's expansion.

Proposed appropriation of net income

We would ask you to approve the annual financial statements (balance sheet, income statement and notes), as submitted to you and showing a net income of FF 190 928 651,00 (or 29 106 885,21 euros), which we propose be appropriated as follows:

Net income for the year	190 928 651,00 F
i.e.	29 106 885,21 €
5% for the legal reserve	9 546 433,00 F
i.e.	1 455 344,33 €
Balance	181 382 218,00 F
i.e.	27 651 540,88 €
Payable as dividends to shareholders	67 724 514,00 F
i.e.	10 324 535,60 €
i.e.	11,00 F (1,68 euros) per share
Balance	113 657 704,00 F
i.e.	17 327 005,28 €

is appropriated in full to the "retained earnings" account, which thus totals FF 169 411 918 (i.e. € 25 826 680,41). The net dividend per share is FF 11 (i.e. € 1,68) and the corresponding tax credit FF 5,50 (i.e. € 0,84) for shareholders so entitled, producing gross earnings for the latter of FF 16,50 (i.e. € 2,52).

This dividend may be paid at the end of the Meeting and at the latest by 30 April 2001.
As required by law, the General Meeting formally records that the dividends distributed for the last three years, together with the relevant dividends tax credits, were as follows:

Year ending	Net dividend in FF and in euros	Tax credit in FF and in euros
31 October 1997	55 410 966,00 F 8 447 347,31 €	27 705 483,00 F 4 223 673,66 €
31 October 1998	61 567 740,00 F 9 385 941,46 €	30 783 870,00 F 4 692 970,73 €
31 October 1999	67 724 514,00 F 10 324 535,60 €	33 862 257,00 F 5 162 267,80 €

In respect of the authorisation for a global delegation

These resolutions fall within the scope of the so-called "global delegation" provision arising from Articles L. 225-129, L. 225-148, L. 225-150 and L. 228-93 of the new Commercial Code (formerly Articles 180, 193-1, 194-1 and 339-3 of the Company Act of 24 July 1996). They will therefore cancel the previous authorisations given by the Extraordinary General Meeting held on 4 April 2000.
These resolutions are intended to give your Executive Board the greatest possible flexibility of action in the interest of the company. They will enable the expansion of the business by raising the capital required from the financial market. The authorisations that are the subject of resolutions put to your vote will give the Executive Board the ability to choose the most favourable types and terms of issue, given the wide variety of securities and the constant changes in the stock markets.
Your Executive Board will thus be able to issue company's shares, as well as any transferable securities which, now or in the future, give entitlement to shares.
The amount of capital increases, effected immediately and/or in the future, will not be allowed to exceed a nominal value of 250 000 000 euros, unless to add to this ceiling, the nominal amount of the further shares that have to be issued in order to protect, in accordance with the law, the rights of transferable securities' holders which give entitlement to shares.
The nominal value of debentures or bonds and other debt securities that may be issued under this delegation cannot exceed 300 000 000 euros.
Such issues may be made with the retention of the shareholders' priority right of subscription or involve the removal of the shareholders' priority right of subscription.
A waiver of the priority right of subscription acts to speed up the placing of issues and thereby facilitate the successful completion of such.
In the case of an issue without a priority right of subscription, the sum due or that should be due to the company for each share issued, after taking account, in the case of autonomous warrants of the issue price of the said warrants, must be at least equal to the average of the stock market price for the company's share for ten consecutive trading days chosen from the twenty business days preceding the issue of the shares or other transferable securities, after adjustment of this average in relation to the date from which the right to income accrues in respect of the securities.
This delegation would be granted, pursuant to the law, for a period of 26 months from this Meeting. Consequently, after the submission of the reports by the Statutory Auditors, we would ask you to vote on the agenda and the wording of the resolutions which follow.

The Executive Board

COMMENTS FROM THE SUPERVISORY BOARD

Dear Sir, Madam,
The Executive Board of our Company has convened you to the Annual Ordinary General Meeting pursuant to the law and the Memorandum and Articles of Association, in order in particular to report to you on the position and the activity of our Company for the year ended 31 October 2000, and to submit for your approval the financial statements for the year and the appropriation of the net income.
You have just heard the reports of the Executive Board and of the Statutory Auditors.
So, duly informed of the progress of the activities of your Company and of its Group, we have carried out, as part of our supervisory task, the checking and audits that we have deemed necessary.
We once again note with satisfaction the increase in the Company's net income, which reflects in particular the quality of the strategic approaches applied by the Executive Board under the leadership of its Chairman.
Consequently, pursuant to Article L. 225-68 of the new Commercial Code (formerly Article 128 of the Company Act of 24 July 1966), we have examined and checked the annual financial statements and the consolidated financial statements that the Executive Board has submitted to us and we consider that the report of the Executive Board and the annual financial statements do not give rise to any particular comment.
We trust that all the proposals made to you by the Executive Board in its report will receive your approval, and that you will be kind enough to adopt the resolutions that are submitted to you.

The Supervisory Board

Consolidated Balance Sheet

ASSETS *In thousands of French francs and thousands of euros*	Notes	As at 31 October 2000 €	 F	As at 31 October 1999 (FF)	 1998 (FF)
Set-up costs		1 648	**10 808**	12 892	330
Capitalised research and development costs		19	**127**	161	–
Franchises, patents, licences and trademarks		977	**6 406**	1 433	969
Goodwill		5 995	**39 327**	36 559	37 379
Consolidated goodwill	2	77 687	**509 596**	433 237	267 732
Other intangible fixed assets		881	**5 780**	3 140	1 803
Advances and prepaids		–	**–**	68	8
Intangible fixed assets	1	**87 208**	**572 044**	**487 490**	**308 221**
Land		11 802	**77 418**	74 923	65 983
Buildings		120 186	**788 367**	711 883	394 530
Machinery and equipment		23 484	**154 044**	130 579	96 853
Other tangible fixed assets		29 244	**191 831**	119 982	88 149
Outstanding assets		6 502	**42 651**	14 270	120 580
Advances and prepaids		10 233	**67 122**	22 159	993
Tangible fixed assets	3	**201 451**	**1 321 433**	**1 073 796**	**767 088**
Participating interests		36 193	**237 412**	234 525	290 150
Other fixed securities		2	**11**	311	113
Loans	4	978	**6 418**	4 731	4 581
Other long-term investments		983	**6 450**	4 845	4 260
Financial investments		**38 157**	**250 291**	**244 412**	**299 104**
Fixed assets		**326 815**	**2 143 768**	**1 805 698**	**1 374 413**
Raw materials	5	1 686	**11 062**	9 406	7 113
Semi-finished and finished goods		138	**904**	302	–
Goods held for resale		770	**5 050**	3 229	2 138
Down-payments to suppliers		803	**5 265**	625	1 031
Trade receivables	6	10 350	**67 890**	56 737	44 424
Deferred State tax	7	3 310	**21 709**	27 472	31 371
Other receivables	8	26 175	**171 695**	232 364	120 968
Other transferable securities	9	7 184	**47 123**	111 084	17 659
Cash at bank and in hand		31 770	**208 399**	302 473	190 307
Expenses to be paid	10	5 783	**37 934**	39 752	39 425
Current assets		**87 968**	**577 032**	**783 444**	**454 436**
Prepayment and accrued income		1 343	**8 807**	4 487	3 823
TOTAL ASSETS		**416 126**	**2 729 607**	**2 593 629**	**1 832 672**

Fixed euro rate: FF 6,55957

LIABILITIES AND SHAREHOLDERS' EQUITY *In thousands of French francs and thousands of euros*	Notes	As at 31 October 2000 €	 F	As at 31 October 1999 (FF)	 1998 (FF)
Share capital		85 412	**560 266**	560 266	560 266
Paid-in capital		9 411	**61 733**	61 733	61 733
Revaluation of Group assets above historical costs		(52 446)	**(344 021)**	(344 740)	(396 745)
Legal reserve		3 510	**23 024**	18 316	13 285
Statutory reserves		5 566	**36 508**	36 508	36 508
Other reserves		(14 751)	**(96 763)**	(96 763)	(96 763)
Group reserves		88 377	**579 714**	514 999	527 003
Unrealised Group gains on foreign transactions		(94)	**(618)**	(578)	(520)
Retained earnings		8 500	**55 754**	34 027	
Group net income		28 842	**189 194**	165 007	144 075
Shareholders' equity	11	**162 326**	**1 064 792**	**948 775**	**848 842**
Minority interests		9 492	**62 263**	52 757	42 450
Income attributable to minority interests		3 439	**22 562**	21 200	19 306
Minority interests		**12 931**	**84 825**	**73 957**	**61 756**
Contingency provisions		1 989	**13 050**	18 507	27 805
Loss provisions		2 075	**13 611**	18 649	13 116
Provisions for deferred tax		713	**4 680**	3 102	358
Contingency and loss provisions	12	**4 778**	**31 340**	**40 258**	**41 279**
Bank loans and overdraft	13	119 225	**782 066**	826 053	371 962
Various loans and debts	13	16 871	**110 670**	101 115	27 378
Down-payments from clients		772	**5 065**	5 732	2 798
Trade notes and accounts payable		14 300	**93 800**	78 866	55 193
Taxes and social charges	14	48 095	**315 480**	281 926	233 555
Liabilities to fixed asset suppliers	15	16 091	**105 549**	100 028	71 407
Other liabilities	16	10 830	**71 041**	83 947	61 408
Prepaid income	17	8 652	**56 752**	52 700	56 751
Liabilities and adjustments		**234 836**	**1 540 422**	**1 530 367**	**880 452**
Unrealised gains on foreign exchange transactions		1 254	**8 229**	272	343
TOTAL LIABILITIES		**416 126**	**2 729 607**	**2 593 629**	**1 832 672**

Fixed euro rate: FF 6,55957

Consolidated income statement

Income statement	Notes	As at 31 October 2000		As at 31 October	
In thousands of French francs and thousands of euros		€	F	1999 (FF)	1998 (FF)
Sales of goods held for resale,		830	**5 447**	4 118	3 440
Sales of services		257 931	**1 691 916**	1 378 041	1 178 885
Net turnover		**258 761**	**1 697 363**	**1 382 159**	**1 182 325**
Goods capitalised		539	**3 536**	4 788	403
Operating subsidies		213	**1 397**	4 070	3 328
Excess depreciation, provision and expense transfers	19	5 499	**36 070**	44 084	42 450
Other income		237	**1 555**	885	730
Operating income		**265 249**	**1 739 922**	**1 435 986**	**1 229 236**
Stock purchased		2 939	**19 277**	16 941	24 774
Change in stock inventory		7	**45**	(707)	(365)
Raw materials purchased		13 963	**91 590**	67 235	46 068
Change in raw material inventory		(105)	**(690)**	(2 611)	(485)
Other purchases and external expenses	20	55 576	**364 553**	272 709	236 533
Taxes		12 913	**84 707**	72 407	66 237
Wages and salaries		58 878	**386 215**	295 563	256 708
Social security contributions		24 567	**161 151**	132 393	114 451
Assets depreciation allowances		17 740	**116 366**	85 050	72 503
Assets depreciation provisions		–	**–**	362	809
Provisions for losses on current assets		1 320	**8 660**	6 404	6 555
Contingency and loss provisions		1 163	**7 629**	4 719	7 061
Other expenses		7 648	**50 169**	49 121	40 755
Operating expenses		**196 609**	**1 289 671**	**999 586**	**871 604**
OPERATING INCOME		**68 640**	**450 251**	**436 400**	**357 632**

Fixed euro rate: FF 6,55957

Income statement	Notes	As at 31 October 2000		As at 31 October	
In thousands of French francs and thousands of euros		€	F	1999 (FF)	1998 (FF)
Loss sustained or profit transferred		–	–	(134)	150
Income from other capitalised securities		34	**223**	369	485
Other interest income		662	**4 340**	6 882	3 211
Excess provisions charged and expenses transfers		13	**88**	1 360	1 580
Foreign exchange gains		562	**3 687**	1 888	1 516
Gains on sales of short-term investments		442	**2 899**	472	537
Financial income		**1 713**	**11 238**	10 971	7 329
Depreciation allowances and provisions		149	**980**	1 256	1 831
Interest expenses		7 949	**52 140**	33 129	20 459
Foreign exchange losses		53	**348**	320	307
Interest and other financial charges		**8 151**	**53 468**	34 705	22 597
Financial income		**(6 438)**	**(42 231)**	**(23 734)**	**(15 268)**
Ordinary income before tax		**62 202**	**408 020**	**412 532**	**342 514**
Extraordinary gains in operations		10 878	**71 356**	8 268	7 662
Proceeds of assets sold and other capital gains		1 819	**11 934**	14 898	16 571
Excess provisions charged and expenses transfers		3 110	**20 398**	13 936	7 586
Extraordinary income	21	**15 807**	**103 688**	37 102	31 819
Extraordinary operating expenses		2 444	**16 034**	22 465	19 893
Book value of assets sold and other capital losses		614	**4 027**	7 804	11 038
Depreciation and regulated provisions		5 530	**36 271**	2 102	5 481
Extraordinary expenses	21	**8 588**	**56 332**	32 371	36 412
Extraordinary income		**7 219**	**47 356**	4 731	(4 593)
Provision for consolidated goodwill amortisation		4 918	**32 259**	35 055	19 533
Employee profit-sharing		4 394	**28 825**	21 839	18 915
Income tax expenses	23	26 708	**175 195**	167 513	152 173
Deferred tax on profits	22	1 119	**7 340**	6 649	(16 081)
Total income		**282 770**	**1 854 847**	**1 484 059**	**1 268 534**
Total expenses		**250 488**	**1 643 092**	**1 297 852**	**1 105 153**
Integrated companies income		32 282	**211 756**	186 207	163 381
GROUP INCOME		**28 842**	**189 194**	**165 007**	**144 075**
INCOME ATTRIBUTABLE TO MINORITY INTERESTS		**3 440**	**22 562**	**21 200**	**19 306**

Fixed euro rate: FF 6,55957

Consolidated cash flow statement

In thousands of French francs	As at 31 October 2000	As at 31 October 1999
Operating activities		
Net income of consolidated companies	211 756	186 207
Depreciation	147 755	119 187
Provision charges	(20 239)	(23 324)
Changes in deferred taxation	5 763	3 899
Net book value of assets sold	2 804	1 495
Income from sale of assets	(3 894)	(930)
Operating Cash Flow	**343 945**	286 624
Movements in working capital	22 701	27 333
Net cash inflow from operating activities	**366 646**	313 956
Investment activities		
Purchases of tangible and intangible fixed assets	(248 311)	(354 727)
Purchase of financial investments	(5 381)	54 642
Income from sale of assets	3 894	930
Impact of change in Group structure and others	(76 523)	(272 815)
Net cash outflow from investing activities	**(326 321)**	(571 970)
Financing activities		
Increase (decrease) in loans and other financial debts	(130 838)	525 071
Expenses to be amortised	383	40
Dividends paid	(67 725)	(61 568)
Net cash inflow from financing activities	**(198 180)**	463 543
NET CASH INFLOW (OUTFLOW)	**(157 856)**	**205 529**
Increase (decrease) in short-term investments	(63 962)	93 429
Increase (decrease) in bank balances and cash	(93 894)	112 100

MOVEMENTS IN CONSOLIDATED WORKING CAPITAL

In thousands of French francs	As at 31 October 2000	As at 31 October 1999
Assets		
Trade receivables,	(10 737)	(12 023)
Stock and work-in-progress	(768)	(3 403)
Other receivables	127 900	(41 614)
Prepaid expenses	3 409	842
Exchange differences	(987)	(668)
Advances and prepaids	(4 209)	406
Sub-total	**114 609**	(56 460)
Liabilities		
Trade payables	(11 859)	7 954
Taxes payable and other social liabilities	9 350	47 055
Other operating liabilities	(87 610)	25 850
Advances and prepaids	(1 789)	2 934
Sub-total	**(91 908)**	83 793
MOVEMENTS IN WORKING CAPITAL	**22 701**	**27 333**

Movements in consolidated shareholders' equity
Group share and minority interests

In thousands of French francs	Share capital	Share premium	Group revaluation variance	Group consolidated reserves	Group consolidated income	Group shareholders' equity	Minority interests
Position as at 31 October 1997	560 266	61 733	(396 821)	396 996	135 925	758 099	57 783
Exchange differences	–	–	–	91	–	91	(44)
Distribution of GP SA dividends	–	–	–	(55 411)	–	(55 411)	–
Distribution of subsidiaries dividends	–	–	–	–	–	–	(5 910)
Change of Sathel group structure in GP	–	–	–	271	–	271	(996)
Change in Sathel subsidiary's group structure	–	–	69	5 295	–	5 364	(1 488)
Change in GPB subsidiary's group structure	–	–	–	1 469	–	1 469	(6 540)
Other changes	–	–	7	(5 123)	–	(5 116)	(355)
Appropriation of 1997 earnings	–	–	–	135 925	(135 925)	–	–
Net income for 1998 fiscal year	–	–	–	–	144 075	144 075	19 306
Position as at 31 October 1998	560 266	61 733	(396 745)	479 513	144 075	848 842	61 756
Exchange differences	–	–	–	58	–	58	17
Distribution of GP SA dividends	–	–	–	(61 568)	–	(61 568)	–
Distribution of subsidiaries dividends	–	–	–	–	–	–	(5 894)
Changes in scope of consolidation:							
New subsidiaries	–	–	51 956	(51 862)	–	94	4 494
Change in percentage interests	–	–	49	(1 963)	–	(1 914)	(9 687)
Other changes	–	–	–	(1 744)	–	(1 744)	2 071
Appropriation of 1998 earnings	–	–	–	144 075	(144 075)	–	–
Net income for 1999 fiscal year	–	–	–	–	165 007	165 007	21 200
Position as at 31 October 1999	560 266	61 733	(344 740)	506 509	165 007	948 775	73 957
Exchange differences	–	–	–	(39)	–	(39)	–
Distribution of GP SA dividends	–	–	–	(67 725)	–	(67 725)	–
Distribution of subsidiaries dividends	–	–	–	–	–	–	(7 980)
Change in scope of consolidation: new subsidiaries	–	–	635	(635)	–	–	4 965
Change in percentage of interests	–	–	71	(4 530)	–	(4 459)	(7 632)
Other changes	–	–	13	(967)	–	(954)	(1 046)
Appropriation of 1999 earnings	–	–	–	165 007	(165 007)	–	–
Net income for 2000 fiscal year	–	–	–	–	189 194	189 194	22 561
POSITION AS AT 31 OCTOBER 2000	**560 266**	**61 733**	**(344 021)**	**597 620**	**189 194**	**1 064 792**	**84 825**

Notes to the consolidated financial statements

KEY EVENTS OF THE FISCAL YEAR

Scope of consolidation

Main acquisitions

During the year ended 31 October 2000, the Partouche Group saw a considerable rise in the number of its consolidated companies, with the inclusion of 24 new companies. The main acquisitions were as follows:
- the acquisition of a majority stake in the Société Française de Casinos, a Group of nineteen companies that includes, inter alia, four casinos, three hotels, a spa company, a restaurant and two discothèques,
- acquisition of SA and SCI Lydia at Port-Barcares,
- acquisition of three companies in Aix-en-Provence, including the Hotel Aquabella.

The impacts of these new companies on the headings of the consolidated financial statements are detailed in the notes to the consolidated financial statements, whenever they generate significant changes.

Additional information on the identical scope of consolidation

It should be noted that some companies included within the scope of consolidation at 31 October 1999 did not show a full year's activities, or were companies starting up. This was the case with the Lyons Grand Casino, the San Roque Casino, the Bucharest Casino and the Hôtel International de Lyon.

Fixed Assets

This fiscal year saw the start of the construction of the new Aix-en-Provence Casino. The 2000 fiscal year was also marked by a considerable amount of fitting out and refurbishing works in some establishments, mainly Forges, Juan-les-Pins, Cannes and Lyons.

Extraordinary Items

Under the contract governing relations between the Hôtel International de Lyon and the firm in charge of the construction works, and after a 49 days delay was proved by reference to the revised delivery date, Hôtel International de Lyon claimed the application of the provisions of Clause 7.5.1 of the agreement, regarding delay penalties.
Despite confirmation by letter from the debtor company "to accept the consequences of its delay", the latter did not respond to the claim that had been submitted. Some months later, Hôtel International de Lyon issued a writ against that company, claiming the amount due under a strict application of the contractual provisions, i.e. total penalties of FF 59 328 882, in accordance with the ceiling of 30% of the contract value.
On 10 October 2000, the Lyons Commercial Court found against the debtor company, upholding the amount of FF 59 328 882 and ordering that company, urgency having been satisfactorily proved, to pay forthwith the sum of FF 25 000 000, notwithstanding any appeal, with a bank guarantee, as is normal practice.
On 31 October 2000, recognition of this transaction led to the recording of exceptional income relating to the application of the contractual provisions allowed by the Court at first instance, i.e. FF 59 328 882, and the recording of a provision totalling FF 34 328 882, reducing the positive impact on the income for the fiscal year to FF 25 000 000, which represents an amount that is less than the loss claimed by Hôtel International de Lyon.
However, as the debtor company has appealed against the Commercial Court decision, there is a resulting uncertainty as to the final amount that might be allowed to Hôtel International de Lyon on the final settlement of the dispute, which is the reason why provision has been made in the accounts.

ACCOUNTING PRINCIPLES, VALUATION AND CONSOLIDATION METHODS

Statutory and regulatory framework:
The consolidated financial statements of the Partouche Group comply with the provisions of the Act of 3 January 1985 and of its implementing decree of 17 February 1986.
The Partouche Group has not taken up the option of using, in its financial statements for the fiscal year commencing on 1 November 1999, the new methodology approved by the Comité de la Réglementation Comptable - CRC 99-02. The Group will apply these new regulations for the present fiscal year commencing 1 November 2000.

Consolidation methods

All subsidiaries over which the Group exercises directly or indirectly exclusive control are fully consolidated. After elimination of any internal profits or losses, this consolidation takes into account all the assets, liabilities, and income statement items of the relevant companies, distinguishing between the Group share and minority interests.

Those companies over which the Group exercises a joint control with other partners are consolidated by the proportional method, which consists of calculating in proportion to the level of control held by the Group, the assets, liabilities, income and expenses of the latter, showing minority interests, where relevant. This method is applied to the following companies:
S.A Casino de GRASSE;
S.C Casino de GRASSE.

Intangible fixed assets

Intangible fixed assets mainly comprise amounts of consolidated goodwill, the accounting principles of which are indicated in the next section.
Purchased goodwill, excluding development rights, of Group companies is written down over a period of 20 years. If the company's business activities were to decline, or if we found that some components of such goodwill were becoming obsolete, the amortisation period for such could be reviewed.
Start-up costs are generally written off over a 5-years period.
Patents and licences are written down on a straight-line basis over one to two years.
Other intangible fixed assets mainly consisting of software are depreciated over a period of one to three years.

Consolidated goodwill

Consolidated goodwill is the difference between the acquisition costs of interests and the percentage of net assets at the acquisition date, after deducting any specific items that may have been attributed to specific elements of assets and liabilities.
However, for those interests in existence as at 31 October 1992, the value of net assets on that date is applied, in the absence of any information about the acquisition date.
Thus the total of such amounts of consolidated goodwill constitutes a goodwill figure that is to be shown under intangible fixed assets.
In the casino business, external growth transactions (acquisitions, etc.) generate positive consolidated goodwill, since the activity of the acquired casinos is generally limited to table games. It is by taking account of future profitability, resulting in particular from the likelihood of obtaining slot machines, that the consolidated goodwill is justified, after deduction of any specific assets which may have been charged.

In accordance with Group accounting policy, consolidated goodwill is written off on a straight-line basis over a period of 20 years, in view of the long-term and beneficial nature of the investments concerned.
When the above criteria are not met, due to failure in obtaining licences to operate slot machines or, if their earning capacity proves to be lower than the initial forecast over a period of three consecutive years following the granting of said licences, then the Partouche Group undertakes to review its position regarding the remaining amortisation period for said goodwill.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at historical cost (acquisition price and expenses) or at production cost.
The property complex received from SIHB following the merger has been revalued at FF 3 393 for the land and FF 9 822 722 for the buildings.
This increase in value, resulting from a cautious assessment, is maintained in the consolidated financial statements.
The Group uses the straight-line method of depreciation, over the following expected useful lives:

Buildings	20 to 50 years
Plant and Equipment	5 to 10 years
Vehicles	4 or 5 years
Office and computer equipment	2 to 5 years

Moreover, slot machines within the Group are depreciated on a straight-line basis over five years.

Long-term investments

The acquisition cost of non-consolidated participating interests is compared with the quota-share of the shareholders' equity of these companies; with their likely realisable value when it is not planned to hold the assets on a long-term basis; or with the share of net asset value.

Inventories

Inventories are valued on a "first-in, first-out" basis.

Deferred tax

The Partouche 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 scopes.
Deferred tax assets relating to loss carry-forwards and to depreciation that is deemed to be deferred are only recognised if the tax entity is reasonably certain that it will recover such in later years.

Receivables

Receivables are recorded at their face value. A depreciation provision is set up whenever their inventory value, based on the likelihood of their being recovered, is less than book value.

Specific observations concerning the accounting rules and principles

a) Investment subsidies shown under shareholders' equity have been transferred to "prepaid income".
b) The KNOKKE casino is run by a non-profit making association: CLUB PRIVÉ (as required by Belgian law). It effects a "financial transfer" of all its income to S.A ECK at the year-end.
Therefore, in order to obtain an operating statement that gives a reliable picture of the Group's overall, the transferred net income has been replaced by all the income and expenses by which it is generated.
c) The chart of accounts for spa resort casinos (Order of 27 February 1984) requires the application of specific regulations as to the use of investment subsidies on tax levies.
d) In accordance with the casino chart of accounts, the Partouche Group provides for progressive jackpots at the end of the fiscal year.
e) Since 31 October 1997 year-end, and in order to comply with the recent interpretation of the chart of accounts applicable to spa resort casinos, Partouche Group casinos do not account for the inventory face values of counters and chips under cash at bank and in hand and other liabilities. Only counters and chips in circulation are recorded under other liabilities.
f) Since the year ended at 31 October 1999, the Group capitalises, in the assets of the company accounts of the subsidiary in question, the financing interest for investments exceeding FF 100 million and until said investments come into operation.

All figures are expressed in thousands of French francs

NOTE 1 - INTANGIBLE FIXED ASSETS

Change in gross values	31-10-99*	New subsidiaries**	Increase	Decrease	31-10-2000
Purchased goodwill	50 490	231	3 455	–	54 176
Consolidated goodwill	551 855	109 288	–	891	660 252
Other	27 603	6 258	9 894	2 484	41 271
Total	**629 948**	**115 777**	**13 349**	**3 375**	**755 699**

Amortisation	31-10-99*	New subsidiaries**	Increase	Decrease	31-10-2000
Purchased goodwill	13 930	188	911	180	14 849
Consolidated goodwill	118 619	4 030	28 229	223	150 655
Other	9 901	2 249	6 556	555	18 151
Total	**142 450**	**6 467**	**35 696**	**958**	**183 655**

Net values	31-10-99	31-10-2000
Purchased goodwill	36 559	39 327
Consolidated goodwill	433 237	509 596
Other	17 694	23 121
Total	**487 490**	**572 044**

** This includes exchange differences at the year-end for foreign companies.*

*** Effect at the dates on which new companies are consolidated for the first time.*

Comments

Besides the increase in consolidated goodwill, detailed below, the increase in intangible fixed assets may be broken down as follows:

- net change of FF 2,9 million in the "purchased goodwill" heading, FF 1,9 million of which relates to the inclusion of the company SFDD,
- net change of FF 5,4 million in the heading "Other intangible fixed assets" mainly due to the Bucharest casino totalling FF 3,9 million.

NOTE 2 - CONSOLIDATED GOODWILL

Summary of consolidated goodwill	Consolidated goodwill as at 31/10/2000			31/10/99
	Gross	Amortisation	Net	Net
Groupe Partouche SA	329 791	62 547	267 244	240 935
Forges Thermal	1 517	1 070	447	1 149
Elysée Palace Expansion	19 047	5 595	13 452	14 405
SFC	47 448	1 811	45 637	–
SIHCT	3 554	178	3 376	–
SCI Thermes	5 671	159	5 512	–
SEMCG	10 014	252	9 762	–
Groupe Partouche Belgium	53 755	9 628	44 127	46 815
SIKB	783	235	548	587
SATHEL	120 580	40 549	80 031	86 203
SEK	57 098	25 071	32 027	35 161
Aix Thermal	10 994	3 561	7 433	7 982
Consolidated total	**660 252**	**150 656**	**509 596**	**433 237**

Changes breakdown

Net value 1999	**433 237**
Increase	109 288
Groupe Partouche SA	
Acquisition of SCI Thermes & Thermpar'k securities	25 200
Acquisition of SA & SCI Lydia securities	20 601
Acquisition of Aix-en-Provence securities	2 471
Acquisition of SFC Division securities	28 408
SFC	
Acquisition of Chatel & Groupe SEMCG securities	32 608
Net decrease	(670)
Amortisation allowance	(32 259)
Net value 2000	**509 596**

NOTE 3 - TANGIBLE FIXED ASSETS

Changes in gross value	31-10-99*	New subsidiaries**	Increase	Decrease	31-10-2000
Land	76 506	1 091	1 960	121	79 436
Buildings	910 387	119 356	47 987	17 726	1 060 004
Machinery and equipment	332 061	87 511	49 120	18 506	450 186
Other tangible fixed assets	219 504	41 232	84 129	11 044	333 821
Outstanding Assets	13 794	1 730	48 642	21 516	42 650
Advances and prepaids	22 160	–	64 479	19 517	67 122
Total	**1 574 412**	**250 920**	**296 317**	**88 430**	**2 033 219**

Amortisation	31-10-99*	New subsidiaries**	Increase	Decrease	31-10-2000
Land	1 539	15	463	–	2 017
Buildings	198 104	39 089	35 876	1 432	271 637
Machinery and equipment	201 288	66 722	43 903	15 771	296 142
Other tangible fixed assets	99 530	18 663	31 095	7 298	141 990
Total	**500 461**	**124 489**	**111 337**	**24 501**	**711 786**

Net book value	31-10-99	31-10-2000
Land	74 923	77 419
Buildings	711 883	788 367
Machinery and equipment	130 579	154 044
Other tangible fixed assets	119 982	191 831
Outstanding assets	14 270	42 650
Advances and prepaids	22 159	67 122
Total	**1 073 796**	**1 321 433**

The following is a breakdown of the "Other tangible fixed assets" as at 31/10/2000:

	Gross value	Amortisation
Fixtures and fittings	267 976	105 304
Office furniture and equipment	59 294	32 760
Vehicles	6 435	3 921
Other	116	5
Total	**333 821**	**141 990**

** This includes the exchange differences at the year-end for foreign companies*

*** Effect at the dates on which new companies are consolidated for the first time.*

Comments

The considerable change in the headings of tangible fixed assets is due to a combination of circumstances:
- the consolidation for the first time of new companies: SFC Division, SEMCG Division, the division comprising the companies SCI Thermes, Therm'park and Aquabella, and the Lydia Division.
- substantial work on fitting out establishments such as, mainly, the Lyons Grand Casino (opening), Eden Beach Casino and Garden Beach (exterior decoration and opening of the hotel to the casino), Forges Casino (Relais du Bois des Fontaines) and Palm Beach.
- refurbishment and fitting-out of some casinos and hotels, which related, as regards the former, to an extension of its production plant (slot machines).

The impact of these companies on the headings of tangible assets are as follows:

In KF	New companies				Other companies			
	SFC/SEMCG The Casinos	SFC/SEMCG Other companies	SCI Thermes Division	Lydia Division	GCL	Garden	Forges	Other
Land	–	1 901	–	–	–	–	1 068	892
Buildings (1)	3 313	47 307	62 236	6 500	–	–	16 691	31 296
Machinery and equipment (2)	15 761	61 179	5 757	4 814	3 427	633	8 084	36 976
Other tangible fixed assets (3)	18 177	5 353	5 871	11 831	10 780	24 751	2 617	45 981
Outstanding assets (4)	253	1 477	–	–	105	–	434	48 103
Advances and prepaids (5)	–	–	–	–	215	–	–	64 264
Total	**37 504**	**116 407**	**73 864**	**23 145**	**14 527**	**25 384**	**28 894**	**227 512**

The main constituents of the "other" column are as follows :

(1) Mainly due to the ending of the work on the Bucharest casino (FF 7,2 million), the Dieppe casino (FF 4,8 million), and the construction of the hotel for the Gruissan casino (FF 9,6 million).

(2) These are amounts spread over all the consolidated companies.

(3) FF 38 million of this relates to fixtures and fittings, in particular FF 7,2 million for fittings in Juan-les-Pins casino, the remainder being spread over ten or so establishments to the extent of FF 3 million per establishment. The balance of other intangible fixed assets relates to the other items detailed above, spread over all the consolidated companies.

(4) These relate mainly to work in progress on fitting out Palm Beach (FF 37,4 million).

(5) These are advances and prepaids relating to the construction works on the new Aix-en-Provence casino.

NOTE 4 - LOANS

The following maturity dates apply:

	Total	– 1 year	1 to 5 years	+ 5 years
Gross	8 578	923	5 044	2 611
Provision	2 160			
Net	**6 418**			

The loan provision is mainly for the Aix-en-Provence casino (KF 1 973).

NOTE 5 - INVENTORIES

	31/10/99	31/10/2000
Gross	13 074	17 107
Provision	137	91
Net	**12 937**	**17 016**

NOTE 6 - TRADE RECEIVABLES

	31/10/99	31/10/2000
Gross	78 386	94 927
Provision	(21 649)	(27 037)
Net	**56 737**	**67 890**

The provision for diminution in value of these receivables mainly covers cheques or credit card payments for which payment is still outstanding, i.e. KF 24 078 for games.

NOTE 7 - DEFERRED TAX ASSETS

	31/10/99	31/10/2000
Losses available for carry forward	6 246	1 491
Depreciation treated as deferred	12 751	7 735
Employee profit-sharing	8 084	10 259
Other items	391	2 224
Total	**27 472**	**21 709**

The restored balance in the results of the Beaulieu and Juan-les-Pins casinos explains, respectively, the reduction in the items “Losses available for carry forward “ and
“ Depreciation treated as deferred “.
To be noted also is the activation in deferred taxation of earlier Jerba losses (FF 1 million), justified by its first year of profit.

NOTE 8 - OTHER RECEIVABLES

Comparison of gross values

	31/10/99	31/10/2000
Income tax	9 516	13 707
VAT	66 099	44 115
Other	3 146	4 542
Subsidies	9 369	8 219
Outstanding suppliers	6 463	6 049
Employee advances and prepaids	1 802	994
Social organisations	261	257
Other	137 874	134 030
Gross total	**234 530**	**211 913**
Provision	2 166	40 218
Net total	**232 364**	**171 695**

The new companies contributed for FF 13,7 million to the increase in other receivables.
The heading “Income tax” saw an increase due to the setting-up of tax consolidation divisions within the Group.
The heading “VAT” saw a reduction relating to the receipt of FF 38 million from the HIL receivable, which was mitigated by the new companies’ VAT receivable totalling FF 10,5 million. The balance is due to the deductible VAT relating to other companies’ investments during the fiscal year.
The provision for diminution in value of other receivables mainly comprises the provision of FF 35 million for the receivable from the company in charge of building the Hôtel International de Lyon (cf. “Key events of the year”).

NOTE 9 - TRANSFERABLE SECURITIES

	31/10/99	31/10/2000
Net amount	**111 084**	**47 123**

This mainly comprises SICAV mutual funds of FF 40,5 million, of which FF 35 million are in the accounts of Groupe Partouche SA, with the rest of the heading consisting of certificates of deposit, treasury bills and other transferable securities.
The market value of the whole is FF 47,5 million.

NOTE 10 - PREPAID EXPENSES

	31/10/99	31/10/2000
Net amount	**39 752**	**37 934**

The items of this heading are mainly of an operational nature and relate to the local authority charge of FF 14,3 million for the Cabourg casino.

NOTE 11 - DETAILS OF VARIATION IN CONSOLIDATED SHAREHOLDERS’ EQUITY

1997-98 fiscal year

The variation in the structure of consolidated shareholders’ equity mainly resulted from the changes in the scope of consolidation, due, on the one hand, to the Groupe Partouche SA acquisition of additional interests in S.A. Sathel, and on the other hand, the acquisition by Groupe Partouche Belgique of all the interests in the Belgian companies of the Knokke-Le-Zoute casino division.
The other differences are a result of the restructuring operations carried out in consolidated companies.
The change in the legal reserve and other reserves was caused by the appropriation of the successive amounts of accounting net income of Groupe Partouche SA.

1998-99 fiscal year

The main changes in Group’s shareholders’ equity structure resulted:
- on the one hand, from the inclusion of new subsidiaries in the scope of consolidation, specifically SA Cannes Balnéaire (Palm Beach), Elysée Palace Expansion, Elysée Palace SA, Groupe Partouche Roumanie and Casino Nuevo de San Roque;
- on the other hand , from the changes in the scope of consolidation resulting from buy-outs of minority interests in respect of the Forges, Vichy and SEK establishments.
The impact of these main changes is shown at the beginning of this section, in the changes in shareholders’ equity breakdown table.

1999-2000 fiscal year

The main changes in the structure of shareholders’ equity resulted:
- on the one hand, from the consolidation of new subsidiaries for the first time the SFC, SEMCG, Aix-en-Provence and Lydia Divisions,
- and, on the other hand, from the changes in the scope of consolidation following the buyouts of securities from Group minority interests in the establishments of the Aix-en-Provence casino.
The impact of these main changes is shown in the shareholders’ equity breakdown table at the beginning of this section.

NOTE 12 - CONTINGENCY AND LOSS PROVISIONS

Provisions for tax and employment disputes are calculated on the basis of the risks estimated by the subsidiaries on the basis of the information available to them at the end of the fiscal year.

Contingency provisions	31-10-99	31-10-2000
Tax and social audits	9 521	2 580
Litigation and disputes	5 288	6 016
Other provisions	3 698	4 454
Total	**18 507**	**13 050**

The decrease in this heading is mainly explained by the drawdown of the Sathel tax audit provision totalling FF 6,7 million.

Loss provisions	31-10-99	31-10-2000
Jackpot	1 376	1 469
Tax and social audits	5 000	5 462
Litigation and disputes	8 687	213
Other provisions	3 586	6 467
Total	**18 649**	**13 611**

The write-back of loss provision totalling KF 8 572 shown in 1999 and relating to industrial tribunal disputes within SA Cannes Balnéaire accounts for the decrease in this item.
The increase in the heading "Other provisions" results from the provision of FF 2 million set up in respect of the San Roque Casino relating to a dispute with the municipality in relation to an additional tax outside the contractual terms.

NOTE 13 - LOANS AND FINANCIAL LIABILITIES

Loans and overdrafts:

	31/10/99	31/10/2000	– 1 year	1 to 5 years	+ 5 years
Bank loans	668 644	754 153	129 720	423 592	200 841
Creditor bank accounts	157 409	27 913	27 913		
Total	**826 053**	**782 066**	**157 633**	**423 592**	**200 841**

Loans and other liabilities:

	31/10/99	31/10/2000	– 1 year	1 to 5 years	+ 5 years
Employee profit-sharing	30 600	36 862	1 909	34 953	–
Other	70 515	73 808		73 808	
Total	**101 115**	**110 670**	**1 909**	**108 761**	

The average rate for bank debt at the closing of the fiscal year was 5,52%.
Apart from accrued interest, fixed rate bank loans amounted to FF 344,5 million, compared with FF 405,3 million for those at a variable rate.
Fixed rate bank loans are at an average rate of 5,88% and variable rate loans are at an average rate of 5,21%.
Variable rate loans are subject to partial hedging of KF 50 000.

NOTE 14 - TAX AND SOCIAL LIABILITIES

	31/10/99	31/10/2000
Employees	19 186	20 979
Employee profit-sharing	22 054	27 894
Social agencies	22 614	29 124
Paid leave	26 348	34 642
Gaming levy - other taxes	154 965	162 682
Income tax	25 520	24 401
VAT	11 239	15 758
Total	**281 926**	**315 480**

The newly consolidated companies account for KF 18 in the increase in this heading.

NOTE 15 - PAYABLES OF FIXED ASSET

	31/10/99	31/10/2000
Payables on fixed assets and invoices not received	91 646	100 688
Payables on long-term investments	7 600	4 698
Warranty hold-backs	782	163
Total	**100 028**	**105 549**

NOTE 16 - OTHER LIABILITIES

	31/10/99	31/10/2000
Chips and counters in circulation	5 682	5 053
Levy applicable	7 786	6 782
Creditor clients	437	2 637
Administrator current accounts	1 655	24 601
Other	68 387	31 968
Total	**83 947**	**71 041**

An analysis of the heading "other" shows an increase in the amount due to the new companies totalling FF 31,7 million, and a decrease of FF 42,7 million in the other liabilities of companies already consolidated in 1999.
Particular note should be taken of the clearing of the liability to Valture in respect of the AGADIR Casino totalling FF 10,4 million.

NOTE 17 - PREPAID INCOME

This item includes mainly investment subsidies initially appearing in the net equity of consolidated subsidiaries.

	31/10/99	31/10/2000
Investment subsidies	52 046	55 091
Other	654	1 660
Total	**52 700**	**56 751**

The subsidies are produced by the applicable levy mechanism.
This applicable levy relates to the additional revenue earned by the casinos using the new progressive levy scale (27 November 1986), 50% of which must be earmarked for capital works designed to improve tourist facilities, as provided by Decree.

NOTE 18 - COMMITMENTS

There are no significant commitments in respect of leasing and retirement bonuses.

Off-balance sheet commitments

Commitments given	Amount
Guarantees	279 918
Collateral	230 773
Treasury department	15 235
Total	**525 926**

Commitments received	Amount
Guarantees	7 886
Collateral	28 728
Total	**36 614**

The collateral and guarantees constitute almost all the commitments given.
Financière Partouche, the majority shareholder previously gave a collateral security in connection with the bank commitments contracted by Groupe Partouche SA and its subsidiaries for the earlier acquisition of the participating interest in SFCMC.
At the end of the fiscal year, the number of the collateral shares was 74 866.

NOTE 19 - EXCESS DEPRECIATION PROVISIONS AND EXPENSES TRANSFERS

	31/10/99	31/10/2000
Excess depreciation provision	22 138	6 404
Expenses transfer	21 946	29 666
	44 084	**36 070**

This heading contains only current items and in particular for expense transfers, the position of salaries in kind and the gratuities paid to the employees of the Knokke casino.

NOTE 20 - OTHER PURCHASES AND EXTERNAL EXPENSES

	31/10/99	31/10/2000
Raw material purchases	36 347	49 416
Lease contract payments	728	1 944
Lease purchase payments*	1 004	1 168
Let property	36 523	32 629
Rented property	6 080	9 874
Occupancy expenses	3 561	4 065
Maintenance	28 459	38 744
Insurance	5 557	7 117
External staff	11 309	16 310
Fees	29 724	39 596
Advertising	58 079	84 323
Travel and entertainment	10 092	11 268
Telecommunications	6 887	8 610
Bank services	8 851	12 804
Other	29 508	46 685
Total	**272 709**	**364 553**

** Sathel only.*

Comments

An analysis of the changes highlights three components:
- The consolidation of the new companies (FF 31,7 million).
- The companies which did not see in N-1 a full year of operations, representing an increase of FF 35 million, notably the HIL Division, GCL (FF 18,9 million), and the casinos in Spain and Romania (FF 12,4 million).
- The increase in the other operating expenses of the companies already consolidated in N-1, including SA Forges-les-Eaux (FF 10 million).

NOTE 21 - EXTRAORDINARY ITEMS

	2000		
	Expenses	Income	Total
Extraordinary income management			71 356
Transfer of subsidies to income statement		980	
Other*		70 376	
Extraordinary income from capital transactions			11 934
Assignment of assets		3 894	
Subsidies quota-share		7 780	
Other income from capital transactions		260	
Excess provisions and expense transfers			20 398
Excess provisions		19 569	
Extraordinary expense transfers		829	
Total extraordinary income			**103 688**
Extraordinary operating expenses			(16 034)
Granted subsidies	(140)		
Penalties and Tax audits	(7 962)		
Other	(7 932)		
Book value of Assets sold and other capital losses			(4 027)
Book value of assets sold	(2 804)		
Other capital losses	(1 223)		
Extraordinary depreciation and regulated provisions			(36 271)
Provisions for tax and social litigation	(533)		
Other provisions*	(35 738)		
Total extraordinary expenses			**(56 332)**
Extraordinary net income			**47 356**

** This is the recognition in the accounts, as a result of the Lyons Commercial Court finding in favour of HIL against the company in charge of building the hotel, of extraordinary income of FF 59,3 million, with a provision against it of FF 34,3 million (cf. note "Key events of the year").*

NOTE 22 - DEFERRED INCOME TAX

During the fiscal year, some of the tax losses available for carry-forward of casino companies for which deferred taxation had been operated in the previous year were partly wiped off.

NOTE 23 - BREAKDOWN OF INCOME TAX

	1999			2000		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Ordinary income	412 532	(170 475)	242 057	408 020	(173 697)	234 323
Extraordinary income	4 731	(5 953)	(1 222)	47 355	(9 900)	37 455
Goodwill amortisation	(35 055)	–	(35 055)	(32 259)	–	(32 259)
Employee profit-sharing	(21 839)	7 566	(14 273)	(28 825)	8 008	(20 817)
Deferred taxes	–	(6 649)	(6 649)	–	(7 340)	(7 340)
Tax credits	–	1 349	1 349	–	394	394
Total	**360 369**	**(174 162)**	**186 207**	394 291	(182 535)	211 756

OTHER INFORMATION

1 - Breakdown by activity of the Group's turnover for the last three years

	1998			1999			2000		
	France	Abroad	Total	France	Abroad	Total	France	Abroad	Total
Games	873 003	37 934	910 937	1 006 980	46 770	1 053 750	1 164 621	58 734	1 223 355
Restaurants	110 029	13 514	123 543	138 460	14 288	152 748	191 237	15 096	206 333
Hotels	77 737	–	77 737	94 312	–	94 312	144 066	–	144 066
Tips-Gratuities	–	8 153	8 153	–	8 996	8 996	–	9 390	9 390
Discotheques	18 946	1 694	20 640	21 385	2 050	23 435	27 775	2 015	29 790
Entry fees to gaming rooms	13 279	1 887	15 166	14 080	1 947	16 027	14 477	2 126	16 603
Lettings	3 003	665	3 668	5 974	781	6 755	11 210	848	12 058
Other	21 040	1 441	22 481	24 695	1 441	26 136	54 925	843	55 768
Total	**1 117 037**	**65 288**	**1 182 325**	**1 305 886**	**76 273**	**1 382 159**	**1 608 311**	**89 052**	**1 697 363**

2 - Consolidated net earnings per share over the last three years

	1998	1999	2000
Net consolidated income (FF)	163 381 240	186 207 019	211 755 588
Number of shares	6 156 774	6 156 774	6 156 774
Net consolidated earnings per share (FF)	26,54	30,24	34,39

3 - Employees

The Group's companies employ 3 341 people, of which 242 are executives and 468 employed outside France.

4 - Exchange risk

The Partouche Group operates abroad via locally based subsidiaries: the Group's consolidated financial statements include nine companies outside France. Five companies located in Belgium, one in Morocco, one in Tunisia, one in Spain and one in Romania.
Overall, these companies account for 5,25% of the total turnover and do not subject the Group to significant exchange risk.

5 - Management remuneration

The remuneration of members of the Group's Executive Board totalled FF 5,3 million for the year ended 31 October 2000.

POST CLOSURE EVENTS

Since the drawing up of the balance sheets, no major event has occurred that is likely to have a significant impact on the financial statements.

Information on the Group's scope of consolidation

CONSOLIDATED COMPANIES

The following companies are consolidated by SA Groupe Partouche:

Companies	Head office	% Control	% Interest	Consolidation method
CASINOS				
SA CASINO DE SAINT AMAND	France	99,99	99,99	FC
SA GRAND CASINO DE CABOURG	France	99,96	99,96	FC
SA CASINO DU GRAND CAFE	France	61,95	61,83	FC
SA GRAND CASINO DE BEAULIEU	France	99,90	99,90	FC
SA FORGES THERMAL	France	58,75	58,75	FC
SA CASINO & BAINS DE MER DE DIEPPE	France	97,58	97,58	FC
SA JEAN METZ	France	99,20	99,20	FC
SA LE TOUQUET'S	France	90,05	90,05	FC
SA CASINOS DU TOUQUET	France	96,53	96,53	FC
SA CASINOS DE VICHY	France	99,92	91,67	FC
SA NUMA	France	98,60	98,60	FC
SA ECK	Belgium	100,00	99,90	FC
SA CASINO LE MIRAGE	Morocco	99,77	49,89	FC
SA LE GRAND CASINO DE DJERBA	Tunisia	85,00	84,92	FC
CASINO NUEVO DE SAN ROQUE	Spain	75,00	74,93	FC
GROUPE PARTOUCHE ROMANIA	Romania	99,00	98,90	FC
SA SATHEL	France	99,80	99,80	FC
SA CASINO MUNICIPAL DE ROYAT	France	98,00	97,80	FC
SA CASINO LE LION BLANC	France	99,79	99,59	FC
SA EDEN BEACH CASINO	France	99,74	99,54	FC
SA CASINO MUNICIPAL D'AIX THERMAL	France	99,45	99,33	FC
SA CASINO DES FLOTS BLEUS	France	99,96	99,29	FC
SA CASINO DE PALAVAS	France	99,97	99,79	FC
SA CASINO DE GRASSE	France	49,96	49,70	PI
SA GRAND CASINO DE LYON	France	99,98	93,98	FC
SA LCL France & Cie (CASINO CARLTON)	France	100,00	100,00	FC
SA PHOEBUS CASINO GRUISSAN*	France	99,89	49,95	FC
SA CASINO MONDORE*	France	99,74	49,87	FC
SA CASINO BOURBOULE*	France	99,72	49,86	FC
SA CASINO CHATEL GUYON*	France	99,80	35,24	FC
HOTELS				
SA ELYSEE PALACE HOTEL	France	99,80	91,55	FC
SA HOTEL INTERNATIONAL DE LYON	France	94,00	94,00	FC
SNC GARDEN BEACH HOTEL	France	100,00	99,55	FC
SNC EGH - LA PART DIEU	France	100,00	99,80	FC
SNC HOTEL DU GOLF	France	100,00	99,80	FC
SARL AQUABELLA*	France	99,80	99,80	FC
HOTEL CASINO PHOEBUS*	France	99,99	49,94	FC
SPLENDID HOTEL*	France	100,00	30,58	FC
OTHER COMPANIES				
SA CANNES BALNEAIRES (PALM BEACH)	France	99,97	99,97	FC
SA C.H.M.	France	93,29	86,18	FC
SARL SOCIETE IMMOBILIERE DE LA TOUR	France	98,00	98,00	FC
SA BARATEM	France	99,72	96,26	FC
SA HOLDING GARDEN PINEDE	France	100,00	100,00	FC
SCI HOTEL GARDEN PINEDE	France	100,00	100,00	FC
SCI RUE ROYALE	France	99,99	99,99	FC
ELYSÉE PALACE EXPANSION	France	99,84	91,59	FC
ELYSÉE PALACE SA	France	99,97	91,56	FC
SA GROUPE PARTOUCHE Belgique	Belgium	99,90	99,90	FC
SA SIKB	Belgium	100,00	99,90	FC
SPRL CASKNO	Belgium	100,00	99,90	FC
SPRL ARTMUSIC	Belgium	99,50	99,40	FC
SARL SEK	France	100,00	99,80	FC
SCI DE L'EDEN BEACH CASINO	France	100,00	99,80	FC
SCI PALAVAS INVESTISSEMENT	France	100,00	99,82	FC
SC DU CASINO DE GRASSE	France	50,00	49,74	PI
SA LYDIA*	France	97,30	97,30	FC
SCI LYDIA INVESTISSEMENT*	France	97,00	97,00	FC
SCI LES THERMES*	France	100,00	100,00	FC
SARL THERM'PARK*	France	100,00	100,00	FC
PORT LA NOUVELLE*	France	99,92	49,96	FC
SA GCJB*	France	100,00	50,00	FC
SARL SED*	France	99,90	49,95	FC
SARL SF2D*	France	99,90	49,95	FC
SA SFC*	France	50,00 + 1 vote	50,00	FC
SARL SIHCT*	France	97,54	48,77	FC
SCI MONTDORE*	France	99,00	48,28	FC
SCI PHOEBUS*	France	99,98	48,76	FC
SCI AZT*	France	99,00	49,45	FC
SA SEMCG*	France	61,22	30,61	FC
SCI FONCIERE GRANDS HOTELS*	France	100,00	30,67	FC
CIE THERMALE*	France	96,30	29,72	FC
CAFE CARMEN*	France	99,95	49,98	FC

An asterisk indicates newly consolidated companies.

(FC) Full consolidation (PI) Proportional integration

CHANGES IN PERCENTAGES HELD

	Percentage Control (98-99) (99-00)	Interest (98-99) (99-00)
SDT Saint-Saens	99,94	58,72
	Forges Merger	
SA Casino Aix-en-Provence	91,85	91,73
	99,45	99,33
SA Casino La Ciotat	99,96	91,69
Les Flots Bleus	99,96	99,29
SA Casino Grasse	49,96	47,04
	49,96	49,70
SC du Casino Grasse	50,00	47,08
	50,00	49,74
SA Élysée Palace Hôtel	70,00	39,75
	99,80	91,55
Groupe Partouche Participation	98,00	98,00
	GP SA Merger	
Groupe Partouche International	99,90	97,90
	99,90	99,90
Groupe Partouche Romania	99,00	96,92
	99,00	98,90
Casino Nuevo San Roque	75,00	73,43
	75,00	74,93
Eck	100,00	97,90
	100,00	99,90
Caskno	100,00	97,90
	100,00	99,90
SIKB	100,00	97,90
	100,00	99,90
Artmusic	99,50	97,41
	99,50	99,40
SA Casino Le Mirage	99,40	97,32
	99,77	49,89
SA Grand Casino de Djerba	85,00	83,22
	85,00	84,92

All the newly consolidated companies were acquired during the fiscal year and such companies had not therefore been previously consolidated. The percentages of control and interests are indicated in the above table.

MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

Newly-consolidated companies

As at 31 October 2000, the following companies are fully consolidated in the financial statements:
- the companies in the SFC Group and SARL Aquabella (Aix-en-Provence) - 12 months,
- Thermes and Therm'Park (Aix-en-Provence) SCI - 10 months,
- Lydia SA and SCI - 9 months,
- companies acquired by SFC (SEMCG) - 6 months.

Buy-out of minority interests

On 3 February 2000, the Partouche Group bought out a minority shareholder in SA SCMAT (Société du Casino Municipal d'Aix Thermal in Aix-en-Provence) i.e. 7,60% of SCMAT's capital. Following which the Group's holding in SCMAT rose from 91,85% to 99,45%.

IMPACT OF CHANGES IN THE GROUP'S SCOPE OF CONSOLIDATION

The inclusion of companies in the scope of consolidation as at 31 October 2000 had the following impact on the consolidated income statement:

Turnover	119 258
Ordinary income before tax	8 891
Consolidated net income	7 232

NON-CONSOLIDATED PARTICIPATING INTERESTS

Companies regarded as insignificant in terms of their turnover, total balance sheet, net assets and income; those, which are not intended to be held long-term, and those, whose financial statements could not be obtained in time, are not consolidated.

Companies	Gross values	Provi-sions	Net values	Percentage held	Shareholders' equity 31/10/00	Net income 31/10/00	Turnover 31/10/00	Guaran-tees	Loans & advances	Reason for non-conso-lidation
SA Casino Alvignac	187	–	187	75%	51	(14)	–	–	46	Dormant
SA Casino Morsbronn	493	–	493	75%	(487)	(35)	–	–	507	Dormant
SA Casino Trinité	499	–	499	99,84%	268	(232)	–	–	10	Dormant
Société Fermière du Casino, Municipal de Cannes (source: Consolidated financial statements y/e 31/10/99)	231 608	–	231 608	15,76%	227 885	(3 589)	419 013	–	–	Holding of less than 20%
Other	5 623	998	4 625	–	–	–	–	–	–	Dormant or insignificant interest
Total	**238 410**	**998**	**237 412**							

Movements under this heading break down into the increase in various interests totalling KF 2 892 relating to interests in dormant companies or non-material holdings particularly in respect of the Jerba casino (KF 2 498) and the SFC & SEMCG division (KF 394).

Report of the Statutory Auditors on the consolidated financial statements

As at 31 October 2000

Dear Sir, Dear Madam,

In accordance with the Terms of the assignment your Annual General Meeting entrusted us, we have examined the financial statements of Groupe Partouche S.A., drawn up in French francs, and relating to the accounting period ended 31 October 2000, as attached to this report.

Your Executive Board has drawn up the consolidated financial statements.

It is our responsibility, on the basis of our audit, to express an opinion on the said financial statements.

We have performed our audit in accordance with the professional standards that are applicable in France; such standards require the necessary steps be taken in order to ascertain that the consolidated financial statements do not incorporate any significant misstatements. An audit consists of examining, on a test basis, the evidence supporting the data contained in the said financial statements. It also consists of an evaluation of the accounting principles that have been followed and of the material estimates used in drawing up the financial statements, and of an evaluation of the overall manner in which they are presented. We consider that our checks provide a reasonable basis for the opinion expressed below.

We certify that the consolidated financial statements, drawn up in compliance with the accounting rules and principles applicable in France, have been prepared in accordance with the law and in good faith, and give a true and fair view of the net assets and of the financial position, as well as of the profits or losses of the whole constituted by the undertakings included in the consolidation.

Furthermore, we have also carried out a check of the information given in the Group Management Report, in accordance with the professional standards applicable in France. We have no comment to make as to the good faith of such and its consistency with the consolidated financial statements.

Paris - La Défense and Sceaux, 16 March 2001

José DAVID

KPMG Audit
KPMG S.A. Department

Maïr FERERES
Partner

Draft Resolutions

submitted to the Annual General Meeting
and the Extraordinary General Meeting held on Monday 2 April 2001 at 10.00 a.m.

WITHIN THE JURISDICTION OF THE ANNUAL ORDINARY GENERAL MEETING

First resolution: Approval of the financial statements - Final Discharge

The General Meeting, having heard the reports of the Executive Board, the Supervisory Board and the Statutory Auditors, approves the inventory and the annual financial statements, namely the balance sheet, the income statement and the notes to the accounts as at 31 October 2000, as submitted to them, as well as the transactions reflected in these statements and summarised in these reports. The General Meeting therefore grants final discharge to the members of the Executive Board in respect of the performance of their duties for the said fiscal year.

Second resolution: Appropriation of earnings

The General Meeting resolves that the net profit for the fiscal year of FF 190 928 651,00 (€ 29 106 885,21), be appropriated as follows:

Net income for the year	190 928 651,00 F
i.e.	29 106 885,21 €
5% to the legal reserve	9 546 433,00 F
i.e.	1 455 344,33 €
Balance	181 382 218,00 F
i.e.	27 651 540,88 €
Dividends payable to shareholders	67 724 514,00 F
i.e.	10 324 535,60 €
i.e. FF 11,00 (1,68 €) per share.	
The balance	113 657 704,00 F
i.e.	17 327 005,28 €

is appropriated in full to "balance brought forward", which amounts to FF 169 411 918 (i.e. € 25 826 680,41).
The net dividend per share is FF 11 (i.e. € 1,68) and the corresponding tax credit FF 5,50 (i.e. € 0,84) for the shareholders entitled thereto, i.e. a gross dividend of FF 16,50 (i.e. € 2,52).
This dividend may be payable at the end of the Meeting and by 30 April 2000 at the latest.
As provided by the Law, the General Meeting formally records that the amount of dividend distributed for the last three years, together with the corresponding tax credits, were as follows:

Year ended	Net dividend in F.F. and in euros	Dividend tax credit in F.F. and in euros
31 October 1997	55 410 966,00 F 8 447 347,31 €	27 705 483,00 F 4 223 673,66 €
31 October 1998	61 567 740,00 F 9 385 941,46 €	30 783 870,00 F 4 692 970,73 €
31 October 1999	67 724 514,00 F 10 324 535,60 €	33 862 257,00 F 5 162 267,80 €

Third resolution: Agreements referred to in Article L. 225-86 of the new Commercial Code (formerly Article 143 of the Company Act of 24 July 1966).

The General Meeting having heard the special report of the Statutory Auditors on the agreements referred to in Article L. 225-86 of the new Commercial Code (formerly Article 143 of the Company Act of 24 July 1966), and ruling on this report, hereby approves in succession each of the agreements set out therein.

Fourth resolution: Establishment of a procedure enabling the company to buy its own shares pursuant to Article L. 225-209 of the new Commercial Code (formerly Article 217-2 of the Company Act of 24 July 1966).

The General Meeting, acting subject to the conditions as to the quorum and majority required for Ordinary General Meetings, having heard the report of the Executive Board and the report of the Statutory Auditors and having duly noted the information note approved by the Securities and Investment Board, authorises the Executive Board, pursuant to the provisions of Article L. 225-209 of the new Commercial Code (formerly Article 217-2 of the Company Act of 24 July 1966), to acquire a number of shares representing 10% of the number of shares comprising the share capital, that is to say a maximum 615 677 shares, for a total amount not exceeding € 61 567 700.
The General Meeting resolves that these acquisitions may be used, inter alia, for the purposes of regulating the share price, the delivery of shares by way of exchange for external growth operations or for any other purpose that is in the company's interest.
The General Meeting resolves to fix at 100 euros or FF 655,96 the maximum share price at which the company may effect such acquisitions.
The minimum price of an assigned share shall not be lower than 50 euros or FF 327,98. Purchases, assignments and transfers of shares may be effected by any means.
These prices shall be fixed subject to adjustments relating to any transactions involving the capital of the company.
This authorisation is granted for eighteen months.
The Executive Board shall provide shareholders, in its report to the Annual General Meeting, with information relating to purchases, assignments, and transfers of shares so made.

Fifth resolution: Powers

The General Meeting grants full powers to the bearer of copies or extracts of this minute to complete any legal formalities.

WITHIN THE JURISDICTION OF THE EXTRAORDINARY GENERAL MEETING

Sixth resolution: Conversion into Euros of the nominal value of the 6 156 774 shares constituting the share capital

The General Meeting, having heard the report of the Supervisory Board, resolves to convert into Euro units the nominal value of the 6 156 774 shares constituting the share capital which currently amounts to FF 91 by application of the official Euro conversion rate i.e. 1 Euro = 6,55957 francs.
The new nominal value shall therefore be 13,87 euros.

Seventh resolution: Conversion of the share capital into euros by increasing the nominal value of the shares and capitalisation of reserves

The General Meeting resolves to increase the nominal value of the 6 156 774 shares constituting the share capital by the sum of 0,13 euros, i.e. from 13,87 euros to 14 euros, and consequently the share capital by an amount of 782 768,75 euros (i.e. FF 5 134 626,38), to increase it from 85 412 067,25 euros to 86 194 836 euros, by transfers from the following headings of reserves:

Amount of capital increase	
by capitalisation reserves	5 134 626,38 F
i.e.	782 768,75 €
The sum of	931 363,19 F
i.e.	141 985,40 €
is transferred from the heading	
"special war reserve" the balance left on which	0,00 F
Balance of amount to be transferred	4 203 263,19 F
i.e.	640 783,34 €
The sum of	1 929 743,05 F
i.e.	294 187,43 €
is transferred from the heading "special	
revaluation reserve" the balance left on which is	0,00 F
Balance of amount to be transferred	2 273 520,14 F
i.e.	346 595,91 €
The sum of	4 086,16 F
i.e.	622,93 €
is transferred from the heading "inventory	
renewal fund" the balance left on which is	0,00 F
Balance of amount to be transferred	2 269 433,98 F
i.e.	345 972,98 €
The sum of	2 269 433,98 F
i.e.	345 972,98 €
is transferred from the heading	
"other reserves" the balance left on which is	20 032 490,27 F
i.e.	3 053 933,45 €
i.e. the amount of the increase in capital	
by capitalisation of reserves of	5 134 626,38 F
i.e.	782 768,75 €

Eighth resolution: Correlative amendment to the Memorandum and Articles of Association

The General Meeting, as a consequence of the adoption of the above resolutions, resolves to amend Clause 7 of the Memorandum and Articles of Association as follows:

Clause 7 - Share capital

The share capital shall be fixed at the sum of 86 194 836 euros (eighty-six million, one hundred and ninety-four thousand, eight hundred and thirty-six euros).

It shall be divided into 6 156 774 shares with a nominal value of 14 euros each, fully paid.

Ninth resolution: Resolution to increase the share capital by the issue of any types of transferable security with retention of the preferential right to subscribe and delegation of power to the Executive Board for this purpose

The General Meeting, acting in the form of an Extraordinary General Meeting, having formally noted the report of the Executive Board and the special report of the Statutory Auditors and pursuant to the provisions of the new Commercial Code and in particular Article L. 225-129 (formerly Article 180 of the Company Act of 24 July 1966) thereof:

• cancels the authorisations conferred upon the Executive Board by the Extraordinary General Meeting of shareholders held on 4 April 2000, pursuant to the provisions of Article L. 225-129, paragraph III, sub-paragraph 3 (formerly Article 180-III sub-paragraph 3 of the Company Act of 24 July 1966), for the purpose of issuing any types of transferable security with retention or removal of the preferential right of subscription;

• resolves the principle of the share capital increase by the issue of transferable securities giving access, immediately and/or in the future, to shares in the company and delegates to the Executive Board any powers that are necessary for the purposes of effecting, on one or more occasions, in the proportion and at the times that it shall determine, an issue of transferable securities giving access, immediately and/or in the future, to shares in the company;

• resolves that the share capital shall not, under this delegation, be increased immediately and/or in the future, in excess of 250 000 000 euros, unless due to adjustments that may be effected pursuant to the Law;

• resolves that the nominal amount of the debt securities that are able to be issued under this delegation shall not exceed 300 000 000 euros;

• resolves that shareholders may exercise, as provided by the Law, their fixed preferential right of subscription for shares and that the Executive Board may establish for the benefit of shareholders a fixed right to subscribe for excess shares not taken up, which shall be exercised in proportion to the entitlements and within the limit of their applications. If the subscriptions under the fixed right and, where appropriate, the subscription for excess shares, have not absorbed the whole of an issue of transferable securities, the Executive Board may avail itself, in the order that it shall determine, of one or more of the following powers:

- to restrict the issue at the time of the subscriptions provided this reaches at least three-quarter of the issue decided upon,
- to allot unrestrictedly all or some of the securities that have not been subscribed to,

• formally notes that this delegation involves as of right, for the benefit of the holders of transferable securities giving access in the future to share capital that may be issued, the waiver by the shareholders of their preferential right of subscription to shares to which such transferable securities give entitlement;

• delegates full powers to the Executive Board, with power to sub-delegate to its Chairman subject to the conditions established by law, for the purposes, inter alia, of determining the dates and terms of the issues as well as their form and features,

and the date from which entitlement to income accrues on, the transferable securities to be issued under this delegation, determine the prices and terms of the issues, fix the amounts to be issued and, more generally, take any steps and enter into any agreements that are necessary for the successful completion of the issues that are contemplated, record the capital increase resulting from each issue and amend the Memorandum and Articles of Association accordingly.
Delegates in addition full powers to the Executive Board to establish the features of any debt securities that may be issued. The delegation so conferred upon the Executive Board shall be valid for a period of twenty-six months from this Meeting.

Tenth resolution: Decision to increase the share capital, with removal of the preferential right of subscription, by the issue of shares and of warrants and/or transferable securities, giving access, immediately and/or in the future, to shares in the company and delegation of power to the Executive Board for this purpose.

The General Meeting, acting in the form of an Extraordinary General Meeting, having taken formal note of the report of the Executive Board and of the Special Report of the Statutory Auditors and pursuant to the provisions of the new Commercial Code and in particular of Article L. 225-129 (formerly Article 180 of the Company Act of 24 July 1966) thereof, as well as of Articles L. 225-148, L. 225-150 and L. 228-93 of the new Commercial Code (formerly respectively Articles 193-1, 194-1 and 339-3 of the Company Act of 24 July 1966):
• resolves the principle of the capital increase and delegates to the Executive Board the powers necessary for the purpose of effecting such increase, on one or more occasions, in the proportion and at the times that it shall see it fit, on the French market, by a public call for capital, either in euros, or in foreign currencies, or in any other unit of account established by reference to a set of currencies, by an issue by the Company of shares and of warrants and/or of transferable securities giving access, immediately and/or in the future, to shares in the company, whether this is by subscription, conversion, exchange, repayment, presentation of a warrant or in any other manner; with the stipulation that such securities may be issued for the purposes of remunerating securities that could be contributed to the Company as part of a public offer in respect of securities meeting the terms laid down in Article L. 225-148 of the new Commercial Code (formerly Article 193-1 of the Company Act);
• establishes at twenty-six months from this General Meeting the term of validity of this delegation;
• resolves to limit the amount of authorised issues that the Executive Board might avail itself of under this delegation, as follows:
- the maximal nominal amount of the shares that may be so issued, whether directly or on presentation of securities which do or do not represent debts, shall not exceed the ceiling of 250 000 000 euros (two hundred and fifty million euros) or the exchange value of this amount to which will be added the total nominal value of the shares to be issued where necessary to protect the rights of such securities pursuant to law,
• resolves to remove the preferential right of subscription of shareholders to securities subject of this resolution, such securities being able to be issued by the company itself or a company in which it holds directly or indirectly more than half of the capital, leaving however to the Executive Board the power to confer upon shareholders, for a period and in accordance with the terms that it shall establish and for all or part of an issue that has been made, a priority of subscription which does not give rise to negotiable rights;
• resolves that if the subscriptions of the shareholders and of the public have not absorbed the whole of an issue of transferable securities, the Executive Board may avail itself, in the order that it shall determine, of one and/or another of the powers hereafter:
- to restrict the issue to the amount of the subscriptions, provided this reaches at least three-quarters of the issue decided upon,
- allot without restriction all or part of the securities that have not been subscribed to,
• takes formal note that this delegation shall involve for the benefit of the holders of transferable securities other than autonomous warrants to subscribe for shares and debentures or bonds convertible into shares, a waiver by shareholders of their preferential right of subscription to the securities to which such transferable securities give entitlement; decide, in the event of the issue of autonomous warrants to subscribe for shares or of debentures or bonds convertible into shares, to remove, for the benefit of their holders, the preferential right of subscription of shareholders in respect of the securities to which such transferable securities give entitlement;
• resolves that the sum due or that may subsequently be due to the company for each of the shares for cash issued or to be issued within the framework of this delegation shall be at last equal to the minimum value established by law, that is to say currently the average of the initial prices listed for the share on the Premier Marché (monthly settlement) of the Paris Stock Exchange for 10 consecutive business days chosen from the last 20 business days preceding the commencement of the issue of the shares and/or securities which give entitlement thereto, after, where appropriate, adjustment of that average in the event of a difference in the dates from which income accrues, with the stipulation that in the event of an issue of autonomous warrants to subscribe for shares in the company, the sum received by the company on the subscription to the warrants will be taken into account in the calculation;
• resolves that the Executive Board shall have full powers to implement, subject to the terms established by the Law, this delegation for the purposes inter alia of:
- determining the terms of the issue(s), in agreement, where necessary, with the competent bodies of the subsidiary companies,
- deciding the amount to be issued, and the issue price as well as the amount of the premium which may, where appropriate, be demanded on the issue,

- determining the dates and terms of issue, the nature and the form of the securities to be created, which may, inter alia, take the form of subordinated securities or no, for a term certain or not, fix the rates of interest on loan securities, their method of repayment including by way of exchange or delivery in lieu of an obligation of any assets or securities, their redemption prices fixed or variable with or without premium,
- determining the method of paying for the shares and/or securities issued,
- deciding that the balance of the issues that has not been subscribed will be allotted totally or partially at its behest or that the amount of the issue will be restricted to the amount of the subscriptions received, with the stipulation that the Executive Board may use, in the order that it shall deem fit, the above powers or only one of such.
- establishing, where necessary, the terms for exercising the rights attached to the securities issued or to be issued and, in particular, fix the date, even retrospectively, from which income will accrue on the new shares, as well as any other terms and conditions for effecting the issue,
- establishing the terms, where appropriate, for redemption or exchange of the securities issued or to be issued,
- providing for the power to suspend where necessary the exercise of the rights attached to the securities issued for a maximum period of three months,
- more particularly, in the event of an issue of securities for the purposes of remunerating securities contributed as part of a public exchange offering;
. establishes a list of the securities contributed to the exchange,
. establishes the terms of issue, the exchange parity and the amount of the cash balance to be paid,
. determines the terms of issue in the context either of a public exchange offering, of an alternative purchase or exchange offering, or of a primary public purchase or exchange offering accompanied by a special public exchange offering or a public purchase offering,
- on its sole initiative, set off the costs of increases in the share capital against the amount of the premiums relating thereto and deduct from this amount the sums that are needed to bring the legal reserve up to one-tenth of the new capital after each increase,
- generally, enter into any agreement, in particular to achieve a successful completion of the issue that is contemplated, adopt any measures and carry out any formalities needed hereon and the financial servicing of these securities issued under this delegation and for the exercise of the rights that are attached thereto, record the capital increase(s) made by using this delegation and amend the Memorandum and Articles of Association accordingly.

Eleventh resolution: Decision to increase the share capital by capitalising reserves, income, premiums, etc. whose capitalisation would be allowed and delegation of power to the Executive Board for that purpose.

The General Meeting having heard the report of the Executive Board:

• resolves the principle of increasing the capital by capitalisation of reserves, income, premiums, etc. that would be allowed to be capitalised and delegates to the Executive Board any powers that are necessary for the purposes of increasing the share capital, on one or more occasions, in the proportion and at the times that it shall determine, by capitalisation of reserves, income, premiums, etc. whose capitalisation would be allowed, or by a combination with an increase in cash subject to the conditions of the ninth resolution, by means of an allotment of bonus shares or an increase in the nominal value of the existing shares of by a combination of both operations;
• resolves that the share capital increase, under this delegation, shall not exceed 250 000 000 euros;
• delegates full powers to the Executive Board, with power to sub-delegate to its Chairman on the terms established by law, for the purpose, inter alia,
- of determining the terms and conditions of the transactions contemplated hereon, fix the amount and the nature of the reserves and premiums to be capitalised, fix the number of new shares to be issued or the amount of the increase in the nominal value of the existing shares, establish the date from which income accrues, even retrospectively, on the new shares or of the increase in the nominal value,
- of deciding, where appropriate, by derogation from the provisions of Article L. 225-149 of the new Commercial Code (formerly Article 194 of the Company Act of 24 July 1966) that rights to fractions will not be negotiable and that the relevant shares will be sold, the sums deriving from the sale being allotted to the holders of the rights thirty days at the latest after the date of entry in their account of the full number of shares allotted,
- of taking any steps and enter into any agreements necessary to the successful completion of the transactions envisaged and, generally, do all that is necessary, complete any acts and formalities for the purposes of finalising the capital increases made under this delegation and make any corresponding amendments to the Memorandum and Articles of Association.
The delegation thus conferred on the Executive Board shall be valid for a period of twenty-six months from this meeting.

Twelfth resolution: Ceiling for issues of transferable securities

The General Meeting, having heard the report of the Executive Board, resolves to fix at 250 000 000 euros the maximum nominal amount of the capital increases, immediate and/or future, that may be made by virtue of the authorisations conferred by the ninth, tenth and eleventh resolutions above, ignoring adjustments that may be effected pursuant to the Law.

Thirteenth resolution: Powers

The General Meeting grants full powers to the bearer of copies or extracts of this minute to complete any legal formalities.

The Supervisory Board, which met 12 times during the 2000 fiscal year, organised its work through three committees: the Audit, the Finance and the Remuneration Committees.
The various committees meet under the chairmanship of Mr. Isidore PARTOUCHE, who coordinates and runs them with the collaboration of Mr. Hubert BENHAMOU, Chairman of the Executive Board, together with Mr. Ari SEBAG and Mr. Patrick PARTOUCHE, both Managing Directors and members of the Executive Board.
The committees can rely, through the members of the Executive Board, on the collaboration and involvement of the various staff departments of the Group. In connection with their tasks, they may use or bring in, as authorised by the Supervisory Board, the outside specialists or advisors they deem necessary.

Audit Committee

The Audit Committee effects an annual and half-yearly examination of the company 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.

Finance Committee

The task of the Finance Committee is to examine planned disposals of real estate or investments, or the setting-up of guarantees or securities, so as to enable the Supervisory Board issue the necessary authorisations prescribed by the Law.

Remuneration Committee

The Remuneration 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.

REMUNERATION ALLOTTED TO THE EXECUTIVE AND SUPERVISORY BODIES

The total remuneration paid to the Executive and Supervisory bodies during the fiscal year ended 31 October 2000 amounted to KF 3 191. No directors' fees were allotted to members of the Supervisory Board.

DESCRIPTION OF THE COMPANY AND ITS SUBSIDIARIES

Consolidated turnover

Breakdown of consolidated turnover:

	France	Other countries	Total	
Games	1 164 621 089	58 734 434	1 223 355 523	72,07%
Restaurants	191 236 718	15 096 337	206 333 055	12,16%
Hotels	144 066 119	–	144 066 119	8,49%
Tips-Gratuities	–	9 390 270	9 390 270	0,55%
Discotheques	27 774 681	2 015 214	29 789 895	1,76%
Entry fees to Gaming Room	14 477 248	2 126 229	16 603 477	0,98%
Property Let	11 209 799	847 903	12 057 702	0,71%
Other	54 925 383	841 899	55 767 282	3,29%
TOTAL	**1 608 311 037**	**89 052 286**	**1 697 363 323**	**100%**

Breakdown of turnover by main activities and geographical areas (in FF)

Companies	Total	Games	Hotels	Restaurants	Other
SATHEL	259 131 784	226 050 978	1 425 750	17 497 413	14 157 643
FORGES THERMAL	198 672 313	145 696 641	22 260 750	22 573 382	8 141 540
AIX THERMAL	131 269 446	124 090 393	–	2 230 852	4 948 201
SAINT-AMAND	98 762 215	91 940 899	–	5 435 074	1 386 242
EDEN BEACH CASINO	77 339 740	68 184 259	–	6 060 556	3 094 925
LCL FRANCE ET CIE	73 603 747	58 765 739	–	10 337 466	4 500 543
CASINO ROYAT	59 452 286	54 532 965	–	2 638 928	2 280 393
GARDEN BEACH HOTEL	57 132 829	–	42 810 703	11 208 714	3 113 412
SA HIL	56 613 331	–	27 208 967	24 805 432	4 598 933
CASINO PALAVAS	51 924 315	49 275 709	–	987 653	1 660 953
EGH PART-DIEU	50 492 099	–	28 109 234	20 096 084	2 286 782
CASINO LE LION BLANC	39 189 360	31 734 172	–	2 606 725	4 848 464
SACBM	39 067 380	33 008 433	720 128	4 140 961	1 197 858
KNOKKE (Belgium Division)	37 215 678	16 578 017	–	10 474 219	10 163 443
GRUISSAN	35 442 987	29 589 598	793 463	3 244 278	1 815 648
TOUQUET'S	35 168 940	32 455 882	–	1 575 364	1 137 695
GRAND CAFE	35 106 032	27 836 608	–	6 511 702	757 721
CASINO BEAULIEU	34 458 761	29 260 092	–	3 320 966	1 877 703
JEAN METZ	26 886 789	24 292 739	–	2 594 050	–
CASINO DES 4 SAISONS	25 904 457	21 624 533	–	3 305 659	974 265
CASINO CABOURG	25 218 559	20 016 053	–	3 729 355	1 473 151
CASINO VICHY	24 411 896	22 427 549	–	45 351	1 938 996
NUMA	21 508 552	20 277 253	–	572 928	658 371
LES FLOTS BLEUS	20 959 455	19 981 016	–	497 766	480 674
DJERBA	20 809 435	15 782 578	–	3 182 863	1 843 994
SEMCG	20 698 940	–	–	–	20 698 940
SA PALM BEACH	18 614 092	–	–	13 752 387	4 861 705
AQUABELLA	18 592 295	–	11 420 946	6 003 460	1 167 889
CASINO SAN ROQUE	16 986 523	12 060 338	–	2 454 519	2 471 666
HOTEL GOLF	12 046 948	–	5 443 024	5 869 663	734 261
CASINO LE MIRAGE	11 249 198	11 166 762	–	82 436	–
CHATEL-GUYON	9 638 327	8 804 551	–	411 609	422 167
BOURBOULE	9 361 995	7 997 104	–	1 357 366	7 525
MONT-DORE	8 164 482	6 571 531	–	1 592 952	–
CASINO GRASSE	7 099 674	6 643 444	–	420 562	35 668
SPLENDID	5 400 277	–	3 873 155	–	1 527 122
GCL	4 790 028	3 562 952	–	222 252	1 004 824
SFDD	4 333 842	–	–	2 006 794	2 327 048
SA LE LYDIA	4 154 566	–	–	833 893	3 320 672
BUCAREST	3 940 177	3 146 740	–	6 368	787 069
EPSA	1 180 010	–	–	260 346	919 664
THERM'PARK	848 422	–	–	–	848 422
BARATEM	833 411	–	–	775 850	57 561
PORT LA NOUVELLE	824 725	–	–	1 288	823 437
SCI LES THERMES	750 003	–	–	–	750 003
GPE PARTOUCHE	720 064	–	–	–	720 064
SED	633 962	–	–	353 124	280 838
CAFE CARMEN	254 446	–	–	254 446	–
SCI RUE ROYALE	211 511	–	–	–	211 511
CHM	134 412	–	–	–	134 412
AZT	124 416	–	–	–	124 416
SCI MONT-DORE	34 000	–	–	–	34 000
SC CASINO GRASSE	193	–	–	–	193
TOTAL	**1 697 363 323**	**1 223 355 522**	**144 066 119**	**206 333 055**	**123 608 626**

Description of the competitive environment

The casinos sector in France has shown a relatively recent trend towards concentration.
Of the 166 licensed casinos in France, more than half are operated by groups and the others by individuals.
The main groups are as follows:

Name of Groups	Number of casinos operated in France	Gross Gaming Revenue (GGR) 2000 (In FF) (1)
Groupe Partouche	25	2 160 667 989
Groupe Barrière (o)	13	1 915 611 976
ACCOR Casinos (o)	12	1 284 165 947
Groupe Européenne de Casinos (o)	16	997 640 510
Groupe Tranchant (o)	15	964 670 126
Groupe Prudential (formerly Moliflor) (o)	11	718 613 428
Aaron/Didot Bottin (o)	2	505 682 272
Groupe Hayot/Ernoult (o)	4	288 498 403
Groupe Emeraude (o)	7	262 899 754

(1) Gross gaming revenue or GGR is the gaming receipts before levies and taxes.

Source: Syndicat des Casinos Modernes de France.

Description of main clients (o)

Beginning of the 1990s, French casinos experienced a real revolution due to the authorisation of operating slot machines.
Their potential clientele, which traditionally consisted of a happy fews of high-income such as tradesmen, liberal professions, and people with independent means ready to play high stakes, now includes the whole of the working population who before would have bet on the horses or played the Lottery.
Consequently, casino attendance figures have seen exponential growth and the vast majority of clients have an average monthly gaming budget of a few hundred francs.
The clientele over 50 and retirees now constitutes the main segment. The steady growth in this slice of the population moreover seems to be a guarantee of further expansion in the business.

Suppliers (o)

The casino business is very heavily regulated.
All suppliers of game equipment and fittings are subject to an approval by the Minister of the Interior, ensuring that the draconian standards of compliance are met.
This applies, inter alia, to suppliers of slot machines (Bally France, Ludi), roulette cylinders (Caro), table game counters (Bourgogne and Grasset) and slot machine tokens (La Monnaie de Paris), and management information systems (M.I.S.).

Description of human resources by categories (average workforce)

Categories	31 Oct. 1998 (n – 2)	31 Oct. 1999 (n-1)	31 Oct. 2000 (n)
Management & Executives	166	186	242
Supervisors and technicians	105	128	137
Employees	1 976	2 200	2 849
Workers	98	111	113
Total	**2 345**	**2 625**	**3 341**

ANALYSIS OF RISKS TO THE COMPANY

Risks from foreign exchange rates

The activities of Groupe Partouche abroad are carried on through subsidiaries which operate in their local countries; the consolidated financial statements thus include nine foreign companies. Five companies are located in Belgium, one company in Morocco, one company in Tunisia, one company in Spain and one company in Romania. The whole represents only 5,25% of total turnover and the Group does not suffer any material foreign exchange risk. There is consequently no hedging of foreign exchange risk.

Legal risks

Groupe Partouche has not, during the last fiscal year or since, been the subject of any proceeding that is likely to have a material impact on its financial position.

INVESTMENT POLICY

The investment flow achieved during the 2000 fiscal year is noticeably down compared with 1999: indeed the significant programme that begun with the construction of the Lyons Cité Internationale complex, then the creation of the San Roque casino and now continuing with the building of the new Aix-en-Provence casino, is on its way to completion in the current fiscal year. There remain the contemplated investments relating to the creation of new casinos on a more modest scale (such as Alvignac and La Trinité-sur-Mer) and those, relatively recurrent, relating to changes in the existing casinos. Thus, excluding external growth, projected investments planned over the next three fiscal years amount, respectively, to FF 180 million, FF 150 million and FF 150 million.
External growth continues year by year and was seen in 2000 in the acquisition of the Société Française de Casinos Division; the Partouche Group, which has the advantage of low gearing, intends to continue to pursue this course in the years to come.
France is still the major target of such investments and an increasing attention will be given to projects abroad that are of a longer term profitability.

EXTRAORDINARY EVENTS AND DISPUTES

The dispute over ownership of the land of which SA CANNES BALNEAIRE is the long-term tenant until 2027, gave rise to a Court decision at first instance, ordering a stay of the proceedings concerning the title to this land. The claimant joint owners' association appealed against this decision. No final decision will be given for several years. Generally, there is no dispute or arbitration that is likely to have an appreciable impact on the financial position, the business, the net assets or the income of the company or of the Group.

GENERAL INFORMATION ON THE GROUP

Description of the Group

Groupe Partouche operates 30 casinos. 25 are operated in France and 5 abroad.
72,1% of Group's turnover are achieved from gaming, which remains the dominant activity.
The locations of the 25 casinos in France and 5 other casinos abroad that are operated by the subsidiaries of the Partouche Group are broken down as follows:

FRANCE

Regions	Location/Communes
North / Pas-de-calais	Saint-Amand-les-Eaux, Boulogne-sur-Mer, Le Touquet, Calais, Berck-sur-Mer
Upper Normandy	Forges-les-Eaux, Dieppe
Lower Normandy	Cabourg
Rhone-Alps	La Tour de Salvagny, Lyons, Saint-Galmier
Auvergne	Vichy (Elysée Palace and Grand Café), Royat, La Bourboule, Le Mont-Dore, Châtel-Guyon
Languedoc - Roussillon	Gruissan
Hérault	Palavas-les-Flots
Provence - Alps - French Riviera	Cannes, Juan-les-Pins, Beaulieu, Aix-en-Provence, La Ciotat, Grasse

ABROAD

Country	Location
BELGIUM	Knokke le Zoute
TUNISIA	Djerba
SPAIN	San Roque
ROMANIA	Bucharest
MOROCCO	Agadir

Internal organisation of the Group

SA Groupe Partouche is the holding company of a set of companies whose business is mainly oriented to leisure, casinos, restaurants, dancing and bars. It is the parent company, listed on the Premier Marché of the PARIS Stock Exchange (SICOVAM code 5354).
Groupe Partouche assumes a management role for the whole Group, and all of its resources are devoted to running and managing the subsidiary companies. It provides its subsidiaries with services listed in a Head Office service agreement. Such services are, inter alia, financial services, marketing, technical assistance, staff training and recruitment, administrative services, legal support and secretarial services, financial management services, accounting support and central purchasing.
The fixed remuneration paid by each subsidiary to Groupe Partouche is calculated in terms of a fixed amount based on 2% of tax-exclusive turnover. For the fiscal year ended 31 October 2000, the total amount received in this regard was KF 31 435 excluding taxes.

Company performance-related pay

There has to date been no company performance-related pay or profit-sharing contract for employees within SA Groupe Partouche.

Number and duration of casino operation concessions

A casino operation concession in France never lasts more than 18 years. Today, we have 30 indirect or direct subsidiaries of Groupe Partouche that hold a concession contract to operate a casino. Of such companies, 25 have obtained a ministry gaming licence. Of the other five, we are waiting for a gaming licence from the Ministry of the Interior for two establishments.
Two significant concessions expire this year.

GENERAL INFORMATION ON THE CAPITAL

Share capital - (Clause 7 of the Memorandum and Articles of Association)

The share capital is of FF 560 266 434. It is divided into 6 156 774 shares, of a single class, with a nominal value of 91 francs each, all fully paid.

Crossing of thresholds in the Memorandum and Articles of Association and sanctions in the event of non-compliance with such disclosures - (Clause 12 of the Memorandum and Articles of Association)

The shareholders, pursuant to Article L. 233-7 of the new Commercial Code § 5 (formerly Article 356-1 §5 of the Company Act), must notify the company of the number of shares held directly or indirectly, alone or in concert, whenever their holding crosses the threshold fixed at 2% of the share capital or a multiple of this latter percentage.
In the event of non-compliance with this further obligation to disclose, shares exceeding the non-disclosed fraction will be deprived of their voting rights at the request, recorded in the minutes of the General 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 or secondary market.

Authorisation for the company to repurchase its own shares

By a decision of the Annual Ordinary General Meeting of 24 April 1998, we were given for the first time authorisation to repurchase the company's own shares pursuant to the provisions of Article 217-2 of the Company Act of 24 July 1966. This authorisation, for a period of 18 months, which was not used, expired on 23 October 1999.
The Extraordinary General Meeting of 26 March 1999 authorised the Executive Board, pursuant to the provisions of Article 217-2 of the Company Act of 24 July 1966, to acquire a maximum of 10% of the number of shares constituting the share capital. This authorisation for a period of 18 months, which was not used, expired on 25 September 2000.
The Ordinary General Meeting of 4 April 2000 authorised the Executive Board pursuant to the provisions of Article 217-2 of the Company Act of 24 July 1966 to acquire a maximum of 10% of the number of shares comprising the share capital. This authorisation lasting 18 months, has been used, but to a non-material extent. This authorisation expires on 3 October 2001.

Capital authorised but not issued

The Executive Board has the following authorisations granted by the Extraordinary General Meeting of 4 April 2000, which could lead to the issue of securities with rights to acquire shares.

Nature of transaction authorised by the EGM of 4 April 2000	Duration of authorisation (1)	Maximum amount In FF	Maximum amount In euros	Terms
Capital increase				
In cash	3 August 2002	426 372 050	65 000 000	With preferential right of subscription Without preferential right of subscription
By capitalisation of reserves, premiums or profit	3 August 2002	426 372 050	65 000 000	
By issue of debt securities	3 August 2002	983 935 500	150 000 000	With preferential right of subscription Without preferential right of subscription

(1) 26 months from the Extraordinary General Meeting of 4 April 2000.

Changes in share capital during the past five years

Years (from 1 November 1995 to 31 October 2000)		Capital variations (in FF) Nominal	Capital variations (in FF) Premium	Successive Total capital (in F.F.)	Cumulative number of shares
1996				470 623 790	5 171 690
1997	EGM of 4 April 1997 Capital increase by contribution in kind (ratification of the contribution agreement of 10 008 shares held by Mr. Lucien WILMS from SA SATHEL to Groupe Partouche SA	89 642 644	304 390 956	560 266 434	6 156 774
1998				560 266 434	6 156 774
1999				560 266 434	6 156 774
2000				560 266 434	6 156 774

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

Main shareholders at February 2000	Number of shares held	% of capital	% of votes (3)
FINANCIÈRE PARTOUCHE SA (1)	3 855 500	62,62%	62,62%
SOGESIC SARL (2)	284 500	4,62%	4,62%
PARTOUCHE Family	267 543	4,35%	4,35%
Sub-total	4 407 543	71,59%	71,59%
Public (4)	1 749 231	28,41%	28,41%
TOTAL	**6 156 774**	**100,00%**	**100%**

(1) SA FINANCIÈRE PARTOUCHE is a family holding company.

(2) SARL SOGESIC is a central purchasing office for the Group.

(3) There are no double voting rights.

(4) Of whom Mr Lucien Wilms, holding 6,19% of the capital, and the company EEM (Belgium), holding 7,74% of the capital have been specifically identified.

As far as the company is aware, there are no other shareholders holding 5% or more of the share capital or voting rights apart from those indicated above.
Employees hold no shares.

Changes in the breakdown of the share capital during the past 3 fiscal years

Identity of main shareholder groupings	31 October 1998 (n-2)	31 October 1999 (n-1)	31 October 2000 (n)
Financière Partouche SA	62,62%	62,62%	62,62%
SOGESIC SARL	4,62%	4,62%	4,62%
Partouche Family	4,49%	4,48%	4,35%
Sub-total	**71,73%**	**71,72%**	**71,59%**
Public	28,27%	28,28%	28,41%
TOTAL	**100,00%**	**100,00%**	**100,00%**

Shareholders' agreement

There are no shareholders' agreements as far as the company is aware.

Potential capital

There are no other securities apart from those indicated above.

Options

There have been no stock option plans to date.