GROUPE PARTOUCHE

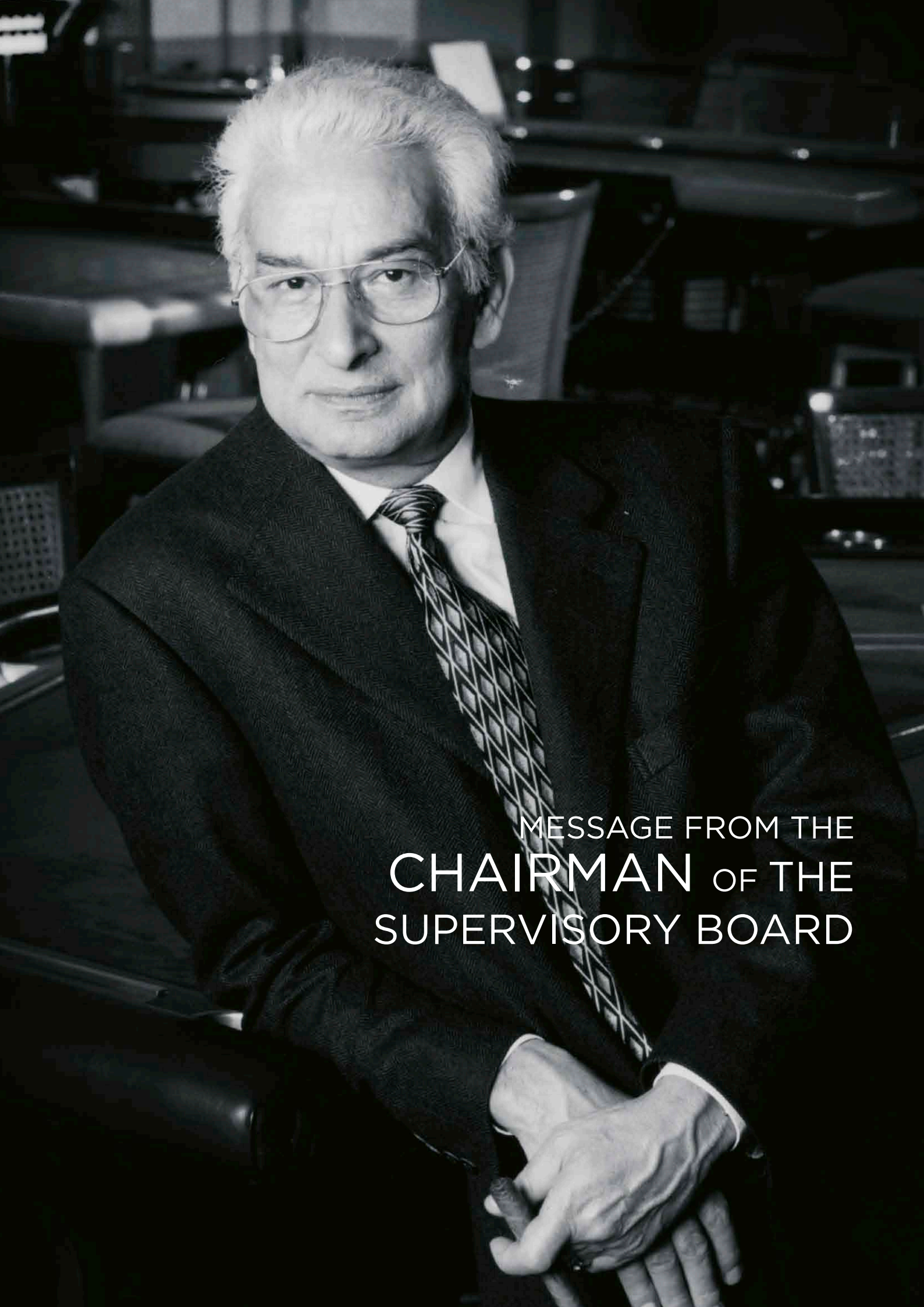


ANNUAL REPORT 2010

MESSAGE OF THE CHAIRMAN OF THE SUPERVISORY BOARD

MESSAGE OF THE CHAIRMAN OF THE EXECUTIVE BOARD

FINANCIAL REPORT 2010



MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

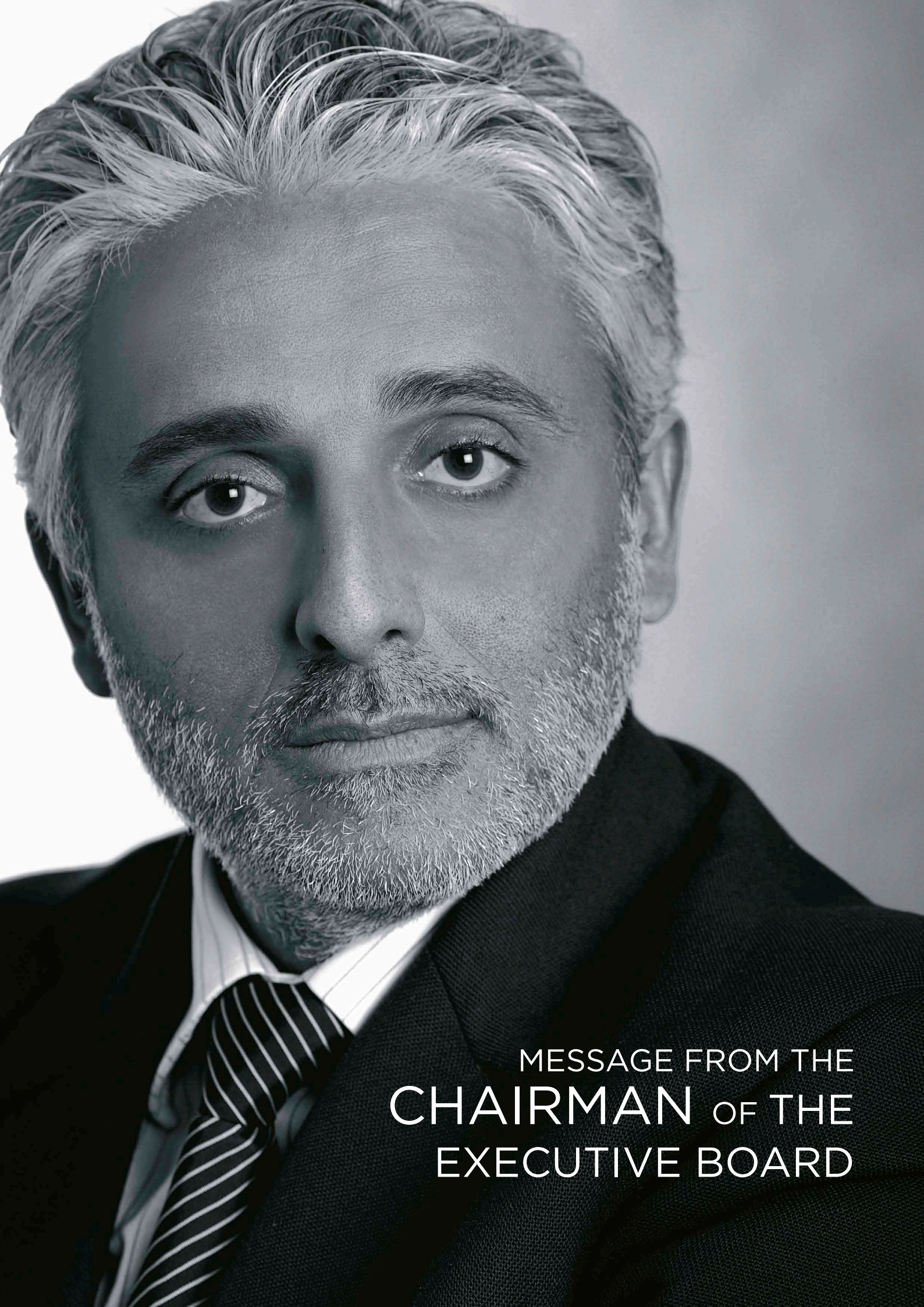
The Group's performance over the past year testifies to our efforts in facing up to the crisis that has beset the gaming sector. We can now say that after coming through this very trying period, we are advancing slowly but surely towards a better horizon.

This encouraging observation is a tribute to the Executive Board's sound judgement over the last two years and the Herculean work on the part of the teams on which it relies day in, day out, throughout the Group.

After having turned a difficult corner, I am now fully convinced that, together, we have the ability and the drive to continue moving in the direction of a future which looks more serene.

Thank you for your support.

Isidore Partouche



MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE BOARD

Groupe Partouche, Year «0»

We are confident that this year will see our Group's fortunes restored, a year in which a promising outlook will emerge for a Group that has been sorely tested these past few years...

Following a series of negotiated changes the Group's financial commitments to its banks have been adapted and we are now able to focus on a business plan that takes full advantage of a new era in gaming, an era we had already anticipated some years ago.

Of course, we had to make some sacrifices, given the heritage of more opulent times gone by, entailing the closure of establishments with no growth potential that weighed on the Group's financial position. It is my deep regret that our Beaulieu staff had to pay the price of an industry that has been overseen in a haphazard manner for too long and for the short-sightedness of a mayor who was unable to find a workable solution to maintain a going concern.

Despite some loosening of the restrictions on our sector, we must continue more than ever before, to remain vigilant as to the prospect of any sudden changes regarding tax, social security or regulatory measures that the government might decide to take and that could prove fatal for our business.

As the Chairman of this Group, I am accustomed to receiving jibes, criticism and often even being called into question. But we must not let this alter our judgement or our convictions. On the contrary, we must remain faithful to what we have been over the last decades:

- gaming experience deliverers, who were not only the first to have established the casinos of tomorrow, with our Pasinos, but also other avant-garde successful innovations, such as outdoor gaming rooms;
- forerunners whose introducing Megapot led to 15 lucky players winning more than 22 million euros in less than two years;
- professionals whose perseverance has established Partouche Poker Tour as one of the world's leading international tournaments, without forgetting the 390,000 players that our casinos played host to at 25,000 tables;
- lastly, strong believers that the complementarity of the Group's website www.partouche.fr and its more traditional gaming channels is where the future lies and that this will enable Partouche to be the sole pure-French player to challenge the incomers to our market!

The pride I have in being Groupe Partouche's Chairman remains undiminished. I should like to pay a resounding tribute to all of my colleagues. First, I thank the members of the Executive Board for their day-to-day support and for their steadfastness in facing down the storm. I also extend my thanks to our 6,000 staff who, each day, maintain a mindset that is reflected in the determination of our ambassadors, the Losc football club, who are currently leading the French championship league, thanks to their will to win... and above all to play well!

Patrick Partouche



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PERSONS RESPONSIBLE 01

1.1 Person responsible for the registration document

M. Patrick Partouche, Chairman of the Executive Board.

1.2 Certifying statement by the person responsible for the registration document

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

To the best of my knowledge, I certify that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the company's assets, financial position and profit or loss, as well as those of all consolidated companies, and that the information in the management report (see Reconciliation Table on page 216 of this document) presents a true and fair view of the development of the business, results and financial position and those of all consolidated companies, as well as describing the main risks and uncertainties to which they are exposed.

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

The statutory auditors issued a report on the Group's consolidated financial statements for the financial period ended 31 October 2010, set out on page 196 of the registration document, and containing an observation:

> *'Without qualifying the opinion given above, we wish to draw your attention to Note 2 « accounting policies and valuation methods « in the Notes to the financial statements, setting out a modification in the goodwill estimation'.*

The statutory auditors issued a report on the Group's parent-company financial statements for the period ended 31 October 2010, as set out on page 197 of the registration document.

The statutory auditors issued a report on the Group's consolidated financial statements for the period ended 31 October 2009 set out on page 178 of the registration document filed with the AMF on 26 February 2010 - reference number D10-0069; this report contains an observation.»

> *'Without qualifying the opinion given above, we wish to draw your attention to Note 17 «Current and non-current financial borrowings» in the Notes to the financial statements, setting out the reclassifications between current and non-current borrowings performed on bank borrowings at 31 October 2008 and 2009, pursuant to standard IAS 1 and in accordance with the debt restructuring agreement signed with the banking pool during the financial year ended on 31 October 2009'.*

The statutory auditors issued a report on the Group parent-company financial statements for the period ended 31 October 2009, set out on page 179 of the registration document; this report also contains an observation.

> *'Without qualifying the opinion given above, we wish to draw your attention to Note 2.6 in the Notes to the financial statements, setting out the change in the breakdown by maturity of bank borrowings between maturities at less than one year and those at more than one year, pursuant to the agreement concluded in October 2009 with the banking pool concerning the syndicated loan'.*

The statutory auditors issued a report on the Group's consolidated financial statements for the period ended 31 October 2008 set out on page 166 of the registration document filed with the AMF on 5 March 2009 - reference number D09-098; this report contains an observation.

> *'Without qualifying the opinion given above, we wish to draw your attention to Note 17 in the Notes to the financial statements, setting out the reclassification of the syndicated loan' at 31 October 2008 as current borrowings'.*

The statutory auditors issued a report on the Group parent-company financial statement for the period ended 31 October 2008, set out on page 167 of the registration document; this report also contains an observation.»

> *'Without qualifying the opinion given above, we wish to draw your attention to Note 2.20 in the Notes to the financial statements setting out the reclassification at bank borrowings maturities at less than one year pursuant to the syndicated loan at 31 October 2008'.*

Patrick Partouche
Chairman of the Executive Board

02 AUDITORS

2.1 Statutory auditors

IDENTITY OF THE STATUTORY AUDITORS	PROFESSIONAL BODY	DATE OF THE LAST RENEWAL	DATE OF FIRST APPOINTMENT	END OF TERM
PRINCIPAL				
MCR Baker Tilly 232 avenue du Prado 13008 Marseille	Independant member of Baker Tilly France	AGM 20 April 2010	AGM 24 April 2007	AGM called to approve the financial statements for the year ending 31 October 2015
PRINCIPAL				
France Audit Expertise 148 boulevard Malesherbes 75017 Paris			AGM 20 April 2010	AGM called to approve the financial statements for the year ending 31 October 2015
SECONDARY				
Orfis Le Palais d'Hiver 149 bd de Stalingrad 69100 Villeurbanne	Independant member of Baker Tilly France	AGM 20 April 2010	AGM 24 April 2007	AGM called to approve the financial statements for the year ending 31 October 2015
SECONDARY				
M. José David 47 avenue du Président Franklin Roosevelt 92330 Sceaux			AGM 20 April 2010	AGM called to approve the financial statements for the year ending 31 October 2015

SELECTED FINANCIAL INFORMATION 03

The tables below present extracts of the Group's balance sheet and income statement for the financial year ended 31 October 2008, 2009 and 2010 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

INCOME STATEMENT €000 AT 31 OCTOBER (EXCEPT DATA PER SHARE)	2010	2009	2008
Turnover	478 126	452 993	481 678
Current operating profit	47 821	29 036	30 135
Operating profit	(25 945)	21 230	34 159
Total net profit	**(50 041)**	**(6 816)**	**(4 466)**
Of which, Group share	(58 054)	(16 679)	(8 485)
Net earnings per share attributable to the Group	(1,128)	(0,387)	(0,197)
Dividend distributed per share	-	-	-

EBITDA €000 AT 31 OCTOBER	2010	2009	2008
Consolidated Ebitda	**95 486**	**76 992**	**79 101**
% of Turnover	19,97 %	17,00 %	16,42 %

ASSETS €000 AT 31 OCTOBER	2010	2009	2008
Non-current assets	727 459	830 350	859 620
Current assets	152 542	131 596	120 881
Available for sale assets	1 245	-	-
TOTAL ASSETS	**881 246**	**961 946**	**980 501**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	2010	2009	2008
Equity attributable to the Group	314 902	297 377	297 358
Minority interests	29 961	28 917	29 200
Total Equity	344 863	326 294	326 558
Total non-current liabilities	248 472	467 805	185 445
Total current liabilities	287 003	167 847	468 497
Held for sale liabilities	907	-	-
TOTAL LIABILITIES AND EQUITY	**881 246**	**961 946**	**980 501**

CASH FLOW STATEMENT €000 AT 31 OCTOBER	2010	2009	2008
Cash flow from operating activities	66 522	34 951	43 202
Cash flow from investing activities	(24 825)	(13 463)	(38 260)
Cash flow from financing activities	(13 857)	(11 062)	(67 784)
CLOSING CASH POSITION	**107 596**	**78 856**	**68 759**

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2010	2009	2008
Casinos	431 557	406 071	430 915
Hotels	31 917	32 594	39 840
Interactive Division	7 529	7 498	2 982
Other	7 123	6 831	7 941
TOTAL TURNOVER	**478 126**	**452 993**	**481 678**

CASINOS €000 AT 31 OCTOBER	2010	2009	2008
GGR of table games	88 226	81 973	76 795
GGR slot machine revenue (real)	613 531	634 667	711 119
TOTAL GGR	**701 757**	**716 640**	**787 914**
Levies	360 216	382 040	433 250
In % of GGR	51,3 %	53,3 %	55,0 %
NET GAMING REVENUE	**341 542**	**334 600**	**354 664**
Number of slot machine in France	5 743	5 543	5 967

HOTELS AT 31 OCTOBER	2010	2009	2008
Number of hotels	19	19	19
Number of rooms	1251	1251	1251
Occupancy rate	54,36 %	48,36 %	53,59 %

RISK FACTORS 04

The company carried out a review of the risks which could have a significant negative impact on its business activity, financial position and results, and believes that there are no significant risks other than those disclosed. In particular, it examined the liquidity risk related to the reimbursement of the syndicated loan, complying with its financial covenant commitments and its financing the La Ciotat, Bandol and La Grande Motte Pasinos (cf. §5.2.3), for which partial external funding is being sought. Given, in particular, the changes made to the syndicated loan agreement as part of the rider signed on 25 January 2011, as presented below, in light of this review, the company considers that it is in a position to honour its repayments falling due during the course of the next twelve months.

4.1 Financial Risks

The data analyzed in this paragraph have been audited.

4.1.1 LIQUIDITY RISK

Liquidity risk, as analysed by the company, concerns all financial debt. A breakdown of financial debt by type and maturity date can be found in Note 17 §20.2.1 of the notes to the consolidated financial statements for the financial year ended 31 October 2010. Readers may also refer to Note 13 §20.2.1 Cash and cash equivalents in the notes to the consolidated financial statements for the financial year ended 31 October 2010.

SYNDICATED LOAN

A significant proportion of the financial debt is made up of a syndicated loan, which was subject to a first restructuring during the course of the 2009 financial year.

As part of a framework agreement aiming to substantially increase its equity and fund its investment programme, Groupe Partouche entered into an agreement with its banking pool to modify its syndicated loan; it also called upon Financière Partouche and Butler Capital Partners to launch a capital increase of 30 million euros underwritten by Butler Capital Partners (BCP) which will see BCP take an equity stake in Groupe Partouche.

A rider was thus signed on 25 January 2011 to amend the repayment terms for the Tranche A debt, the applicable bank interest margins and the terms of application of the surplus cash flow clause.

Moreover, Groupe Partouche and its Banking Pool agreed that the definition of the consolidated excess cash flow and of the financial ratios to be applied will be revised not later than 30 May 2011, taking into account the new financial situation of the Group.

1. Repayment terms

The principal amount outstanding of €293.1m, as at 31 October 2010, comprises three tranches:

Tranche A debt of €100.1m: amortised as assets are divested, it expires on 31 October 2011. Through the rider of 25 January 2011, a revised repayment schedule for the Tranche A debt was obtained, to take into account the contextual difficulties attached to the sale of assets intended by the Group. This Tranche A debt was converted into an amortisable tranche debt with the following repayment schedule:

	IN EUROS	
REPAYMENT DATE	INITIAL SCHEDULE	NEW SCHEDULE
31/10/2011	100 083 000	
31/10/2012		5 000 000
31/10/2013		15 000 000
31/10/2014		25 000 000
31/10/2015		55 083 000

The applicable annual interest rate is equal to Euribor for the period plus the bank interest margin.

The interest margin applied to the Tranche A debt, which is currently an annual rate of 5%, will, upon completion of the capital increase in 2011, be reduced to 4.0% per year, then to 3.0% once 30 million euros of the debt has been

repaid, then to 2.5%, once 60 million euros of the debt has been repaid.

Tranche B debt of €100.0m: repayment will be made in 10 half-yearly instalments of €10m.

The applicable annual interest rate is equal to Euribor for the period plus the bank interest margin.

The margin for Tranche B debt is:

- 3.25% per year until 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed early, before 31 October 2011);
- 4.00% per year for the period beginning 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011). This rate ceases to apply as of 31 October 2013;
- 5.50% per year from 31 October 2013.

As of the completion of the capital increase planned for 2011, the margin will be reduced to 3.0%, until the debt has been fully reimbursed.

Tranche C debt of €93.0m: due on maturity, i.e. 31 October 2015.

The margin for Tranche C debt is:

- 3.50% per year until 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011);
- 4.25% per year for the period beginning 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011). This rate ceases to apply as of 31 October 2013;
- 5.75% per year as of 31 October 2013.

As of the completion of the capital increase planned for 2011, the margin will be reduced to 3.25%, until the debt has been fully reimbursed.

As of 25 January 2011, the date on which the rider was signed, the repayment schedule for the whole of the remaining outstanding amount of the syndicated loan of 293,083,000 euros has been amended as follows:

	IN EUROS	
ANNUAL REPAYMENTS IN F/Y ENDING	INITIAL AMOUNT	NEW AMOUNT
31/10/2011	120 083 000	20 000 000
31/10/2012	20 000 000	25 000 000
31/10/2013	20 000 000	35 000 000
31/10/2014	20 000 000	45 000 000
31/10/2015	113 000 000	168 083 000

2. Financial ratios

Groupe Partouche is required to respect coverage ratios for its financial expenses, fixed costs and debt over rolling 6-month and 12-month periods. Pursuant to the contract, the financial covenant commitments were amended following the separation of the scale of levies during the course of financial year 2010.

DEFINITIONS

R1 financial expense coverage:

The ratio of restated consolidated EBITDA to consolidated net financial expenses must be greater than or equal to:

- 2.4x at 31 October 1010
- 2.5x at 30 April 2011
- 2.6x at 31 October 2011

R2 fixed cost coverage:

The ratio of consolidated available cash flow to consolidated debt servicing costs must be greater than or equal to:

- 1x at 31 October 2010
- 1x at 30 April 2011
- 1x at 31 October 2011

R3 gearing:

The ratio of consolidated net gearing to restated consolidated EBITDA must be less than or equal to:

- 4.2x at 31 October 2010
- 3.8x at 30 April 2011
- 2.8x at 31 October 2011

CALCULATION OF RATIOS AT 31 OCTOBER 2010

R1 calculation:

Restated consolidated EBITDA is consolidated EBITDA less the EBITDA attributable to Forges Thermal, Casino Lac Meyrin and Casino Crans-Montana which is allocated to minority shareholders of these companies.

	Group Ebitda	Forges Minority	Meyrin Minority	Crans Minority	Adjusted Ebitda
% of minorities		40,8 %	60 %	43 %	
In €M	95,5	1,7	8,3	2,7	82,8

Net financial expenses are the net interest payments on all financial and bank debt.

Cost of debt: -€17.4 m

+ interest rate hedging costs: -€3.6m

+ investment revenue: €0.6m

= Net financial expenses: €20.4m

R1: 82.8 / 20.4 = 4.06

R2 calculation:

Consolidated debt servicing cost is the sum of (a) net interest paid in respect of debt, and (b) net amortisation of debt.

Net financial expenses: €20.4m

Bank debt 2010: €298.9m

- Bank debt 2009: €307.0m

= Change in debt: €8.1m

Debt servicing cost: €28.4m

Consolidated available cash flow represents the net cash flow (as disclosed in the consolidated cash flow statement in the Group's half-yearly and annual financial statements), adjusted for consolidated debt servicing costs.

Change in cash position: €28,7m

+ Debt servicing costs €28.4m

= Available cash flow: €57.2m

Ratio 2: 57.2 / 28.4 = 2.01

CR3 calculation:

Debt is defined as the Group's borrowings plus any accrued interest, restated capital leases, bank overdrafts, i.e. bank debt as defined in Groupe Partouche's annual and half-yearly financial statements less the share of debt attributable to minority shareholders of Forges Thermal, Casino Lac Meyrin and Casino Crans Montana as of this date.

Bank debt: €298.9m

- Debt attributable to minority shareholders: €0m

= Debt: €298.9m

Net Cash is defined as the cash and cash equivalents item which appears on the asset side of the Group's consolidated balance sheet, less the "gaming levies" classified under current tax liabilities of the Group's consolidated balance sheet.

Cash and cash equivalents: €107.6m

- Gaming levies: €32.9m

= Net cash: €74.7m

Available Net Cash is defined as the Group's consolidated net cash, less the net cash of Casino Lac Meyrin and Casino Crans Montana and the physical cash position (i.e. the amount in the float of casinos as disclosed in the Group's half-yearly and annual financial statements).

Net cash: €74.7m

- Net cash from Casino Lac Meyrin and Casino Crans Montana: €14.4m

- Physical cash held: €11.8m

= Available net cash: €48.6m

Consolidated Net Debt represents the Group's debt after offsetting its available net cash flow.

Debt: €298.9m

- Available net cash: €48.6m

= Consolidated net debt: €250.4m

R3 :250.4 / 82.8 =3.02

As of 31 October 2010, all covenant commitments were met and had the following values:

R1: financial expense coverage was 4.06, with the requirement of being greater or equal to 2.4

R2: fixed cost coverage was 2.01, with the requirement of being greater or equal to 1.0

R3: gearing was 3.02, with the requirement of being less or equal to 4.2

Non-compliance with these financial covenants triggers mandatory early repayment of the loan.

3. Financial covenant commitments

As part of the bank reporting procedure, variances (12% for financial year 2011) with respect to the business plan figures in quarterly business activity indicators (gross gaming revenue in France) and profitability (EBITDA of casinos and hotels) are likely to be referred to a mediator, resulting in a waiver request or mandatory early repayment.

For the first quarter of the current financial year 2011, these forward-looking commitments have been met.

4. Investment limits

The upper limit for self-financed annual investments is €30m. With an amount of €25.9m, this limit was observed for financial year 2010.

External financing is authorised for the purpose of carrying out certain property acquisitions subject to the following debt limits:

- €323m at 31 October 2010
- €320m at 30 April 2011
- €268m at 31 October 2011

Non-compliance with these investment ceilings triggers mandatory early repayment of the loan.

5. Repayment of surplus cash flow

5.1 DEFINITION

Consolidated Surplus Cash Flow is the amount above a threshold of €15,000,000 of Available Net Cash, less bank overdrafts (as recorded in the Group's half-yearly and annual financial statements).

Consolidated Surplus Cash Flow was thus calculated for the first time at 31 October 2010; it will then be calculated at each subsequent balance sheet date.

Consolidated Surplus Cash Flow is broken down as follows:

A specific proportion, i.e. 30% in 2010 and 2011, then 20% over subsequent years is retained by Groupe Partouche.

The balance is allocated as follows:

- 80% will be allocated to reimbursing Tranche C and then Tranche B of the syndicated loan;

- 20% will be used to cover interest payments accruing on the Financière Partouche current account.

5.2 CALCULATION FOR FINANCIAL YEAR 2010

5.2.1 CALCULATION PRIOR TO RIDER OF 25 JANUARY 2011

Available Net Cash:	€48.6m
- contractual threshold	-€15.0m
- exoneration of the cash portion of the capital increase	€2.4m
- bank overdrafts	-€0.0m
That is a total of	**€31.1m**

Allocation provided for by the contract:

30% retained by the company	€9.3m
70% allocated to:	
- fully reimbursing Groupe Partouche's loan	€17.4m
- paying the interest due to Financière Partouche	€4.4m

5.2.2 CALCULATION SUBSEQUENT TO RIDER OF 25 JANUARY 2011

Following the signing of the rider of 25 January 2011, the calculation for financial year 2010, and solely for that financial year, is amended as follows, with an additional threshold:

Available Net Cash:	€48.6m
- contractual threshold	-€15.0m
- additional threshold for the funding of capital expenditure	-€26.0m
- exoneration of the cash portion of the capital increase	€2.4m
- bank overdrafts	-€0.0m
That is a total of	**€5.1m**

Allocation:

30% retained by the company	€1.5m

70% allocated to:

- early repayment of Groupe Partouche's loan €2.9m
- paying the interest due to Financière Partouche €0.7m

5.3 INTEREST OWED TO FINANCIÈRE PARTOUCHE

At 31/10/2010, the amount of interest owed to Financière Partouche amounted to €4,740,577.

This interest is accrued with no payment schedule requirement and generates interest at financial year-end Euribor +0.25%.

Only the surplus cash flow can be used to pay the interest owed to Financière Partouche, which does not expect to be reimbursed quickly.

LINES OF CREDIT

Groupe Partouche has short-term bilateral lines of credit granted by banks, in the total amount of €15m and confirmed as of 31 October 2011. These lines are not subject to any specific covenant or clause. At financial year 2010 closing, none of these credit lines had been drawn down.

4.1.2 INTEREST RATE RISK

The interest rates applying to the various syndicated loan tranches, which make up the major part of the Group's financial debt, comprise a reference variable rate (EURIBOR 1 month, 2 months or 3 months) plus a margin. The attendant risk of changing rates to which the Group is exposed leads it to use interest rate hedges, with the aim of reducing its exposure. At financial year 2010 closing, the net position is as follows:

LIABILITIES €000 AT 31 OCTOBER 2010	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Syndicated loan	293 083	-	22 855 (*)	-	270 228 (*)	-	-
Bank borrowings	5 830	311 (*)	2 257 (*)	31 (*)	3 231 (*)	-	-
Overdrafts	26	-	26	-	-	-	-
Financière Partouche current account	25 408	-	-	-	-	-	25 408
TOTAL	324 347	311	25 138	31	273 459	-	25 408

ASSETS €000 AT 31 OCTOBER 2010	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Cash (net of gaming levies)	71 885	-	71 885	-	-	-	-
Investments	2 797	-	2 797	-	-	-	-
TOTAL	74 682	-	74 682	-	-	-	-
NET POSITION BEFORE HEDGING	**249 665**	**311**	**(49 544)**	**31**	**273 459**	**-**	**25 408**
Interest rate hedging	-	-	-	100 000	(100 000)	-	-
NET POSITION AFTER HEDGING	**249 665**	**311**	**(49 544)**	**100 031**	**173 459**	**-**	**25 408**

(*) These positions take into account the impact of the Group's debt restructuring as detailed in note 32 of the consolidated financial statements (see § 202.1).

LIABILITIES €000 AT 31 OCTOBER 2010	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Syndicated loan	298 083	-	5 000	-	180 083	-	113 000
Bank borrowings	8 199	340	2 321	51	5 487	-	-
Overdrafts	24	-	24	-	-	-	-
Financière Partouche current account	100 000	-	-	-	-	-	100 000
TOTAL	406 306	340	7 345	51	185 570	-	213 000

ASSETS €000 AT 31 OCTOBER 2010	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Cash (net of gaming levies)	40 631	-	40 631	-	-	-	-
Investments	2 131	-	2 131	-	-	-	-
TOTAL	42 762	-	42 762	-	-	-	-

NET POSITION BEFORE HEDGING	363 544	340	(35 417)	51	185 570	-	213 000
Interest rate hedging	-	-	-	100 000	(100 000)	-	-
NET POSITION AFTER HEDGING	363 544	340	(35 417)	100 051	85 570	-	213 000

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

A 1% increase in the interest rate applied to the net amount exposed to potential fluctuations in the variable interest rate, namely €149m, would have an effect on consolidated financial items of €1,490,000.

4.1.3 FOREIGN EXCHANGE RISK

In order to measure the Group's exposure to exchange rate risk, we should point out that Groupe Partouche's activities outside France are performed by subsidiaries which operate in the country in which they are located; the consolidated financial statements thus include 23 companies outside France, seven of which are located outside the euro zone. Some foreign exchange risk exposure remains, however, given the Group's operations in the US, Tunisia, Switzerland, and Egypt. It has to be noted, however, that since 1 November 2009, Gibraltar-based companies are recognised in euros. The total of these activities represents less than 10% of total consolidated turnover. Transactions carried out outside the euro zone are denominated in the local currency. Given the Group's low exposure to

foreign exchange risk, no specific procedures are applied to monitor such risks.

The table below sets out the impact of the change in 1% of each exchange parity on the Group's turnover and its operating profit at 31 October 2010:

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

€000 AT 31 OCTOBER 2010	ON TURNOVER	ON GROUP'S TOTAL	ON OPERATING INCOME	ON GROUP'S TOTAL
GBP	0,00	0,00 %	-0,00	-0,00 %
CHF	0,37	0,08 %	0,18	0,70 %
USD	0,00	0,00 %	-0,00	-0,00 %
TND	0,02	0,00 %	0,01	0,03 %
EGP (equity method)	NA	NA	NA	NA

€000 AT 31 OCTOBER 2009	ON TURNOVER	ON GROUP'S TOTAL	ON OPERATING INCOME	ON GROUP'S TOTAL
GBP	0,05	0,01 %	-0,03	-0,07 %
CHF	0,38	0,08 %	0,40	1,04 %
USD	0,00	0,00 %	-0,00	-0,00 %
TND	0,02	0,00 %	0,00	0,00 %
EGP (mise en équivalence)	NA	NA	NA	NA

The table below presents the local currency positions of receivables and payables denominated in foreign currency at 31 October 2010:

CURRENCY BY COUNTRY	K CHF SWITZER-LAND	K GBP GIBRALTAR	K USD USA	K TND TUNISIA	K EGP EGYPT
ASSETS	865,8	3,2	11,1	1 290,1	Equity method
LIABILITIES	6 225,2	6,2	-532,4	1 834,6	Equity method
Net position before hedging	-5 359,4	-3,0	543,5	-544,5	Equity method
Hedging position	-	-	-	-	Equity method
Net position after hedging	-5 359,4	-3,0	543,5	-544,5	Equity method

The table below presents the local currency positions of receivables and payables denominated in foreign currency at 31 October 2009:

CURRENCY BY COUNTRY	K CHF SWITZER-LAND	K GBP GIBRALTAR	K USD USA	K TND TUNISIA	K EGP EGYPT
ASSETS	1 355,0	202,1	9,1	783,8	Equity method
LIABILITIES	10 974,2	1 114,9	(4.3)	1 839,5	Equity method
Net position before hedging	-9 619,2	-912,8	13,4	-1 055,7	Equity method
Hedging position	-	-	-	-	Equity method
Net position after hedging	-9 619,2	-912,8	13,4	-1 055,7	Equity method

4.1.4 TRANSLATION RISK

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

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

4.1.5 EQUITY RISK

The Group's cash investments do not include any listed shares and money-market products are used exclusively.

The purchase of self-owned treasury shares recognised in the Company's balance sheet at an amount of €169k was part of the share purchase programmes authorised by the assemblies *(see §21.1.3 Acquisition by the company of its own shares)*.

NUMBER OF SHARES	CARRYING AMOUNT	MARKET VALUE (PRICE AT 31.10.10)	POTENTIAL CAPITAL LOSS (PRICE AT 31.10.10)
19,166	168 767 euros	37 373,70 euros	131 393,30 euros

A 10% drop in the share price of Groupe Partouche would have a limited impact on the consolidated financial statements (€3,737.37).

Given that the investment policy for cash excludes investments in share-based products, no specific measures are used to monitor this risk.

4.1.6 PLEDGES

Groupe Partouche, Financière Partouche and the pool of banks led by Natixis have agreed on the restructuring of the Groupe Partouche debt.

The memorandum of understanding between the parties dated 21 October 2009 lays down the terms and conditions for restructuring the debt, with particular reference to the conditions for substituting a new loan agreement to the one entered into on 30 September 2005.

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

For all of the listed subsidiaries:

- **Beneficiary**: the banking pool led by Natixis comprises the following banks: The Governor and Company of the Bank of Ireland, Bank of Scotland PLC, Banque commerciale pour le Marché de l'Entreprise (BCME)Banque Populaire des Alpes, Banque Populaire Loire et Lyonnais, Bred Banque Populaire, CIC Lyonnaise de Banque, Commerzbank International SA, Caisse Régionale de Crédit Agricole Mutuel de Normandie Seine, HSBC France, Deutsche Bank London Branch, IKB Deutsche Industriebank, LLOYDS TBS, Natixis, Scotiabank Europe PLC, West LB AG.
- **Condition for the removal of the pledge**: repayment of the loan
- **Commencement date of the pledge**: 30 September 2005; pursuant to the agreement on 21 October 2009, the maturity date of the pledge was deferred from 30 September 2012 to 31 December 2015.

SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED	SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED
COMPAGNIE EUROPÉENNE DE CASINOS SAS	4 962 577	100,00 %	FORGES THERMAL SA	7 000	58,33 %
SOCIÉTÉ DU CASINO DE SAINT-AMAND SAS	116 250	100,00 %	HÔTEL INTERNATIONAL DE LYON SA	18 500	92,50 %
SATHEL SA	20 080	99,60 %	GROUPE DE DIVONNE SA	2 659 969	99,99 %
GROUPE PARTOUCHE INTERNATIONAL SA	5 990	99,83 %	CASINO DU TOUQUET SAS	24 384	99,52 %
SARL HÔTEL COSMOS	49 950	99,90 %	ELYSÉE PALACE EXPANSION SA	1 895	75,80 %
SOCIÉTÉ CIVILE IMMOBILIÈRE DE LA RUE ROYALE	8 917	99,98 %	LA VILLA DU HAVRE SAS	4 000	100,00 %
SOCIÉTÉ CIVILE IMMOBILIÈRE LES THERMES	9 950	99,90 %	NUMA SAS	5 000	100,00 %
SCI SOCIÉTÉ FONCIÈRE DE VITTEL ET CONTREXÉVILLE	49 950	99,90 %	SOCIÉTÉ DES CHEMINS DE FER ET HÔTELS DE MONTAGNE AUX PYRÉNÉES SA	178 000	76,17 %
SOCIÉTÉ DU CASINO ET BAINS DE MER SAS	6 600	100,00 %	SOCIÉTÉ D'EXPLOITATION DU CASINO ET HÔTELS DE CONTREXÉVILLE SAS	4 950	99,00 %
LE TOUQUET'S SAS	1 801	90,05 %	JEAN METZ SAS	1 000	100,00 %
GRAND CASINO DU HAVRE	149 993	99,99 %	CANNES BALNÉAIRE PALM BEACH SA	5 099 366	99,97 %
SCI LYDIA INVESTISSEMENT	97	97,00 %	LYDIA INVEST	973	97,30 %
CASINOS DE VICHY SAS	11 978	79,85 %			

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

NAME OF REGISTERED SHAREHOLDER	BENEFICIARY	COMMENCEMENT DATE OF PLEDGE	TERMINATION DATE OF PLEDGE	CONDITION FOR THE REMOVAL OF PLEDGE	NUMBER OF THE ISSUER'S SHARES PLEDGED	% OF ISSUER'S CAPITAL PLEDGED
FINANCIÈRE PARTOUCHE SA	Banking pool let by Natixis (1)	30 Sep. 2005	31 Dec. 2015	Repayment of loan	66 135 843	80,83 %

(1) The banking pool led by Natixis Banques Populaires comprises the following banks: Bank of Scotland, Commerzbank, HSBC France, Lyonnaise de Banque et Natixis.

4.2 Operation risks

4.2.1 GAMING ADDICTION

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

To ensure gaming remains a pleasure and a pastime to be enjoyed in moderation, the Group has for a long time been promoting «responsible gaming» within its establishments, an initiative that it is currently developing in partnership with Addictel.

Groupe Partouche is therefore keen to give the staff members who have contact with clients continuing training, with the aim of providing clients with information, giving help to those in difficulty as well as someone in whom they can confide. Furthermore, posters and leaflets are made available at key locations at casinos, to remind clients of the dangers of excessive gaming.

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

4.2.2 ETHICAL AND BEHAVIOURAL RISKS

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

The casino industry must be able to deal with the risks of embezzlement and cheating.

Furthermore, casinos are subject to the measures aimed at fighting money laundering that consists of recycling small amounts of money through gaming itself is neither organised nor is it conducted on a large scale. According to the instructions given by the regulatory authorities, in case of doubt or suspicion, the legal representatives and directors in charge of the Group's establishments have the obligation (to which they comply) of advising the anti-money laundering unit, Tracfin, of the player's identity. Failure to abide by the regulation relating to the fight against money laundering can lead to sanctions and have an adverse effect on the Group's business, results, financial position or future prospects.

4.2.3 FOOD SAFETY

Owing to its highly developed activity as an operator of restaurants, Groupe Partouche is committed to ensuring a high level of food safety at all times. The company's main concern is of course ensuring the satisfaction and loyalty of its customers. Besides this, in the event of a breach coming to light during an inspection by the regulatory authorities (such as, the French Office of Fair Trading [DDCCRF], the Departmental Directorate for Veterinary Services [DDSV] or the Departmental Directorate for Health, Safety and Social Affairs [DDASS]) the establishment's closure could be ordered, which would lead to a negative impact on the establishment's reputation and profitability. Such closures, especially if they should increase in duration and number, could have a significant negative impact on the Group's business, results, financial position or future prospects.

In order to guard against these risks, all of Groupe Partouche's establishments are very regularly audited by Silliker, an outside approved firm.

4.2.4 HEALTH AND SAFETY

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

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

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

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

4.2.5 SECURITY

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

Some of the security measures taken are listed below:

- CCTV cameras cover all areas of the establishments that may need monitoring, such as car parks, entrances, the main hall, games rooms, safe deposit vaults, cash registers, game tables and slot machines. Should an incident occur, the control room guard can alert security and the games room managers, and if necessary the police or fire brigade;
- a traditional surveillance system of volumetric radars connected to a central desk which detects the presence of an intruder in the establishment during closing hours;
- installing vaults, secure money boxes, with information displayed to the public at the cash registers can significantly reduce aggravated burglaries. By taking such measures, no keys can be handed over to criminals because the only people that have the keys are those who collect the funds. Only a nominal amount of cash is kept in cash registers and safe deposit boxes to cover frequent transactions (such as currency exchanges and cash payments);
- a computerised access control system operated by badges is used to record the movement of staff and visitors in the buildings;
- Security officers are stationed at entrances to prevent unauthorised entry to the establishments, and during closing hours, dog handlers guard the building when necessary.

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

4.2.6 RISKS RELATING TO KEY INDIVIDUALS

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

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

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

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

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

4.2.7 LABOUR DISPUTES

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

4.2.8 CUSTOMER RISK

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

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

4.2.9 COUNTERPARTY RISK

Table games account for around 13% of the Group's total gross gaming revenue (GGR), which represents a significant risk of losses for the establishments concerned. This is in particular the case of Palm Beach in Cannes, which plays host to high-rolling clients and so can run the risk of losing amounts of several million euros for such clients, which would severely affect the establishment's financial position, or even that of the Group.

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

4.2.10 CASINO PUBLIC SERVICE CONCESSIONS AND GAMING LICENCES

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

To be able to conduct gaming activities, casino operators must also obtain licence from the Interior Minister, who is advised by the Higher Gaming Commission (CSJ), to which applicants must submit a report, which includes a detailed intelligence report.

The gaming licence is granted through a ministerial resolution, which sets forth the number of slot machines and table games (roulette, boule, black jack, etc.) the casino is allowed to operate. The licence is subject to surveillance and control measures.

Section 6.1.1(e) of the Reference Document shows a table of concessions expiry dates.

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

Should the local authority concerned issue such an invitation to tender, it can mean an additional expense for the Group, when the concession comes up for renewal. In the event of such an invitation to tender, the submission of a proposal by the Group can lead to it incurring additional expenditure due to an increase in the levy raised or on account of commitments taken with respect to specifications set by the local authority, which may therefore adversely affect its results.

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

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

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

Under the rules that apply to public contracts, local authorities can, at any time and subject to the judge's control, unilaterally cancel any public service concession, on the grounds of public interest. In the event of a local authority exercising its right of cancellation, the Group is entitled to compensation its entire losses, the subsequent setting of the amount of which is also subject to the administrative judge's control.

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

Thus, a breach of the provisions of the specifications or of the gaming regulations can lead to sanctions, starting with a partial and temporary suspension of the operator's gaming licence, going up to its being permanently withdrawn. Operators may, if required, have to pay penalties. The greatest risk an operator has therefore to face is the sudden loss of its business, on account of losing its gaming licence.

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

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

4.2.11 COMPETITOR RISK

The Group competes directly with other companies' offers of a gaming nature (such as Française des Jeux's lottery & sports betting, horse race betting), with destination competition (Monte Carlo, Las Vegas) and establishment competition, insofar as slot machine clients are generally local residents. Moreover, in certain areas, the Group competes directly with other casinos; this is notably the case in coastal areas, where there are a number of casinos. The Group's casinos most exposed to this competition include the casinos of Cannes, Juan-les-Pins, Nice, Hyères, La Ciotat, Cabourg and Le Havre.

Another potential competition risk occurs where a competitor establishes a new casino in one of the Group's casino catchment areas. The extent of this risk depends on the location and size of the new casino. The risk is greatest in the case where a new casino is established in a large town, within the framework of Law n° 88-13 of 5 January 1988, when a catchment area contains within its borders a conurbation of more than 500,000 inhabitants, it can suddenly finds itself deprived. This was the case for the casinos of Andernos and of Arcachon, when the Bordeaux casino was created. This risk is however tempered by the already high number of casinos in France and the current situation of the industry, which is currently experiencing a difficult period. Both the setting up of casinos in the Group's catchment areas and the growth of new activities, such as online gaming, could have a substantial negative impact on the Group's business, results, financial position and future outlook.

4.2.12 REGULATORY RISK

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

As shown in Section 6.1.1 of this Reference Document, the casino industry is subject to extensive regulation. The tax levied on the industry is a key component of the profitability of the Group, which is at the mercy of any change in taxation (cf. rise in taxes by way of social security contributions rises – CRDS and CSG). On the other hand, some measures can have a positive effect on the Group's profitability, for example the updating and separating of sliding scale taxes.

The gaming industry and the Group's casinos in particular, play host to a large number of smokers. The application of Order n° 2006--1386 of 15 November 2006, and Law n° 91-32 of 10 January 1991 (known as the «Evin» Law), from 1 January 2008, in the Group's casinos, led to a change in clients' attendance habits. The Group invested in creating smoking areas, in the form of booths equipped with extractor fans, for players wishing to smoke in its casinos.

In addition, the publication of Law n° 2010-476 of 12 May 2010 on the remote gaming industry's opening to competition and the industry's regulation, which legalised online gaming, including remote betting and lotteries and remote games of chance (sports, horse racing and poker), could have an adverse effect on casinos' client numbers, due to clients switching to online gaming *(see Section 4.2.13 below for specific risks related to online poker)*.

4.2.13 ONLINE GAMING LEGISLATION RISK

In April 2006, Groupe Partouche set up a new subsidiary, Partouche Interactive, to develop gaming business through the use of remote communication, such as television, mobile phones and the internet. The potential for growth of Partouche Interactive, in which the Group has invested heavily in conducting research into online gaming, is still conditional on the growth of the online gaming industry.

Law n° 2010-476 of 12 May 2010 on the opening of the online gaming industry to competition and its regulation, legalised online betting and gaming (sports, horse racing and poker).

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

Despite the consequences - notably economic - of online gaming legalisation being still uncertain (they depend mainly on any changes in people's gaming habits and on the authorisation of a relatively high number of establishments offering such online games), this trend could have a significant adverse effect on the business of authorised «bricks and mortar» casinos. The strong potential of the online gaming industry in France has consequently already led to a large number of other countries' operators applying for poker licences, which are awarded by the French online gaming regulatory authority (ARJEL). The Group is a direct competitor of these companies.

Generally speaking, a growth in the number of the different forms of competition could have a significant adverse effect on the numbers of clients of the Group's casinos and, consequently, on its business, results, financial position or its future prospects.

4.2.14 CLIMATE RISK

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

4.2.15 ECONOMIC RISKS

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

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

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

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

4.2.16 GLOBAL HEALTH RISKS

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

4.3 Environmental information

Pursuant to Article L. 225-102-1 of the Code of Commerce, environmental information is provided below.

Even though the nature of its business only has a very small exposure to industrial risks, the eventual environmental consequences of the Group via its subsidiaries are as follows, on the understanding that the "environmental policy" cost is included within total expenses:

Water, raw materials, and energy resources; use of land; airborne waste; water and land; noise, olfactory and waste pollution:

Groupe Partouche and its subsidiaries do not produce much airborne and waterborne waste with a direct impact on the environment. All of the water evacuated is directly channelled into a sewerage network operated by the company's regional authority. Very little airborne waste is produced. The main impacts produced by the Group are moderate CO_2 emissions due to energy consumption.

The Group does not carry out any activity which may have a major olfactory or sound impact on the environment.

Measures taken to limit impacts on the biological ecosystem, natural habitats and protected species of animals and vegetation:

Our activity in the leisure business has no impact on the ecosystem, natural habitats and protected species of animals and vegetation. Our Group strives to ensure that its establishments and activity are optimally adapted with the surrounding scenery, in order to integrate its sites into the natural environment.

Environmental assessment and accreditation procedures taken with respect to the environment:

Our main business in the leisure sector does not require any assessment or accreditation procedures with respect to the environment.

Measures taken, where applicable, to ensure that the company's activity complies with applicable legal and regulatory provisions in this respect:

Groupe Partouche has taken the necessary measures to ensure that its activities comply with the legal and environmental regulations with respect to the environment. In all of its principal sites, one of the employees is responsible for "environmental affairs".

Expenses incurred to mitigate the consequences of the company's activity on the environment:

The amount of expenses incurred to mitigate the consequences of the company's activity on the environment remains marginal.

Existence within the company of internal environmental management, employee training and information departments, resources set aside to mitigate environmental risks and the organisation set up to deal with pollution accidents with consequences beyond the group's own establishments:

Since our business has very little environmental impact, Groupe Partouche does not have an internal environmental management department and specific employee training in this regard.

Amount of provisions and guarantees for environmental risks, except where this information may lead to a serious prejudice for the company in a current lawsuit:

None of Groupe Partouche's current or formerly-owned establishments had to make provisions or guarantees for environmental risks during 2010.

Amount of damages paid during the financial year pursuant to a legal decision relating to the environment and actions carried out to repair damage to the environment:

No indemnities pursuant to a legal decision pertaining to environmental issues were paid during the financial year.

Information relating to the objectives which the company assigns to its foreign subsidiaries with respect to points above:

The points (information and Group initiatives) mentioned above apply to the Group's foreign subsidiaries (in Belgium, Switzerland and Tunisia), regarding which there are no specific environmental issues to report.

4.4 Risk management and insurance

The Group's comprehensive approach to its insurance coverage is based on the contractual principle of "all risks subject to exclusions", which provides protection against all risks other than specific named perils and applies to all risks associated with casino operations and related activities. The Group therefore obtains and maintains multi-line casino and hotel policies including coverage for business interruption, business liability, directors' and officers' liability, vehicle fleet, works of art, etc.

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

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

Synopsis of risks insured from 1 November 2009 to 31 October 2010.

CASINOS	COVERAGE	AMOUNT OF GUARANTEES	PREMIUMS (INCLUDING CLAIMS MANAGEMENT EXPENSES)
CASINO MULTI-RISK	Damages to assets and operating losses	Limit of liability €65m	1 015438 €
CIVIL LIABILITY INCLUDING ONLINE GAMES			
Civil liability operations:			
	Physical, material and non-material damages	€15m per year o/w €8m per claim	102 406 €
	Goods consigned to the hotels	€250,000 per year	
	Valet parking guarantee	€100,000 per year	
	Non consecutive non-material damages	€160,000 per claim	
	Pollution due to accident	€350,000 per claim and per year	
Civil liability after delivery:			
	Physical, material and non-material damages Consecutive or non-consecutive	€3m per claim and per year	
EXECUTIVES' CIVIL LIABILITY		€8m per claim and per year	14 206 €
ALL RISKS' EXPOSURE			2 025 €
POLICIES FOR WORKS OF ART			14 984 €
VEHICLES	Vehicle fleet	All risks	45 975 €
	Staff missions		10 020 €
	Transportation of goods	Self-insured	1 433 €

HOTELS	COVERAGE	AMOUNT OF GUARANTEES	PREMIUMS (INCLUDING CLAIMS MANAGEMENT EXPENSES)
Hotel multi-risk	Damage to assets and operating losses	Limit of liability €6m to €39m	131 471 €
Hotel civil liability	Included in the Group's civil liability policy		

05 INFORMATION ABOUT THE ISSUER

5.1 History and development of the company

1973 - 1990 Development in adversity, thanks to genuine know-how

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

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

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

1991 - 1995 Increased profits and stock exchange listing

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

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

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

1995 - 2005 Diversification and external growth

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

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

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

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

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

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

At the same time as opening new establishments - Meyrin in Switzerland in 2003 and the Palais de la Méditerranée in Nice in 2004 – changes were made concerning its existing establishments.

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

2006 – 2010 New technologies and a difficult context

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

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

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

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

5.1.1 COMPANY NAME

The name of the company is Groupe Partouche – Ticker «G.P.»

5.1.2 COMMERCIAL REGISTER

The company is registered in the Paris register of commerce and companies under number 588 801 464.
Its NAF code is 7010 Z.

5.1.3 DATE OF INCORPORATION AND LENGTH OF LIFE OF THE COMPANY

Groupe Partouche, which was initially called SA COMPAGNIE FERMIERE DES EAUX ET BOUES DE SAINT-AMAND, was formed, by a deed received by Maître Cartigny, Notary at Valenciennes, on 18 March 1903.

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

5.1.4 HEAD OFFICE, FINANCIAL YEAR, LEGAL FORM AND APPLICABLE LEGISLATION

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

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

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

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

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

5.2 Investments

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

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

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

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

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

- a halt to the establishment of new casinos with the sole aim of increasing territorial coverage;
- maintenance and adaptation of the existing assets within the limits of a gross annual amount of €30m (a covenant under the syndicated loan agreement);
- limiting the development of new "Pasinos" to just three: La Ciotat, Bandol and La Grande Motte.

Alongside this policy, asset divestments may be made.

With very little cash being used in 2007, due to the sale of SFCMC shares for €36m, the cash flow from investments was €38.3m in 2008, little changed compared with 2006. Partouche Interactive accounted for the major part of the cash flow from the acquisition of companies. Partouche Interactive Gibraltar accounted for €1.9m of the cash flow of €3.1m from the acquisition of intangible assets. The cash flow relating to property and equipment, which amounted to €46.4m compared to €41.0m in 2007, related to Partouche Immobilier, in the amount of €11.2m, which completed the building of the Boulogne-sur-Mer casino and which purchased land for €6.2m to be used for the future construction of the Pasinos at La Ciotat and La Grande Motte, and investments apportioned across the Group, €15.8m of which were allocated to slot machines.

In financial year 2009, in line with a difficult period, cash flow from investing activities was considerably diminished, representing a net cash outflow of -€13.5m, compared with -€38.3m in 2008. This cash was used for the following three main reasons:

- acquisition of tangible fixed assets for -€20.2m, comprising maintenance investments in the various subsidiaries of the Group,
- €7.0m from the sale of assets, and
- €0.5m from receipt of part of a receivable owed by the company La Tête dans les Nuages.

Investments for 2010 comprised:

- €21.4m for the acquisition of tangible fixed assets, which in the main constitute maintenance costs and are apportioned across the whole Group. By way of illustration, the greatest outgoing concerned the work of extending the casino of Val André for €1.9m and the work for creating a "Smokers" room in the Meyrin casino for €1.2m.
- €1.8m the acquisition of intangible assets for the Interactive Division (mainly the development of websites and corresponding games);
- €2.6m acquisition of the minorities interests (mainly for the Casino of Djerba €2.5m)

In financial year 2010, France accounted for 74% of total investments.

5.2.2 MAJOR INVESTMENTS IN PROGRESS

Assets in progress which had a net value of €3.7m at the end of the financial year mainly relate to work apportioned over Partouche Immobilier for €2.7m (the La Ciotat and La Grande Motte projects) and €0.3m for the Royat casino.

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

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

- the building of a Pasino in La Grande Motte at an estimated cost of €16m, under construction.
- the building of a Pasino and hotel complex in La Ciotat, at an initial estimated cost of €24.6m; this project is again being examined, with a view to its forthcoming presentation to the district council of La Ciotat.
- construction of a new Pasino in Bandol, at an estimated cost of €14m; this project is currently on hold pending a guarantee that the land is suitable for building on.
- the renovation of the Palm Beach casino in Cannes for €17.6m. Discussions are carried on with the city council concerning the schedule of the work.

Major capital expenditure planned by the Group concerns the following facilities of its collection of casinos and hotels:

- Hotel Garden Beach in Juan-les-Pins: work, at a cost of €4.7m, to bring the facility into compliance so as to resolve some aspects of the building and renovation permit
- Knokke casino: renovation of gaming areas at a cost of €1.1m
- Crans Montana casino: building of an underground car park at a cost of €5.5m

Carrying out these investments remains conditional on adhering to a maximum debt limit. This expenditure is to be funded from the Group's future free cash flow, cash flow of €26m in respect of financial year 2010 and financial year 2011 and possible future external funding. *For more details on these points, please refer to §4.1.1 Liquidity risk.*



BUSINESS OVERVIEW 06

6.1 Principal activities

The casino business represents the Group's main business activity with hotels occasionally. More recently, the Group positioned itself on the online gaming market.

BREAKDOWN OF TURNOVER BY ACTIVITY €000 AT 31ST OCTOBER	2010	%	2009	%	2008	%
Casinos	431 557	90,3 %	406 071	89,6 %	430 915	89,5 %
Hotels	31 917	6,7 %	32 594	7,2 %	39 840	8,3 %
Interactive Division	7 529	1,6 %	7 498	1,6 %	2 982	0,6 %
Other	7 123	1,5 %	6 831	1,5 %	7 941	1,6 %
TOTAL	**478 126**	**100,0 %**	**452 993**	**100,0 %**	**481 678**	**100,0 %**

Groupe Partouche, major casino operator in France from the beginning of its activity, is also present in other countries mainly in Belgium and Switzerland.

BREAKDOWN OF TURNOVER BY GEOGRAPHIC AREAS €000 AT 31ST OCTOBER	2010	%	2009	%	2008	%
France	406 204	85,0 %	382 290	84,4 %	422 343	87,7 %
Europe (Excluding France)	69 505	14,5 %	68 530	15,1 %	57 259	11,9 %
Outside Europe	2 417	0,5 %	2 172	0,5 %	2 076	0,4 %
TOTAL	**478 126**	**100,0 %**	**452 993**	**100,0 %**	**481 678**	**100,0 %**

6.1.1 CASINOS

France authorises the following games, among others:

TABLE GAMES

Jeux dits de contrepartie :

- Boule;
- English roulette;
- Blackjack, Casino Stud Poker, Casino Hold'em Poker (cards).
- Texas Hold'em Poker, Omaha High 4 Poker.

SLOT MACHINES

Slot machines are legally defined as automatic machines incorporating games of chance and comprise "roll machines" and "video games". Groupe Partouche has 5,743 machines installed in France and 931 machines installed abroad at 31 October 2010.

a) Regulatory framework

According to French Law, gaming activity is prohibited and can result in prosecution under the terms set out in Article 410 of the Penal Code. The Law of 15 June 1907 created an exception to this prohibition, allowing casinos to be opened in seaside and health resorts and thermal spas. Law 88-13 of 5 January 1988 extended this authorization to include conurbations with a population of more than 500,000 that offer 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 after verifying that the conditions of the tender procedure defined by Law 93-122 of 29 January 1993 (the Sapin Law) have been met.

The Commission Supérieure des Jeux (French Betting and Gaming Commission) set up at the Interior Ministry was overhauled in March 2009. Its composition was slimmed from 20 to 12 members (8 senior civil servants and 5 elected officials). Its remit is now confined to primary applications for gaming authorisation renewals, applications to increase the number of gaming tables authorised and applications to increase the number of authorised slot machines only where they exceed the threshold of 500 machines. A Decree and an Order dated 29 July 2009 have radically altered the authorisation criteria for slot machines. The number of slot machines authorised in a casino is now determined by reference to a ratio of the number of machines to the number of gaming tables, which is laid down by the casino gaming regulations. The first gaming table gives entitlement to 50 slot machines and each of the subsequent tables gives entitlement to 25 additional machines.

This reform is a major advance for casinos in giving them greater control over the definition of their gaming offer. By this means, the gaming supply can now be adapted to the specific features of the local market and customers' wishes without having to embark on an unwieldy administrative procedure requiring notification by the betting and gaming commission at the elapse of a 4- or 5-month application processing period. These adaptations are now implemented by the Interior Ministry under applicant-initiated declaration procedures with a short processing period, affording better responsiveness to market changes. In the same spirit of reform, additional improvements were made to the regulation through amending orders and resolutions dated 29 July 2010. Significant features of these texts include the addition of a new form of poker called Omaha High 4 poker to the list of authorised table games, as well as the raising of the threshold under which employee multi-tasking is accepted from 50 to 75 slot machines. The management of employees in the establishments of this category has thus been optimised The gaming licence, which is formalised by an order made by the Interior Minister, sets the number and type of authorised games (roulette, black jack, etc.), the minimum bet, as well as the opening and closing times of gaming rooms.

Licences may be cancelled by the Ministry of the Interior in the event of the failure to comply with the specifications or with the legal or regulatory provisions concerning gaming activities in casinos.

Casinos that have obtained the necessary license must operate under a manager and an executive committee who are responsible for ensuring total compliance with applicable laws, regulations and the specifications.

Approval is also required for hiring all gaming employees who are granted a professional gaming employee card.

The administration and operation of casinos are subject to a very detailed set of regulations, as is each type of gaming activity, which was reaffirmed by the decree of 13 December 2006 and the ministerial order of 14 May 2007, updated by the decree of 24 December 2008 and by the decrees and order of 29 October 2010.

Furthermore, the industry's representative bodies are currently in talks with the ministries that govern the industry, with the aim of having distinct opening and closing time limits for table games and slot machines. Such a reform would free casinos from rigid regulation, which prejudices the gaming industry, enabling them to optimise their table game businesses. This move includes, moreover, an analysis of the technical and legal conditions of a possible change in regulation that would allow a new generation of slot machines, known as multi-game and multi-name machines, to be introduced into France, thus allowing the industry to meet the needs of a new generation of gaming clients.

b) Tax levies

Tax levies are applied to gross gaming revenue after deducting a 25% tax allowance, and in certain cases, an additional maximum allowance of 5% for high quality artistic productions and/or an additional 5% allowance for investments in hotel and thermal spa facilities.

The progressive scale of taxes payable to the French state based on casinos' Gross Gaming Revenue is indicated in the table below:

GROSS GAMING REVENUE

Up to 10%	87 000 €		
From 15%	87 001 €	To	171 000 €
From 25%	171 001 €	To	507 000 €
From 35%	507 001 €	To	943 500 €
From 45%	943 501 €	To	1 572 000 €
From 55%	1 572 001 €	To	4 716 000 €
From 60%	4 716 001 €	To	7 860 000 €
From 65%	7 860 001 €	To	11 005 500 €
From 70%	11 005 501 €	To	14 149 500 €
Above 80%	14 149 501 €		

The levy scale, which has not changed since 1986, was revised during the year ended 31 October 2009 to be applied retroactively over the whole accounting year.

During the financial year ended 31 October 2010, a reform in the way gaming levies are calculated, which the industry had been eagerly awaiting for several years, was introduced through the addition of new provisions to the Online Gaming Law of 12 May 2010. The reform means that the basis on which the levy is calculated for gaming tables is no longer the same as that for slot machines. This is a departure from the method of calculating the levy on the aggregate of gross gaming revenue from table games and slot machines. This use of distinct bases on which the levy is calculated for table games and slot machines means that casinos will pay a lower levy rate on table game revenue.

Local authorities levy a maximum rate of 15% on the same tax base as the State levy. However, the combined total of the state and local authority levies cannot exceed 80% of the tax base. Where the combined total would otherwise exceed the 80% threshold, the local authority's share is deducted from the State's share.

Moreover, a fixed-percentage levy is charged on the very first euro of revenue generated. This levy is charged at the rate of 0.5% on table games and 2% on slot machine income.

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

In January 1998 the rate of CSG was increased to 7.5% and calculated on a reduced basis of 68% of slot machine gross gaming revenue. As of 1 January 2005, the CSG rate increased by two percentage points to 9.5%.

Slot machines have a statutory pay-out rate of at least 85%.

The ministerial Order of 12 April 2002 (enacted on 1 May 2002), abandoned the notion of theoretical receipts and based the various tax levies on actual receipts, subject to a 15% maximum rebate coefficient (with the exception that theoretical receipts should remain higher than the receipts post-rebate).

The ministerial Order of 28 October 2008 cancels the provisions concerning the 15% rebate coefficient set out in the ministerial Order of 12 April 2002.

Lastly, it is worth noting that a consequence of the coming into effect of the statutory instruments on casino taxation – also published on 29 October 2010 - is that the costs of controlling gaming tables and slot machines have been removed, as of the 2009-2010 financial year. Casinos are also no longer required to make provision or establish a bank guarantee corresponding to the amount of levy that the casino is likely to pay on its GGR.

Casino games – Groupe Partouche SA's core business – are not subject to value added tax (VAT).

c) Casino operations

Groupe Partouche, via its directly or indirectly owned subsidiaries, operated 51 casinos at 31 October 2010; 43 of these establishments are located in France and eight in other countries.

The Group generated 71.4% of its turnover from gaming, which remains the dominant business sector. Groupe Partouche's 51 casinos are spread throughout France and abroad as follows:

FRANCE - REGIONS	COMMUNE IN WHICH THE CASINO IS LOCATED
NORD - PAS-DE-CALAIS	SAINT-AMAND-LES-EAUX, CALAIS, BOULOGNE-SUR-MER, LE TOUQUET PARIS PLAGE, BERCK-SUR-MER
HAUTE-NORMANDIE	FORGES-LES-EAUX, DIEPPE, LE HAVRE
BASSE-NORMANDIE	CABOURG, AGON-COUTAINVILLE
BRETAGNE	PLÉNEUF-VAL-ANDRÉ, PLOUESCAT, LA TRINITÉ-SUR-MER
PAYS DE LA LOIRE	PORNICHET, PORNIC
POITOU-CHARENTES	LA ROCHE-POSAY, LA TREMBLADE
LORRAINE	CONTREXÉVILLE, PLOMBIÈRES-LES-BAINS
RHÔNE-ALPES	LYON, LA TOUR DE SALVAGNY, SAINT-GALMIER, DIVONNE-LES-BAINS, ANNEMASSE, HAUTEVILLE-LOMPNES
AUVERGNE	EVAUX-LES-BAINS, VICHY (LES 4 CHEMINS ET GRAND CAFÉ), ROYAT
AQUITAINE	ANDERNOS, ARCACHON, SALIES-DE-BÉARN
LANGUEDOC-ROUSSILLON	PALAVAS-LES-FLOTS, LA GRANDE-MOTTE, PORT BARCARÈS
PROVENCE - ALPES - CÔTE D'AZUR	GRÉOUX-LES-BAINS, AIX-EN-PROVENCE, LA CIOTAT, BANDOL, HYÈRES, GRASSE, CANNES, JUAN-LES-PINS, NICE

OUTSIDE FRANCE	COMMUNE IN WHICH THE CASINO IS LOCATED
BELGIUM	KNOKKE, OOSTENDE, CHAUDFONTAINE, DINANT
TUNISIA	DJERBA, TABARKA
SWITZERLAND	MEYRIN, CRANS-MONTANA

d) Casino operating concessions

A casino operating concession never exceeds 20 years in France. At 31 December 2010, Groupe Partouche had 43 casinos in France with a concession contract and a ministerial authorization for gaming operations.

There is no pending file with the Ministry of the Interior in respect of a gaming authorization. Other casinos operators are allowed to bid during the renewal, the tender being public (Sapin Act)

To date, no gaming concessions were lost by Groupe Partouche.

e) Due dates of the operating concessions

YEAR	NUMBER OF CONCESSIONS TO BE RENEWED
2011	2
2012	2
2013	2
2014	0
2015	5
2016	6
2017	6
2018	2
2019	1
2020	3
2021	3
2022	4
2023	2
2024	1
2025	0
2026	0
2027	0
2028	2
2029	2

f) Ancillary activities of casinos

The Group's casinos generate a portion of their sales from complementary activities, such as catering and entertainment; beyond the contractual obligation attaching to the very definition of a casino, these are regarded as a prime means of receiving and entertaining customers under optimum conditions. Some of the larger establishments, such as St-Amand-les-Eaux, Forges-les-Eaux or La Roche Posay, have integrated hotel accommodation affording hospitality on a grander scale. The majority of establishments provide private-function areas, on a scale and of a style varying widely according to purpose, with customised, high-quality entertainment to enliven the functions. Lastly, the presence in some resorts of spas affords customers "relaxation and well-being" solutions, with well-being and beauty treatments as well as themed spa cures.

At 31 October 2010, the Group operates:

- **12 hotels from 3* to 4*L** with a total of 530 rooms;
- **128 restaurants:** diners, gourmet restaurants, themes restaurants;
- **4 Health spas and 2 Golf courses.**

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

- Forges-les-Eaux ;
- Saint-Amand-les-Eaux ;
- Le Havre ;
- Divonne-les-Bains ;
- Le Lyon Vert / Charbonnière ;
- Hyères ;
- La Roche-Posay ;
- Dieppe ;
- Salies-de-Béarn ;
- La Trinité-sur-Mer.

6.1.2 HOTELS

Besides the hotels tied with casinos, the Group possesses seven independent hotels ranging from 3*to 4*L, with more than 710 rooms available. The activity of these hotels accounts for all the Group's hotel-sector sales.

These independent hotels are the following:

- the 3.14 Hotel, Cannes;
- the Garden Beach Hotel, Juan-les-Pins;
- the Aquabella hotel, Aix-en-Provence;
- the Hilton hotel, Lyon;
- the Cosmos hotel and the Grand Hôtel du Parc, Contrexéville;
- The Hôtel Georges, Pléneuf-Val-André.

6.1.3 THE INTERACTIVE DIVISION

On 27 April 2006, Groupe Partouche created Partouche Interactive, a subsidiary specialising in the development of gaming on new technology platforms such as interactive television, mobile telephones and the Internet.

a) Regulatory framework

With the advent of the Internet, followed by mobile telephones and interactive television, the gaming sector has access to new distribution channels. To meet the requests of the European Commission to widen access to the French market for European operators, a law on the opening of the gambling and online gaming sector to competitors and on the regulation of these sectors has been adopted by the French National Assembly and the Senat on 12 Mai 2010.

The legislation provides for admission of operators authorised by a new authority called ARJEL (Autorité de réglementation des jeux en ligne - on-line betting and gaming regulatory authority) solely in the following activity sectors: bets on horse racing, sports betting, poker. The Act authorises the poker variations Texas Hold'em and Omaha. Restrictive conditions apply to these gaming activities.

The regulations implementing the legislation enabled the new rules to be in place for the FIFA World Cup in June 2010. The regulations implementing the legislation on poker were published in the French official journal (Journal Officiel) of 30 June 2010 and authorised operations to start from 1 July 2010.

The impact of this legalisation of online games on the attendance at and activity of physical casinos has not yet been clearly determined. It is likely that "live" poker, which enjoys great success in French casinos, will be affected by this new legal competition, as it was by illicit operators who have been deploying their activities with impunity for

10 years and whose activity is likely to continue, given the difficulties of implementing effective prohibition.

Through its subsidiary Partouche Gaming France, Groupe Partouche applied for a poker licence, which it obtained on 25 June 2010. Partouche Gaming France started its activity on 6 July 2010. Groupe Partouche will examine the future possibility of its applying to ARJEL for a sports betting licence and horse racing betting licence, as well as any regulatory change that could improve the conditions under which licences operate. Numerous operators, without waiting for the Law's amendment, which is scheduled for December 2011, are asking for a relaxation in the regulation. They highlight in particular the exclusion of casino gaming, scratch cards and lotteries, on the one hand and, on the other hand, the fact that taxes are not levied on a fair basis as regards the new comers to the industry and the sector's incumbents.

Online gaming taxation

Operators are liable for taxation of:

- 7.5% of players' bets on sports and horse racing;
- 2% of players' poker bets.

Pursuant to VII of Article 21 of Law n° 2010-476 of 12 May 2010 on the opening of the remote gaming industry to the competition and its regulation, the remote gaming regulatory authority draws up and updates the list of authorised operators, and specifies the categories of gaming, betting or lottery activity that these operators may offer. This list is published in the French official gazette.

At 10 January 2011, the number of operators authorised by ARJEL was 35, of which 25 were authorised for poker.

b) Companies

Through its subsidiaries, **Partouche Interactive** offers solutions and services designed for the Web, mobile telephones and interactive television, through the activities of the following key subsidiaries:

Partouche Technologies provides a wide range of games developed using different programming languages and conceives, builds and develops mobile Web gaming applications;

Partouche Images is a television channel devoted to interactive gaming;

Partouche Productions is a production company for televised programmes and events (Tournoi des As, Partouche Poker Tour, etc.);

Partouche Tournois organises logistical arrangement for poker tournaments;

Quarisma is an interactive platform dedicated to the real-time management of quality services between customers and casino operators; in 2010, it generated a consolidated turnover in the amount of zero;

FairPlayers certifies gaming operators as well as payment and gaming processes; this subsidiary has been sold;

Caskno manages casino information systems as well as data exchange equipment and networks;

Partouche Interactive Holdings is the entity that controls Partouche Interactive Gibraltar, which holds a gaming licence and conducts gaming operations based in Gibraltar. This licence authorises it to target territories other than France;

Partouche Betting holds a gaming licence in Malta and offers online betting; the company had been dormant pending the adoption of the Act in France and publication of the subsequent measures to be applied. The question of whether to reactivate this subsidiary will be examined subsequently, both for the French market, where an application for a licence could be submitted to ARJEL, and for the foreign market, in respect of which the company can be based in Malta, where it holds a licence;

Partouche Gaming France is holder of an online poker licence in France. The company started operating on 6 July 2010.

For more details on these subsidiaries, please refer to §9.1 and §20.2.1 of the Reference Document.

c) Strategy

The Group's strategy is based on three underlying principles:

1/ Technical autonomy

For the technical aspects of its business, the Group is not dependent on any third party technology service provider and can operate totally autonomously;

2/ New generation of clients

The internet has enabled the Group to find a new generation for its "bricks and mortar" casinos. The Group's websites are a source of new clients for the network of "bricks and mortar" casinos. By way of illustration, 3,000 new casino clients came by way of the internet. Moreover, this is a new, younger generation of clients that are discovering our traditional casinos;

3/ International communication

The website is a portal to the world. The site and its gaming content has been translated into Spanish, English and Dutch. It will also be translated into Italian and Ger-

man.

The global reach of the internet affords the Partouche brand a global appeal, which enables the Group to reach a new clientele, including countries where it does not have any establishments.

In 2010, Partouche Interactive pursued its three-pronged strategy.

A new subsidiary - Partouche Gaming France - was formed during this financial year. This new subsidiary obtained a licence from ARJEL to conduct a business of online table gaming, in the French market. With the opening of the online gaming industry to competition in France, Groupe Partouche has decided not to undertake extensive marketing communications, so as to keep its client-acquisition costs to a minimum and to retain its originality and standing as a major player the French poker market. The Group will increase its communications when the time is right.

Also in 2010, Partouche Interactive grew its B2B business. The company designed a new web platform and supplied all its games to LONACI (Loterie Nationale de Cote d'Ivoire) and is in contact with other state operators.

Groupe Partouche has also positioned its online poker offer so as to win new clients in its casinos, by organising the Partouche Poker Tour, and promoting it, as well as other initiatives, on its website.

6.1.4 OTHER ACTIVITIES

The other activities included in Groupe Partouche turnover are marginal, accounting for fewer than two percentage points of total turnover. They mainly include the thermal-spa activity at Aix and Contrexéville, and a cinema in Vichy.

6.2 Main markets

6.2.1 FRENCH GAMING MARKET

In the financial year ended 31 October 2010, gross gaming revenue (GGR) for the entire French casino sector totalled €2,294.9m, a fall of 2.13% compared with the same period the previous year. GGR from slot machines accounted for €2,088.1m, i.e. 90.99% of the total, a drop of 2.93%. GGR from table games was up 6.8% on the previous year.

Gaming levies on GGR represented 53.90% for the 2009/2010 financial year.

At 31 October 2010, there are 197 licensed casinos in France (-1 compared with the previous financial year), more than two thirds of their number operated by groups. The market's main players are as follows:

GROUPS IN FRANCE	NUMBER OF LICENSED CASINOS	ACTUAL 2010 GROSS GAMING REVENUE (€M)
GROUPE PARTOUCHE SA (*)	46	597,2
GROUPE BARRIERE SAS	34	717,9
GROUPE JOA (ex MOLIFLOR)	20	185,3
GROUPE TRANCHANT	16	195,1
GROUPE COGIT	9	86,5
GROUPE ÉMERAUDE	8	64,6
SMCFC	2	48,2

Source: Service Central des Courses et Jeux's survey 2009-2010. at 31/10/2010.

(*) These figures include the GGR of the casinos of Beaulieu-sur-Mer, Saint-Honoré-les-Bains and Saint-Nectaire.

According to a survey of July 2010 conducted by XERFI, prior to the opening of the online gaming industry to the competition in 2010, the French online gaming industry generated total bets of between 3.5 and 4 billion euros. According to the survey, Française des Jeux and PMU together accounted for one quarter this total. This source estimated total GGR from online betting and gaming in 2010 at €620m, of which €140m from poker.

Following the opening of the French market to competition, ARJEL released the first statistics on the legally authorised market. At the end of the first five months of operations, sports betting totalled 350 million euros, with an average wager of 110 euros per week and 8 euros per wager, and 700,000 players having wagered at least one bet. Horse racing generated total bets of 314 million euros. Poker generated total bets of 2.385 billion euros.

6.2.2 SWISS GAMING MARKET

There are 19 licensed casinos in Switzerland. Seven of them are operated under a type-A concession (type-A or large casinos); the remaining twelve have a type-B concession (type-B casinos).

Swiss casinos offer games of chance, provided by table games and slot machines. The slot machines can be linked up to form a jackpot. In order to award a licence in respect of a slot machine or a jackpot system, the Swiss Gaming Commission (CFMJ) must be in possession of an assessment report prepared by a certified certification firm. The awarding of a licence is conditional on this report.

.

Key Swiss market figures:

IN K CHF	2009	2008	VARIATION
Gross gaming revenue	936 317	991 867	-5,6 %
Tax levies on casinos	478 990	517 036	-7,4 %
Net gaming revenue	457 327	474 831	-3,7 %

Information provided by CFMJ, report 2009

In 2009, the Swiss casino sector sustained a sharp fall of 5.6%. This decrease was mainly due to the smoking ban, which progressively came into force in Switzerland's cantons, until a total smoking ban applied to the whole country as of May 2010. The economic downturn also adversely affected the industry.

Currently, invitations to tender have been launched for two new concessions for the region of Neuchâtel and Zurich. These two casinos could open in 2012.

In 2010, the Federal Tribunal ruled that Texas Hold'em Poker was a game of chance, and since then, the organisation of such tournaments has only been allowed in casinos.

From 1 January 2011, Category B casinos will be able to operate a maximum of 250 slot machines, instead of the present 150. They can also offer several Progressive or Mystery Jackpots for a total amount of CHF 200,000.

6.2.3 BELGIAN GAMING MARKET

The regulatory authority in Belgium is the Belgian Games of Chance Commission (CJH), which reports to the ministry of justice.

The licensed games comprise Roulette, Blackjack, Poker in all its forms and slot machines.

For the twelve months ended 30 September 2010, the Belgium market, which comprises 9 casinos, generated total gross gaming revenue of 109.2 million euros, a slight increase of 1.3% on the previous twelve months. In Belgium, Groupe Partouche reported GGR of 37.4 million euros, a rise of 13.9%, taking the Group's share of the market to 33.7% (source: internal communication from Belgium casinos).

New Belgian legislation should come into force at the beginning of 2011.

The law requires that online gaming operators first hold a licence with respect to a "bricks and mortar" facility, that is, casino (A), gaming room (B) or bookmaker's (FI), before

being able to apply for a corresponding (A+, B+ or FI+) licence in respect of online gaming.

With the opening of Belgium's online gaming industry to competition, Groupe Partouche has submitted applications to the Belgium gaming commission for a total of four A+ licences. As of 1 September 2010, our Dinant casino is the first and only Belgian casino to have obtained an A+ licence.

This licence gives the right to conduct the business of online gaming tables, slot machines and poker.

6.3 Exceptional events having an impact on the business and the markets

The 2008, 2009 and 2010 financial years were affected by the following exceptional events:

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

6.4 Issuer's degree of dependency

There is no significant degree of dependency with respect to patents or licenses, industrial, commercial or financial contracts, or new manufacturing procedures. In order to build and operate their establishments, casino operators in France enter into municipal services agreements with a maximum renewable term of 20 years.

Please refer to paragraph 4.2.10 Public service agreement or operating concession and gaming authorisation renewal risk.

6.5 Evidence providing the basis for the competitive position declaration.

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



ORGANISATION CHART 07

7.1 Internal organisation of the Group

Groupe Partouche SA is a holding company for a group of leisure industry companies that operate casinos, hotels, restaurants, dancehalls and bars. As the Group's parent company, its shares are traded on the Premier Marché of the Paris Stock Exchange.

Groupe Partouche, which does not directly operate the establishments of the Group, uniquely fulfils a management role, ensuring that its consolidated companies benefit from its knowledge and skills, particularly in terms of human and technical resources. To this end, it provides its subsidiaries with a package of services defined under a head office services agreement. These services cover the areas of strategic planning, marketing, communication, business development, administration, legal affairs, finance and technology.

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

For the financial year ended 31 October 2010, the total amount received under head office services agreements was €12,840k excluding VAT.

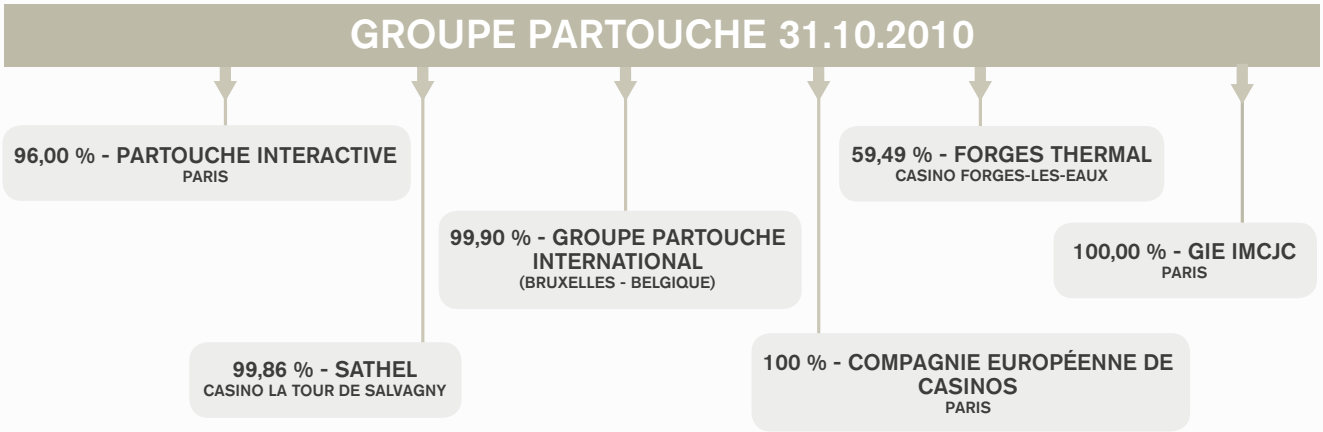
Furthermore, Groupe Partouche maintains a parent-subsidiary relationship with each of the consolidated companies, for which the main related elements for the year ended 31 October 2010 are centralized short-term cash management and the administration of a French tax consolidation structure.

Groupe Partouche fixed assets reached € 538M in net value participations mainly with its subsidiaries. The other part is constituted of € 211M provisions with the subsidiaries.

Groupe Partouche liabilities account for € 393M in Group's equity, € 25M in the current account of the main shareholder Financière Partouche and € 296M in the banks debt.

7.2 The Group

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



99,90 % - GROUPE PARTOUCHE INTERNATIONAL
(BRUXELLES - BELGIQUE)

- 100,00 % → **STÉ DU CASINO DE DJERBA** — Casino de Djerba (Tunisie)
- 99,00 % → **CASINO NUEVO SAN ROQUE** — Casino de San Roque (Espagne)
- 60,00 % → **CASINO SLUIS NV** — Sluis (Pays-Bas)
- 99,90 % → **CASINO DE CHAUDFONTAINE** — Chaudfontaine (Belgique) *
- **GRAND CASINO DE TABARKA** — Casino de Tabarka (Tunisie) — 99,99 % →

59,49 % - FORGES THERMAL
CASINO FORGES-LES-EAUX

- 20,00 % → **CASINO DE VICHY** — Casino Vichy « Les 4 Chemins »
- 79,93 % →
- **CINÉMA ELYSÉE** — Vichy — 96,00 % →
- 20,00 % → **ELYSÉE PALACE HÔTEL** — Vichy — 79,80 % →
- 17,24 % → **CHM** — Vichy — 76,63 % →
- 20,00 % → **ELYSÉE PALACE EXPANSION** — Vichy — 79,76 % →
- **SOCIÉTÉ DE L'ELYSÉE PALACE** — Vichy — 99,97 % →
- **INTERNATIONAL CASINO OF MADRID** — Egypte — 30,00 % →

96,00 % - PARTOUCHE INTERACTIVE
PARIS

- 95,07 % → **QUARISMA** — Paris
- 75,43 % → **PARTOUCHE PRODUCTION** — (ex Sogimage) Paris
- 100,00 % → **PARTOUCHE TECHNOLOGIES** — (ex Que des Jeux) Saint-Avertin
- 75,46 % → **PARTOUCHE IMAGES** — (ex New Screens) Paris
- 100,00 % → **PARTOUCHE TOURNOIS** — Paris
- 100,00 % → **WORLD SERIES OF BACKGAMMON** — Londres
- 70,00 % → **CASKNO** — Bruxelles (Belgique)
- 100,00 % → **PARTOUCHE INTERACTIVE HOLDINGS** — Gibraltar
- **PARTOUCHE INTERACTIVE GIBRALTAR** — Gibraltar — 100,00 % →
- 100,00 % → **PARTOUCHE BETTING** — (ex Atlas Sports et Games) Paris
- 100,00 % → **PARTOUCHE INTERACTIVE MALTA** — Malta
- 100,00 % → **PARTOUCHE GAMING** — France

- 98,69 % → **CASINO DE DIVONNE** — Casino Divonne-les-Bains
- 99,89 % → **CASINO D'ANNEMASSE** — Casino Annemasse
- 99,96 % →
- 0,04 % → **SCI L'ARVE** — Annemasse
- 100,00 % → **CASINO DE HAUTEVILLE** — Casino Hauteville-Lompnes
- 57,00 % → **CASINO CRANS-MONTANA** — Casino Crans-Montana (Suisse)

- 100,00 % → **SYSTÈMES INTELLIGENTS CASINO** — Troyes

LÉGENDE

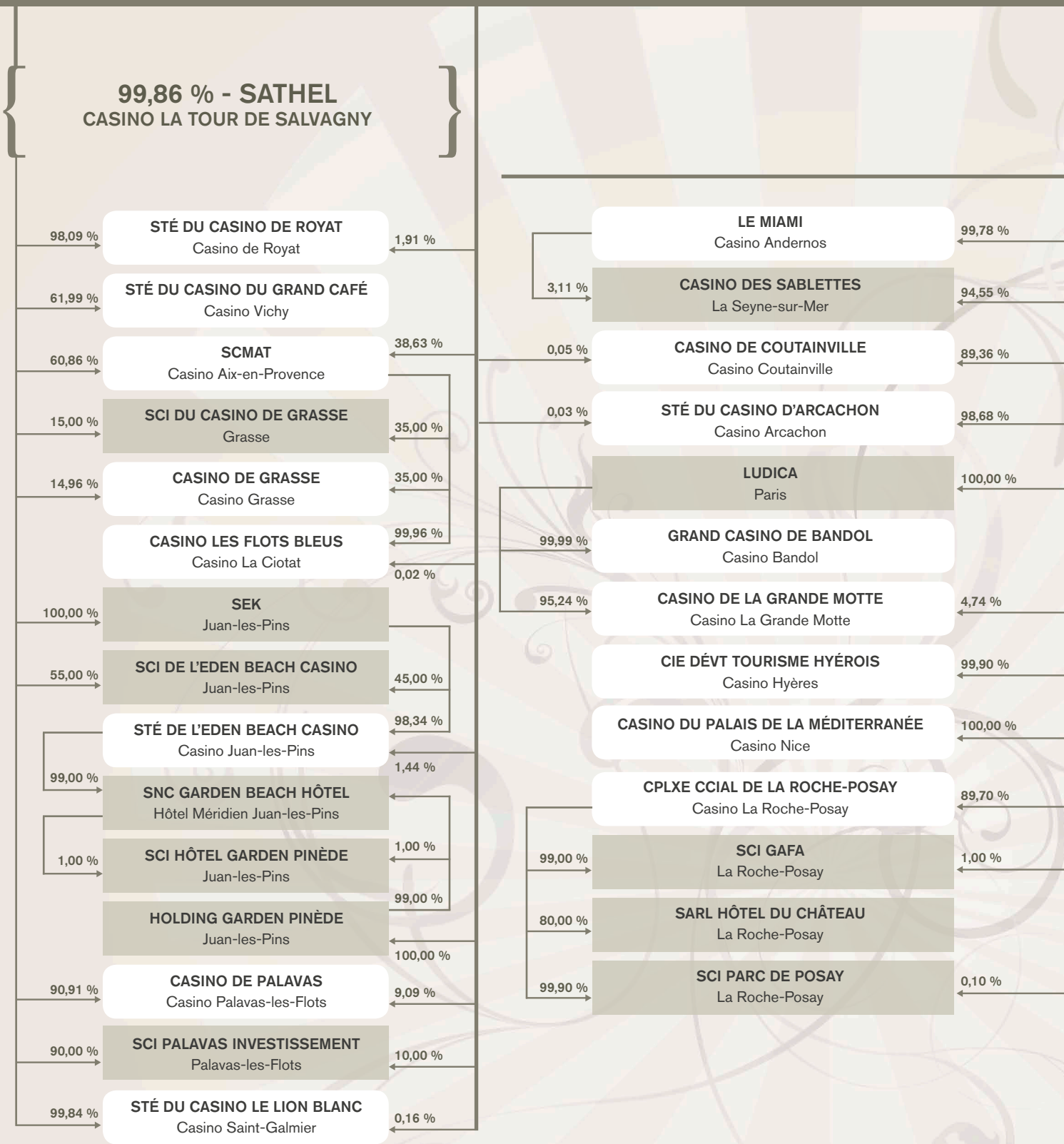
- Casinos
- Autres entités
- * 0,10 % sont détenus par Belcasinos

GROUPE PARTOUCHE 31.10.2010

100,00 % - GIE IMCJC
PARIS

- 100,00 % → **CASINO TRINITÉ-SUR-MER** — Casino La Trinité-sur-Mer
- 97,00 % → **HÔTEL INTERNATIONAL DE LYON** — Hôtel Hilton Lyon
- 100,00 % → **STÉ DU GRAND CASINO DE LYON** — Casino Lyon
- 97,60 % → **SA LYDIA INVESTISSEMENT** — Casino Port Barcarès
- 97,00 % → **SCI LYDIA** — Port Barcarès
- 99,99 % → **CANNES BALNÉAIRE** — Cannes
- 100,00 % → **LCLP PALM BEACH CASINO** — Casino Cannes
- 100,00 % → **STÉ IMMOBILIÈRE CANNOSTA** — Hôtel 3.14 Cannes
- 100,00 % → **KIOUSK** — Cannes
- 100,00 % → **STÉ DU CASINO DE SAINT-AMAND** — Casino Saint-Amand-les-Eaux
- 90,05 % → **LE TOUQUET'S** — Casino Calais
- 100,00 % → **NUMA** — Casino Boulogne
- 99,53 % → **STÉ DU CASINO DU TOUQUET** — Casino Le Touquet
- 99,72 % → **BARATEM** — Le Touquet
- 100,00 % → **JEAN METZ** — Casino Berck-sur-Mer
- 100,00 % → **SACBM** — Casino Dieppe
- 100,00 % → **STÉ DU CASINO DE CABOURG** — Casino Cabourg

- 100,00 % → **CASINO DU HAVRE** — Casino Le Havre
- 99,99 % → **SCI RUE ROYALE** — Paris
- 100,00 % → **PARTOUCHE IMMOBILIER** — Paris
- 100,00 % → **SCI FONCIÈRE VITTEL ET CONTREX** — Contrexéville
- 100,00 % → **HÔTEL COSMOS** — Hôtel Contrexéville
- 100,00 % → **STÉ EXPL. CASINO ET HÔTELS** — Casino Contrexéville
  - 100,00 % → **GRANDS HÔTEL DU PARC** — Hôtel Contrexéville
- 99,99 % → **SCI LES THERMES** — Aix-en-Provence
  - 99,80 % → **HÔTEL AQUABELLA** — Hôtel Aix-en-Provence
  - 100,00 % → **SARL THERM'PARK** — Aix-en-Provence
    - 0,06 % → **CENTRE BALNÉOTHÉRAPIE AIX** — Aix-en-Provence
  - 99,94 % → **CENTRE BALNÉOTHÉRAPIE AIX** — Aix-en-Provence
- 69,76 % → **CASINO DE LA TREMBLADE** — Casino La Tremblade
  - 1,00 % → **SCI LA TREMBLADE** — La Tremblade
  - 99,00 % → **SCI LA TREMBLADE** — La Tremblade
- 100,00 % → **PARTOUCHE SPECTACLES** — Paris
- 100,00 % → **GROUPEMENT CASINOS** — Paris


99,86 % - SATHEL
CASINO LA TOUR DE SALVAGNY
98,09 %
STÉ DU CASINO DE ROYAT
Casino de Royat
1,91 %
61,99 %
STÉ DU CASINO DU GRAND CAFÉ
Casino Vichy
60,86 %
SCMAT
Casino Aix-en-Provence
38,63 %
15,00 %
SCI DU CASINO DE GRASSE
Grasse
35,00 %
14,96 %
CASINO DE GRASSE
Casino Grasse
35,00 %
CASINO LES FLOTS BLEUS
Casino La Ciotat
99,96 %
0,02 %
100,00 %
SEK
Juan-les-Pins
55,00 %
SCI DE L'EDEN BEACH CASINO
Juan-les-Pins
45,00 %
STÉ DE L'EDEN BEACH CASINO
Casino Juan-les-Pins
98,34 %
1,44 %
99,00 %
SNC GARDEN BEACH HÔTEL
Hôtel Méridien Juan-les-Pins
1,00 %
SCI HÔTEL GARDEN PINÈDE
Juan-les-Pins
1,00 %
99,00 %
HOLDING GARDEN PINÈDE
Juan-les-Pins
100,00 %
90,91 %
CASINO DE PALAVAS
Casino Palavas-les-Flots
9,09 %
90,00 %
SCI PALAVAS INVESTISSEMENT
Palavas-les-Flots
10,00 %
99,84 %
STÉ DU CASINO LE LION BLANC
Casino Saint-Galmier
0,16 %
LE MIAMI
Casino Andernos
99,78 %
3,11 %
CASINO DES SABLETTES
La Seyne-sur-Mer
94,55 %
0,05 %
CASINO DE COUTAINVILLE
Casino Coutainville
89,36 %
0,03 %
STÉ DU CASINO D'ARCACHON
Casino Arcachon
98,68 %
LUDICA
Paris
100,00 %
99,99 %
GRAND CASINO DE BANDOL
Casino Bandol
95,24 %
CASINO DE LA GRANDE MOTTE
Casino La Grande Motte
4,74 %
CIE DÉVT TOURISME HYÉROIS
Casino Hyères
99,90 %
CASINO DU PALAIS DE LA MÉDITERRANÉE
Casino Nice
100,00 %
CPLXE CCIAL DE LA ROCHE-POSAY
Casino La Roche-Posay
89,70 %
99,00 %
SCI GAFA
La Roche-Posay
1,00 %
80,00 %
SARL HÔTEL DU CHÂTEAU
La Roche-Posay
99,90 %
SCI PARC DE POSAY
La Roche-Posay
0,10 %

GROUPE PARTOUCHE 31.10.2010

100 % - COMPAGNIE EUROPÉENNE DE CASINOS
PARIS

- 100,00 % → **PLOMBINOISE DE CASINO** — Casino Plombières
- 100,00 % → **CASINO DU MOLE** — Casino Pornic
- 1,00 % → **SCI LES MOUETTES** — Pornic ← 99,00 % (CASINO DU MOLE)
- 100,00 % → **CASINO DE SAINT-NECTAIRE** — Casino Saint-Nectaire
- 100,00 % → **CASINO DE SALIES-DE-BÉARN** — Casino Salies-de-Béarn
- 100,00 % → **CASINO D'EVAUX-LES-BAINS** — Casino Evaux-les-Bains
- 100,00 % → **GIE GESTION CONSEIL COMMUNICATION** — Paris
- 100,00 % → **CASINO DE PORNICHET** — Casino Pornichet
- 100,00 % → **SOC. EXPL. CASINO LA ROTONDE** — Casino Val-André
  - 100,00 % → **SINOCA** — Hôtel Val-André
  - 1,00 % → **SCI J.M.B** — Val-André ← 99,00 % (SINOCA)
- 100,00 % → **GRD CASINO DE GRÉOUX** — Casino Gréoux-les-Bains
- 99,99 % → **SCI RÉSIDENCE LES JARRES** — Gréoux-les-Bains ← 0,01 % (GRD CASINO DE GRÉOUX)
- 96,99 % → **DÉVT DE LA BAIE DE KERNIC** — Casino Plouescat

- 99,99 % → **BELCASINOS** — Bruxelles (Belgique)
- **VZW** — (Belgique) ← 100,00 % (BELCASINOS)
- **CHAUDFONTAINE LOISIRS** — Casino de Chaudfontaine (Belgique) ← 99,95 % (BELCASINOS)
- **NV CASINO KURSAAL OOSTENDE** — Casino de Oostende (Belgique) ← 99,98 % (BELCASINOS)
- **CASINO DE DINANT** — Dinant (Belgique) ← 99,99 % (BELCASINOS)
- 100,00 % → **BEST GAMING CORPORATION** — Reno (USA)
- 40,00 % → **CASINO LAC MEYRIN** — Casino Meyrin (Suisse)
- **INTERNATIONAL GAMBLING SYSTEMS** — (Belgique) ← 19,00 % (BELCASINOS)
- **SA SIKB** — Knokke (Belgique) ← 100,00 % (BELCASINOS)
  - 0,49 % → **SA ECK** — Casino de Knokke (Belgique) ← 99,51 % (BELCASINOS)

LÉGENDE

- Casinos
- Autres entités

08 PROPERTY, PLANT AND EQUIPMENT

8.1 Existing or planned major items of property and equipment

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

With regard to its wholly-owned property assets, Groupe Partouche commissioned a summary estimate in 2005 from a real-estate expert (1) of its properties located in France; the estimate is based primarily on applying market values for premises regarded as "occupied", excepting those that are commonly known to be vacant. This study was completed at end 2005 and has been updated since; in December 2010, the value of this real-estate portfolio was estimated at €426m, of which €91m on long-term, long leases agreement.

The Group's main property holdings, based on floor space are as follows:

ESTABLISHMENT	LEGAL STATUS	FLOOR SPACE
Aix-en-Provence casino	Long lease agreement	9 907 sq m
Cannes 3.14 hotel	Full ownership	3 445 sq m
Contrexéville casino & hotels	Full ownership	13 398 sq m
Divonne-les-Bains casino, hotel & golf course	Full ownership	16 399 sq m
Forges-les-Eaux casino & hotels	Full ownership	34 273 sq m
Hyères casino	Long lease agreement	6 100 sq m
Juan-les-pins casino & hotel	Full ownership	12 280 sq m
La Tour de Salvagny casino & hotel	Full ownership	12 243 sq m
Lyons casino & hotel	Long lease agreement	22 605 sq m
Saint-Amand-les-Eaux casino & hotel	Long lease agreement	10 584 sq m

Moreover, the stock of slot machines installed at Groupe Partouche's French casinos reached 5,43 units at 31 October 2010, compared with 5,543 at 31 October 2009. In view of the market's maturity and the amendment of the regulations concerning the installation of these machines (see § 6.1.1.a statutory framework), the number of slot machines is not expected to develop significantly.

The planned tangible assets are detailed in paragraphs 5.2.2. Major investments in progress & 5.2.3 Major investments either scheduled or arising from firm commitments made by the Group's executive committees.

The planned constructions are the followings:

- La Ciotat: a Pasino with a 9,985 sq.m hotel on a plot of 13,653 sq.m;
- La Grande Motte: a Pasino of 8,600 sq.m on a plot of 11,000 sq.m;
- Bandol: a new casino of 4,700 sq.m on a plot of 3,600 sq.m.

8.2 Existence of assets used by the company belonging to the directors or their family

Significant assets operated by the Company and belonging to the directors or their family are included in the accounts of Financière Partouche, i.e. :

- Property complex housing the premises of Casino du Touquet;
- A 3% investment in SCI Lydia Invest, the owner of a moored boat in Port-Barcarès, which houses the casino;
- A portion of a building located on rue de Saussure in Paris (17th) housing the registered offices of Groupe Partouche SA and of several other Group companies.

8.3 Environmental constraints likely to have an impact on the utilisation of these property assets

There are no environmental constraints likely to have a significant impact on the utilization of these property assets, given the nature of the service activities carried out by the Group.

09 EXAMINATION OF THE FINANCIAL SITUATION AND RESULT

9.1 Financial condition and results of operations

Pursuant to Article 28 of Regulation (EC) N°809/2004, the following information is included by reference in this document:

The Group's financial position and results for the financial year ended 31 October 2008 prepared according to IFRS/IAS as adopted by the European Union and shown on page 40 et seq. of the Company's Reference Document that was registered with the French financial markets authority (AMF) on 5 March 2009 under the n° D.09-098;

The Group's financial position and results for the financial year ended 31 October 2009 prepared according to IFRS/IAS as adopted by the European Union and shown on page 46 et seq. of the Company's Reference Document that was registered with the AMF on 26 February 2010 under n° D.10-0069.

The two Reference Documents referred to above are available on the Company's website (www.partouche.com) and the AMF's website (www.amf-france.org).

9.1.1 MAIN CHANGES IN GROUP CONSOLIDATION SCOPE

Subsequent to changes in October 2009 in investments in the companies of the Palais de la Méditerranée business unit in Nice, the Nice casino was accounted for as a fully integrated company, since the last balance sheet date; its contribution therefore impacts all sections of the Group's consolidated income statement.

Under the legislation on online gaming in France, Partouche Interactive obtained an online poker licence from ARJEL. It subsequently opened an online gaming website dedicated to the French market on 6 July 2010, which is operated by its wholly-owned subsidiary Partouche Gaming France.

9.1.2 POSITION AND TRENDS FOR THE GROUP ACTIVITY IN THE FINANCIAL YEAR ENDED 31 OCTOBER 2010

ACTIVITY OF THE GROUP

The Group's turnover for the financial year ended 31 October 2010 amounted to €478,1m, up by 5,5% compared to the prior financial year. The breakdown of Group turnover is summarised in the following table:

Analysis of turnover in financial year 2010, €000

		2010	2009	VARIATION	ÉVOLUTION
	France	60,4	52,3		
	Abroad	27,9	29,7		
GGR OF TABLE GAMES		88,2	82,0	6,3	7,6 %
% OF ACTUAL GGR		12,6 %	11,4 %		
	France	535,8	553,4		
	Abroad	77,7	81,3		
GROSS REVENUE OF SLOT MACHINES		613,5	634,7	-21,1	-3,3 %
% OF ACTUAL GGR		87,4 %	88,6 %		
	France	596,2	605,6		
	Abroad	105,6	111,0		
GROSS GAMING REVENUE (TOTAL)		701,8	716,6	-14,9	-2,1 %
	France	315,7	330,8		
	Abroad	44,5	51,3		
LEVIES		360,2	382,0	-21,8	-5,7 %
	France	53,0 %	54,6 %		
	Abroad	42,2 %	46,2 %		
LEVY RATE		51,3 %	53,3 %		
	France	280,5	274,9		
	Abroad	61,0	59,7		
NET GAMING REVENUE		341,5	334,6	6,9	2,1 %
% OF TOTAL TURNOVER		71,4 %	73,9 %		
	France	125,7	107,4		
	Abroad	10,9	11,0		
NON-GAMING REVENUE		136,6	118,4	18,2	15,4 %
% OF TOTAL TURNOVER		28,6 %	26,1 %		
	France	406,2	382,3		
	Abroad	71,9	70,7		
TURNOVER		478,1	453,0	25,1	5,5 %

GGR

For the fourth consecutive year, Groupe Partouche reported a drop in its Gross Gaming Revenue (GGR); this fall in 2010 was still due to the smoking ban in casinos and the economic downturn. However, the decrease of 2.1% was an improvement on the fall of 9.0% in 2009, with a progressive improvement of GGR reported over the financial year.

Traditional gaming generated €88.2m (+7.6%) and slot machines generated €613.5m (-3.3%).

Casinos in France accounted for €596.2m (-1.6%) of the Group's total GGR, while foreign casinos accounted for €105.6m (-4.9%).

GAMING ACTIVITY IN FRANCE

The above fall in GGR was very much reflected in slot machine revenue, which was down 3.1% (-5.7% excluding the Nice casino). Even if the large majority of casinos reported falls in GGR, certain casinos, such as Divonne-les-Bains and Vichy Grand Café reported increases. Traditional gaming GGR grew by 15.5% (+12.4% excluding the Nice casino), boosted by Palm Beach of Cannes, which posted an increase of €6.5m in its GGR.

The number of slot machines totalled 5,743, an increase of 200 compared with the previous financial year, due to the addition of the Nice casino.

Average GGR per day and per machine was marginally down, falling from 271 euros in 2009 to 253 euros in 2010.

GAMING ACTIVITY OUTSIDE FRANCE

GGR from the Group's business outside France was down, both for traditional gaming (-6.1%) and for slot machines (-4.4%), with significant differences between countries. With the introduction of the smoking ban, the Meyrin casino in Switzerland reported a decrease in GGR of 16.8%, whereas the casinos in Belgium reported an increase of 14.0% and the casinos in Tunisia growth of 4.7%.

GAMING LEVIES

The measure introduced in 2009 for updating the scales by which the government's gaming levies are calculated, was followed in 2010 by a second measure that introduced distinct scales for calculating the levies on traditional gaming and on slot machines (Order N° 2010-476 of 12 May 2010); it led to a saving of €9.6m in respect of the 2009/10 financial year. The average levy of the Group's French casinos thus fell from 54.6% in 2009 to 53.0% in 2010.

The average levy rate of the Group's casinos located outside France fell from 46.2% in financial year 2009 to 42.2% in financial year 2010. This decrease was mainly due to the fall in revenue from the Meyrin casino.

After deducting these levies from the Group's GGR, the Group reported net gaming revenue (NGR) of €341.5m.

REVENUE EXCLUDING NET GAMING REVENUE

The Group's net revenue excluding its NGR included non-recurring revenue of €9.7m arising from the retroactive application, on 1 November 2008, of the distinct levy scales mentioned above.

Besides this non-recurring item, this business sector was driven by growth in the catering and entertainment businesses of casinos.

Revenue from hotels fell to €31.9m, a decline of 2.1% on a like-for-like basis, mainly due to renovation work that closed the hotel of Juan-les-Pins, during the 2009/2010 winter.

As regards the Interactive division, the year was marked by changes in French legislation and the opening of the online gaming industry to competition. In response to requests from the new French online gaming authority (ARJEL), the Group shut down the Gibraltar website for French players, on 14 May 2010, which resulted in the subsidiary PI Gibraltar losing the main part of its business.

Partouche Interactive then obtained an online poker licence from ARJEL and so opened, on 6 July 2010, through its dedicated subsidiary Partouche Gaming France, an online gaming website dedicated to the French market.

CONSOLIDATED RESULTS

Thanks to the Group's cost controls, the Group reported an increase in EBITDA, which rose from €77.0m in 2009 to €95.5m in 2010. Profit from recurring operations totalled €47.8m, a rise of 65%.

The Group's results for the year ended 31 October 2010 restated to incorporate tax measures and the Nice casino being fully integrated highlighted the stability of the Group's operating margin when these effects were excluded:

€M	2010	IMPACT OF THE CASINO OF NICE	IMPACT OF LEVY SAVINGS	2010 RESTATED	2009
GROSS GAMING REVENUE (GGR)	701,8	15,4	-	686,3	716,6
TOTAL CONSOLIDATED REVENUE	478,1	8,9	19,3	449,9	453,0
EBITDA	95,5	(1,6)	19,3	77,8	77,0
CURRENT OPERATING PROFIT (COP)	47,8	(2,4)	19,3	30,9	29,0

The main recurring expense items, i.e. external purchases and expenses, and personnel expenses, increased marginally, mainly on account of the Nice casino being fully integrated. The amount of taxes and duties for the year benefited from the taxe professionnelle [French local business tax] being replaced by the regional economic contribution (CET), which yielded a saving of €2.5m.

Depreciation, amortisation and impairment of fixed assets amounted to €47.1m, compared with €45.6m in 2009; it included an exceptional charge of €1.8m, which mainly arose from the casinos of Beaulieu (court-ordered liquidation) and Port-Barcarès (closure).

The "other current income and operational expenses" are -6,6 M€ against -11,3 M€ in 2009, mainly due to the self-constructed assets (in particular Partouche Technologies) +1,1 M€) and to the impact of the net favorable variations of provisions + 3,2 M€.

The Group thus posted profit from recurring operations of €47.8m, an increase of 64.7%.

On account of the Group's French casinos' being the only casinos that benefited from the above tax measures, they alone accounted for the increase in the Group's profitability for the financial year.

The Interactive division was in a transition period, mainly recording the effects of French players being prohibited to play on the Gibraltar-based online poker website and the opening of the French website, which led to a fall in revenue and non-recurring expenses related to the setting up of the structure in France in the second half of the year.

The Group's hotel division reported a slight fall in profit from recurring operations, due to the fall in revenue down by € 0.1m compared to € 0.4m in 2009.

The loss from recurring operations of €73.8m was mainly due to the amortisation of goodwill of €71.2m.

As mentioned in the update of the 2009 Reference Document, which was published in July 2010, the multiple of the GGR that is used in the fair value method - which is used for the tests of goodwill amortisation - becoming increasingly difficult to increase. In this context, the absence of recent comparable transactions led Groupe Partouche to no longer base its estimates on the fair value method (which uses comparable multiples), but instead to only use the net present value method, which is based on discounted future annual returns. The effect of this change in the accounting estimate represented an additional goodwill amortisation of (€46.8m), which was included in the total depreciation of (€71.2m) that was booked in respect of the 2010 financial year; the continuing use of the method used up until now accounted for the remainder.

The loss from non-recurring operations also included a net loss of €2.3m on disposals of consolidated investments, mainly concerning the casinos of St-Honoré-les-Bains and Beaulieu-sur-Mer.

A loss from non-recurring operations of €73.8m led to the Group's posting an operating loss of €25.9m.

There was a jump in net financial items due to an increase in the value of the Group's interest rate hedges. Despite the rise in margins applied to the syndicated loan, cost of credit was stable at €20.9m, thanks to a reduction in the Group's debt following the capital increase.

Due to the large amount of goodwill impairment recognised in the financial year, the Group reported a net loss of €50m for the financial year ended 31 October 2010. Net loss attributable to Group shareholders was €58.1m and the profit attributable to minorities, mainly concerning Swiss casinos, was €8.0m.

FINANCIAL POSITION

The main changes in Groupe Partouche's balance sheet are as follows:

- Non-current assets amounted to €727.5m, a decrease of €102.9m, mainly due to the impairment of goodwill;
- Due to the cash flow from operations for the year (€66.5m) and the limited cash flow from investments (-€24.8m), the Group recorded a net increase in cash and cash equivalents of €28.7m, bringing the cash and cash equivalents posted under assets to €107.6m;
- Following the capital increase completed in August 2010 and the net result attributable to Group shareholders in financial year 2010, total shareholders' equity increased by €18.6m to reach €344.9m;

▸ The participation of Financière Partouche in the capital increase, through the conversion of a portion of its shareholder advance, in the amount of €74.6m, enabled the Group's financial debt to be reduced from €421.9m to €336.6m, bringing it to roughly the same level as equity. The current portion of this debt increased to €144.0m, mainly due to the fact that the Tranche A debt of €100.1m will fall due for repayment at the end of the 2011 financial year. It should be noted that the rider of 25 January 2011 evoked in § 4.1.1 "Financial Risks – Liquidity Risk" and in the note 32 of § 20.2.1 "Events subsequent to year-end and operations in progress" favorably impacts the ventilation of the financial terms between current and non-current parts.

ACTIVITY OF SUBSIDIARIES

GGR BY CASINO			
€000 at 31st OCTOBER	**2010**	**2009**	**2008**
CASINO AIX-EN-PROVENCE	54 469	55 224	61 292
CASINO CHARBONNIÈRES (LYON VERT)	50 740	56 063	62 948
CASINO MEYRIN (Suisse)	50 454	60 616	56 460
CASINO SAINT-AMAND-LES-EAUX	38 889	42 335	48 388
CASINO LYON (PHARAON)	35 374	35 768	37 711
CASINO FORGES-LES-EAUX	33 696	37 845	42 098
CASINO DIVONNE-LES-BAINS	32 057	30 676	33 610
CASINO ANNEMASSE	24 213	24 465	27 080
CASINO CANNES (PALM BEACH)	23 733	17 634	16 260
CASINO HYÈRES	20 347	21 025	23 600
CASINO PORNICHET	18 581	20 623	23 400
CASINO LA GRANDE MOTTE	17 797	19 159	22 656
CASINO BANDOL	17 142	17 807	21 192
CASINO LE HAVRE	16 148	17 612	20 714
CASINO NICE PALAIS DE LA MÉDITERRANÉE	15 435	-	-
CASINO LA ROCHE-POSAY	15 399	15 842	17 710
CASINO CRANS-MONTANA (Suisse)	15 266	14 665	15 062
CASINO PALAVAS-LES-FLOTS	13 798	14 127	16 474
CASINO JUAN-LES-PINS	13 110	14 027	17 560
CASINO ROYAT	12 858	13 226	15 393
CASINO KNOKKE-ECK (Belgique)	12 133	9 192	8 405
CASINO SAINT-GALMIER	11 821	12 838	14 718
CASINO OOSTENDE (Belgique)	11 272	11 456	9 040
CASINO PORNIC	10 593	11 978	13 125
CASINO DIEPPE	9 066	9 055	10 375
CASINO PLOUESCAT	8 431	9 149	10 417

GGR BY CASINO			
€000 at 31st OCTOBER	**2010**	**2009**	**2008**
CASINO VICHY GRAND CAFÉ	7 967	7 639	8 983
CASINO CHAUDFONTAINE-LOISIRS (Belgique)	7 896	6 961	5 388
CASINO BOULOGNE	7 762	7 823	8 170
CASINO CALAIS	7 503	7 878	9 317
CASINO CABOURG	6 274	6 259	7 181
CASINO LA CIOTAT	6 216	6 255	7 569
CASINO BERCK	6 214	6 561	7 181
CASINO DINANT (Belgique)	6 088	5 189	2 654
CASINO ARCACHON	5 867	6 593	7 996
CASINO VICHY 4 CHEMINS	5 821	6 448	6 650
CASINO ANDERNOS	5 052	5 765	6 983
CASINO LE TOUQUET (CASINO DES 4 SAISONS)	4 744	5 497	6 995
CASINO PLOMBIÈRES	4 534	4 367	5 069
CASINO AGON COUTAINVILLE	4 387	4 688	5 074
CASINO VAL-ANDRÉ	4 264	4 467	5 902
CASINO CONTREXÉVILLE	3 868	4 016	5 047
CASINO GRÉOUX-LES-BAINS	3 222	3 913	4 851
CASINO EVAUX-LES-BAINS	2 821	2 810	3 464
CASINO HAUTEVILLE-LOMPNES	2 532	3 112	3 918
CASINO BEAULIEU-SUR-MER	2 394	2 921	5 136
CASINO LA TREMBLADE	2 222	2 332	2 968
CASINO DJERBA (Tunisie)	2 135	2 062	1 877
CASINO SAINT-HONORÉ-LES-BAINS	2 119	1 881	1 901
CASINO SAINT-NECTAIRE	1 982	2 021	2 616
CASINO LA TRINITÉ	1 925	1 920	1 353
CASINO SALIES DE BÉARN	1 772	2 081	2 617
CASINO GRASSE	1 035	1 233	1 610
CASINO SAN ROQUE (Espagne)	189	758	1 145
CASINO TABARKA (Tunisie)	129	100	-
CASINO PORT BARCARÈS	-	682	2 611
TOTAL GGR	**701 757**	**716 640**	**787 914**

TURNOVER BY CASINO			
€000 at 31st OCTOBER	**2010**	**2009**	**2008**
PASINO AIX-EN-PROVENCE	30 068	28 210	30 794
CASINO CHARBONNIÈRES (LYON VERT)	28 600	28 558	31 134
CASINO MEYRIN (Suisse)	24 734	26 777	24 933
CASINO SAINT-AMAND	24 290	24 448	26 750
CASINO DIVONNE-LES-BAINS	24 252	20 980	23 975
CASINO FORGES-LES-EAUX	23 729	23 418	25 497
CASINO CANNES (PALM BEACH)	20 108	13 673	12 324
CASINO LYON (PHARAON)	16 708	15 747	16 337
CASINO LE HAVRE	11 901	11 710	12 948
CASINO CRANS-MONTANA (Suisse)	11 809	11 141	11 343
CASINO ANNEMASSE	11 802	11 145	12 159
CASINO PORNICHET	10 651	10 846	11 684
CASINO HYÈRES	10 404	9 992	10 710
CASINO LA GRANDE MOTTE	9 775	9 589	10 823
CASINO KNOKKE-ECK (Belgique)	9 009	6 950	6 573
CASINO NICE PALAIS DE LA MÉDITERRANÉE	8 941	0	-
CASINO LA ROCHE-POSAY	8 926	8 409	8 944
CASINO BANDOL	8 670	8 425	9 598
CASINO JUAN-LES-PINS	7 640	7 919	9 047
CASINO PALAVAS-LES-FLOTS	7 497	7 027	7 680
CASINO OOSTENDE (Belgique)	7 424	7 409	6 130
CASINO PORNIC	7 233	7 434	7 642
CASINO ROYAT	7 053	6 767	7 392
CASINO SAINT-GALMIER	6 617	6 498	6 849
CASINO DIEPPE	6 149	5 572	5 748
CASINO VICHY - GRAND CAFÉ	5 625	5 320	5 701
CASINO CHAUDFONTAINE-LOISIRS	5 493	4 904	3 918
CASINO CABOURG	5 203	4 807	5 022
CASINO PLOUESCAT	5 089	5 248	5 706
CASINO DINANT (Belgique)	4 943	4 344	2 378
CASINO BOULOGNE	4 760	4 449	4 241
CASINO CALAIS	4 261	4 357	4 816
CASINO VICHY - 4 CHEMINS	3 987	4 120	4 073
CASINO ARCACHON	3 770	3 703	4 100
CASINO BERCK	3 705	3 838	3 973
CASINO LE TOUQUET (CASINO DES 4 SAISONS)	3 585	3 710	4 269

TURNOVER BY CASINO			
€000 at 31st OCTOBER	**2010**	**2009**	**2008**
CASINO LA CIOTAT	3 500	3 268	3 731
CASINO VAL-ANDRÉ	3 496	3 372	3 913
CASINO ANDERNOS	3 157	3 321	3 793
CASINO PLOMBIÈRES	2 966	2 663	2 933
CASINO AGON COUTAINVILLE	2 644	2 646	2 696
CASINO CONTREXÉVILLE	2 491	2 537	3 087
CASINO DJERBA (Tunisie)	2 290	2 072	2 064
CASINO GRÉOUX-LES-BAINS	2 084	2 401	2 771
CASINO EVAUX	2 081	2 002	2 183
CASINO SALIES DE BÉARN	2 028	2 149	2 279
CASINO BEAULIEU-SUR-MER	1 745	2 137	3 258
CASINO LA TRINITÉ	1 658	1 529	947
CASINO HAUTEVILLE-LOMPNES	1 599	2 017	2 490
CASINO LA TREMBLADE	1 552	1 564	1 832
CASINO SAINT-HONORÉ-LES-BAINS	1 492	1 338	1 232
CASINO SAINT-NECTAIRE	1 303	1 357	1 604
CASINO GRASSE	771	846	1 038
CASINO SAN ROQUE (Espagne)	173	684	1 111
CASINO TABARKA (Tunisie)	116	89	-
CASINO PORT BARCARÈS	4	633	2 744
TOTAL CASINO	**431 557**	**406 071**	**430 915**
HÔTEL LYON-HIL	10 881	11 072	12 041
HÔTEL JUAN-GARDEN BEACH	7 088	7 683	11 581
HÔTEL CANNES - 3.14	6 217	6 721	7 985
HÔTEL AIX - AQUABELLA	6 097	5 812	5 737
HÔTEL CONTREX COSMOS	1 497	1 175	1 604
HÔTEL VAL-ANDRÉ - SINOCA	137	119	184
HÔTEL CONTREX - GD HÔTEL DU PARC	0	11	71
HÔTEL CHARBONNIÈRES	-	-	638
TOTAL HOTEL	**31 917**	**32 594**	**39 840**
PI GIBRALTAR (Gibraltar)	4 178	4 459	18
PARTOUCHE IMAGES (Ex New Screens)	1 621	1 385	821
PARTOUCHE GAMING FRANCE	841	-	-
SPRL CASKNO	593	913	574

TURNOVER BY CASINO			
€000 at 31st OCTOBER	**2010**	**2009**	**2008**
PARTOUCHE TECHNOLOGIES (Ex QDJ)	289	733	1 482
PARTOUCHE BETTING LTD (Malte)	4	5	-267
PARTOUCHE PRODUCTION (Ex Sogimage)	2	0	257
PARTOUCHE INTERACTIVE	0	-	1
PARTOUCHE TOURNOIS (Ex Partouche Gammon)	-	3	49
WS BACKGAMMON (Angleterre)	-	-	46
TOTAL INTERACTIVE DIVISION	7 529	7 498	2 982
THERMES - AIX - CBAP (Centre de balnéothérapie)	2 479	2 558	2 678
CINÉMA ÉLYSÉE VICHY	1 897	1 592	1 553
CASINO SLUIS NV (Hollande)	1 134	690	4
GROUPE PARTOUCHE	656	442	641
BARATEM	358	361	378
SARL THERM'PARK	159	167	197
SARL CAFÉ CARMEN	129	212	240
ELYSÉE PALACE (EPSA)	85	85	73
SCI HÔTEL GARDEN PINÈDE	68	-	0
PARTOUCHE SPECTACLES	65	20	-
SCI RUE ROYALE	43	40	43
CASINO VIRGINIAN DE RENO (USA)	11	11	11
SA SIKB (Belgique)	11	254	492
CHM	11	10	9
SCI DE GRASSE	7	0	0
SCI FONCIÈRE DE VITTEL ET CONTREXÉVILLE	4	7	37
CANNES BALNÉAIRE	4	24	-
GPT CASINOS	-	42	42
SCI LERICHE ROSTAGNE	-	-	95
PARTOUCHE IMMOBILIER	-	4	-
THERMES VITTEL	-	-	415
THERMES CONTREXÉVILLE	-	305	1 007
VILLA DU HAVRE	-	3	20
VZW (Belgique)	-	-	5
BELCASINOS (Belgique)	0	0	0
TOTAL OTHER	**7 123**	**6 831**	**7 941**
TOTAL TURNOVER	**478 126**	**452 993**	**481 678**

9.2 Financial position and results of the Group's parent company

The financial year under consideration is the 12-month period beginning 1 November 2009 and ending 31 October 2010.

The main events of the year were as follows:

- A capital increase with shareholders' preferential right of subscription, which was launched on 19 July 2010 and completed on 13 August 2010, raising funds of €77,446 thousand.
  Financière Partouche participated in the capital increase, through the conversion of a portion of the shareholder receivable owed to it by Groupe Partouche.
  Following the operation, Financière Partouche held a 80.83% interest in Groupe Partouche, compared with its previous stake of 66.92%.
- Loan write-offs totalling €38,793 thousand with a clawback provision were granted to our subsidiaries In the same financial year, loan write-offs with a clawback provision granted to Groupe Partouche totalled €5,230 thousand.

Revenue for the financial year totalled €14.4m, mainly comprising fees of €12.8m paid by subsidiaries; operating income amounted to €14.9m, compared with €15.3m in 2009.

Operating expenses were reduced to €17.8m versus €21.2m in 2009, due to the fact that the fees relating to the renegotiation of the syndicated loan were recorded in respect of the 2009 financial year; revenue from operations thus increased by €3m.

Financial income totalled €40.6m, of which €27.0m from dividends paid by subsidiaries.

Financial expenses rose from €57.5m to €131.7m, due to significant impairment of €30.1m in the value of shares held and to the impairment of €39.8m in the value of current accounts, of which €53.8m related to Cannes Balnéaires. Due to these charges the company posted a net financial expense of €91.0m.

Total non-recurring items represent a loss of €1.7m, mostly resulting from a charge to provisions of €1.7m relating to the remaining debt of €3.4m owed to the company by Société Française de Casinos (SFC).

Under the tax consolidation agreement, our company recorded a tax saving of €17.8m and a group tax charge of €1.3m for the year ended 31 October 2010, which gives a total net tax saving of €16.5m.

The company made a net loss of €79.0m for the financial year.

On the assets side of the balance sheet, fixed assets decreased from €644.4m in 2009 to €616.2m in 2010, due to impairment in the value of securities of €30.1m, which reduced the value of long-term investments.

Other receivables also decreased, due to provisions made in respect of current accounts.

On the liabilities side of the balance sheet, the company's equity remained stable, following the posting of two opposing items:

- the capital increase of €77,446 thousand;
- the loss for the financial year of €79,033 thousand.

Over the financial year, €5m of the syndicated loan was reimbursed; the amount outstanding on the loan was €293.1m, at the balance sheet date.

9.3 Proposed appropriation of profit for financial year 2010

The proposed appropriation of profit for financial year 2010 is as follows:

Net loss for the financial year	-79 033 087 €
Retained earnings	-79 033 087 €
Which, after appropriation amounts to:	152 284 695 €

10 CASH AND CAPITAL RESOURCES

10.1 Information concerning the Group's equity

Please refer to Note 14 of Chapter 20.2.1 of the Group's consolidated financial statements for 2010.

Please refer to Note 14 of Chapter 20.2.1 of the Group's consolidated financial statements for 2009.

Please refer to Note 14 of Chapter 20.2.1 of the Group's consolidated financial statements for 2008.

10.2 Sources and amounts of the Group's consolidated cash flows

Please refer to Note 27 of Chapter 20.2.1 of the Group's consolidated financial statements for 2010.

Please refer to Note 26 of Chapter 20.2.1 of the Group's consolidated financial statements for 2009.

Please refer to Note 26 of Chapter 20.2.1 of the Group's consolidated financial statements for 2008.

10.3 Financing structure and cash resources, Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the company's operations

10.3.1 FINANCIAL STRUCTURE, CASHFLOWS

Please refer to Note 17 of Chapter 20.2.1 related to bank debt and to Note 13 of Chapter 20.2.1 relating to cash and cash equivalents for 2010.

Please refer to Note 17 of Chapter 20.2.1 related to bank debt and to Note 13 of Chapter 20.2.1 relating to cash and cash equivalents for 2009.

Please refer to Note 17 of Chapter 20.2.1 related to bank debt and to Note 13 of Chapter 20.2.1 relating to cash and cash equivalents for 2008.

10.3.2 CASH POOLING AGREEMENT

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

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

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

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

10.3.3 RESTRICTIONS IN THE TRANSFER OF FUNDS FROM ABROAD

For both of the Swiss casinos that are owned by the Group, Meyrin and Crans Montana, the legal constraints of the country prohibit the transfer of funds except for the dividend distributions.

10.4 Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3 and 8.1

Considering the constraints arising from the syndicated loan agreement (please refer to paragraph 4.1.1 Liquidity risks 4. Change in the limit of investments), financing the Pasinos referred to in items 5.2.3 and 8.1 is envisaged throught external funding, particularly by real-estates leasing.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

In light of its principal business activity, Groupe Partouche does not carry out any research and development activity.

The following press release was published by Groupe Partouche on 24 February 2011:

FINANCIAL INFORMATION FOR 1ST QUARTER 2010 – 2011

1. SIGNIFICANT EVENTS AND TRANSACTIONS

Groupe Partouche recently communicated about the agreement made with its banking pool with respect to modifications to the syndicated loan and the launch in the near future of a capital increase of 30 million euros, underwritten by Butler Capital Partners (BCP), on the occasion of which BCP will take a stake in the share capital of Groupe Partouche. Financière Partouche, Groupe Partouche and BCP are currently discussing the final terms and conditions of their agreements.

2. FINANCIAL POSITION AND RESULTS

The Group's financial position was enhanced thanks to the modifications made to the syndicated loan under the terms of the rider dated 25 January 2011.

The Group is continuing its efforts to keep its costs and investments under control, thus ensuring a good cash position. The good performance of business activity shown below contributes to the operating profitability.

3. REVENUE

Group revenue

AS OF 31 JANUARY €M	2011	2010	CHANGE
Casinos	113,4	106,7	+6,2 %
Hotels	5,8	5,0	+14,6 %
P. Interactive	2,0	2,6	-25,5 %
Other companies	1,4	1,4	-5,8 %
TOTAL	**122,4**	**115,8**	**+5,7 %**

Casino revenue

AS OF 31 JANUARY €M	2011	2010	CHANGE
Gross gaming revenue	169,0	164,9	+2,5 %
Levies	74,1	75,9	-2,4 %
Net gaming revenue	**94,9**	**89,0**	**+5,7 %**

Gross gaming revenue made satisfactory progress of 2.5% in the first quarter of the current financial year.

The French casinos achieved an improvement of 1.5% in traditional games, with slot machine revenue decreasing slightly by 1.1%. Casinos located outside France achieved GGR growth of 8.0%.

The new tax measure entailing the separation of the tax levy, which came into force during financial year 2010 and did not have any effect in the N-1 comparative figures, explains the favourable change in the levy rate as a result of the savings it generated. This distortion in the basis of comparison will no longer occur next quarter.

FINANCIAL INFORMATION

Groupe Partouche
Alain Cens, Finance Director

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13 PROFIT FORECASTS OR ESTIMATES

None.

14.1 Information on management bodies

14.1.1 SUPERVISORY BOARD

SUPERVISORY BOARD MEMBER (IDENTITY / DATE AND PLACE OF BIRTH)	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE MOTHER COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE MOTHER COMPANY	FUNCTIONS & MANDATES HELD OUTSIDE THE GROUP (*)
MR. ISIDORE PARTOUCHE **BORN 21 APRIL 1931** **IN TREZEL (ALGERIA)** 1 160 915 shares held	AGM of 20 June 1996	31 October 2013	Chairman of the Supervisory Board	Chairman of the Supervisory Board of Financière Partouche SA	**IN FRANCE** **Managing Director :** SA Société Européenne des Grands Restaurants (Paris) **Director :** SA Socle (Lille) SASP Losc Lille Métropole (Lille) **OUTSIDE France** **Chairman :** Enderbury GR Ltd (Cayman Islands) **Chairman of the Board, Director :** SA Ispar Holding (Fribourg)
MR. MARCEL PARTOUCHE **BORN 24 FEBRUARY 1920** **IN TIARET (ALGERIA)** 69 650 shares held Deceased on 17 January 2011	AGM of 20 June 1996	31 October 2013	Vice-Chairman of the Supervisory Board	Member of the Supervisory Board of Financière Partouche SA	

14 ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

FUNCTIONS & MANDATES HELD WITHIN THE GROUP (*)

IN FRANCE

Chairman of the Supervisory Board of FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board),
Chairman: SAS COMPAGNIE EUROPEENNE DE CASINOS – CEC (Paris), SAS SOCIETE D'EXPLOITATION DU CASINO DE CONTREXEVILLE (Contrexeville), SAS SOCIETE DU CASINO DE SAINT AMAND (Saint-Amand les Eaux)
Director: SAS CASINOS DU TOUQUET (Le Touquet), SAS DU GRAND CASINO ET DES BAINS DE MER (Dieppe), SAS GRAND CASINO DE CABOURG (Cabourg), SAS SOCIETE DU CASINO MUNICIPAL DE ROYAT (Royat), SAS CASINOS DE VICHY (Vichy), SA SOCIETE DES CHEMINS DE FER ET HOTELS DE MONTAGNE AUX PYRENEES - CHM (Vichy), SAS GRAND CASINO DE BEAULIEU (Beaulieu) Termination of business on 15 July 2010, SAS CASINO DE PALAVAS (Palavas les Flots), SA LYDIA INVEST (Port Barcarès), SA FORGES THERMAL (Forges les Eaux), SA SATHEL (La Tour de Salvagny), SA SOCIETE TOURISTIQUE THERMALE ET HOTELIERE DE DIVONNE - TTH DIVONNE (Divonne les Bains), SA SOCIETE DE BRASSERIE ET CASINOS " LES FLOTS BLEUS" (La Ciotat), SA CANNES BALNEAIRE - Palm Beach Casino (Cannes), SA SOCIETE DU CASINO MUNICIPAL D'AIX THERMAL (Aix en Provence), SA EDEN BEACH CASINO (Juan les Pins), SAS HOLDING GARDEN PINEDE (Juan les Pins)
Corporation Manager: SCI FONCIERE DE VITTEL ET CONTREXEVILLE (Vittel), SCI LES THERMES (Aix en Provence), SCI LERICHE ROSTAGNE (Paris) until 15 February 2010, SOCIETE CIVILE IMMOBILIERE ET MOBILIERE PARTOUCHE "SCIMP" (Paris).
Permanent representative of:
- Legal entity of SA Groupe Partouche Director SA Miami (Andernos)
- Legal entity of SAS Cie européenne de casinos Director SAS Casino de la Grande Motte

OUTSIDE FRANCE

Chairman, Corporate Director: SA GROUPE PARTOUCHE INTERNATIONAL – GPI (Brussels)
General Manager: SA CASINO SLUIS (Netherlands)
Director: SA LE GRAND CASINO DE DJERBA (Tunisia), SA CASINO NUEVO SAN ROQUE (Spain) - Termination of business on 31 May 2010
Corporate Director: SA ECK (Belgium) until 7 July 2010, SA SIKB (Belgium) until 4 June 2010, SA BELCASINOS (Belgium)

IN FRANCE

Member of the Supervisory Board of FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board)
Chairman: SAS CASINO D'EVAUX LES BAINS (Evaux les Bains), SAS SOCIETE D'EXPLOITATION DU CASINO DE LA ROTONDE (Val André)
Deputy General Manager, Director: SAS JEAN METZ (Berck)
Director: SAS NUMA (Boulogne sur Mer) until 10 March 2010, SAS CASINOS DU TOUQUET (Le Touquet Paris Plage), SAS PLOMBINOISE DE CASINO (Plombières les Bains), SA BARATEM (Le Touquet)

SUPERVISORY BOARD MEMBER (IDENTITY / DATE AND PLACE OF BIRTH)	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE MOTHER COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE MOTHER COMPANY	FUNCTIONS & MANDATES HELD OUTSIDE THE GROUP (*)
MR. MAURICE SEBAG **BORN 1 DEC. 1926** **IN TIARET (ALGERIA)** 15 100 shares held	AGM of 20 June 1996	31 October 2013	Member of the Supervisory Board	Vice-Chairman of the Supervisory Board of Financière Partouche SA	
MR. GASTON GHRENASSIA AKA ENRICO MACIAS **BORN 11 DEC. 1938** **IN CONSTANTINE (ALGERIA)** 70 shares held	Co-opted to replace Mr. Jacques BENHAMOU by decision of the Supervisory Board of 11 December 1998	31 October 2013	Member of the Supervisory Board	Singer	**Deputy General Manager :** SA Société européenne des grands restaurants (Paris)

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

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

FUNCTIONS & MANDATES HELD WITHIN THE GROUP (*)

IN FRANCE

Vice-Chairman of the Supervisory Board of FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board)
Chairman: SAS NUMA (Boulogne sur Mer), SAS CASINO DE PORNICHET (Pornichet)
Chairman of the Board of Directors: SA GRAND CASINO DU HAVRE
Director: SAS CASINOS DU TOUQUET (Le Touquet Paris Plage), SAS JEAN METZ (Berck sur Mer)

OUTSIDE FRANCE

Director SA CASINO NUEVO SAN ROQUE (Spain) - Termination of business on 31 May 2010

Member of the Supervisory Board of FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board)
Chairman of the Board of Directors: SA SOCIETE DU CASINO D'ARCACHON

14.1.2 MEMBERS OF THE EXECUTIVE BOARD

SUPERVISORY BOARD MEMBER (IDENTITY / DATE AND PLACE OF BIRTH)	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE MOTHER COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE MOTHER COMPANY	FUNCTIONS & MANDATES HELD OUTSIDE THE GROUP (*)
MR. PATRICK PARTOUCHE **BORN 13 JUNE 1964 IN ORAN (ALGERIA)** 60 266 shares held	Supervisory Board of 20 June 1996	2 November 2013	Chairman of the Executive Board	Chairman of the Executive Board of Financière Partouche SA	**Director:** SA Société Européenne des Grands Restaurants (Paris) **Member of the Board of Directors, Director:** SA Ispar Holding (Fribourg) **Chairman, Member of the Executive Committee:** SAS Mereal Biometrics **Chairman:** Groupe Partouche Bahamas Limited

FUNCTIONS & MANDATES HELD WITHIN THE GROUP (*)

IN FRANCE

Chairman of the Executive Board of FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board)
Chairman of the Board of Directors: PARTOUCHE INTERACTIVE SA (Paris)
Chairman: PARTOUCHE IMMOBILIER SAS (Paris), SAS Partouche Gaming France until 30 August 2010
Deputy General Manager: COMPAGNIE EUROPEENNE DE CASINOS SAS (Paris)
Deputy General Manager-Director: EDEN BEACH CASINO SA (Juan les Pins), CANNES BALNEAIRE SA Palm Beach Casino (Cannes)
Director: SAS CASINO DE SAINT AMAND LES EAUX (Saint-Amand-les-Eaux), SAS LE TOUQUET'S (Calais), SAS DU CASINO ET DES BAINS DE MER (Dieppe), SAS SOCIETE D'EXPLOITATION DU CASINO DE CONTREXEVILLE, SAS GRAND CASINO DE LYON, SAS GRAND CASINO DE BEAULIEU (Beaulieu-sur-Mer) - Termination of business on 15 July 2010, SAS CASINO DE PALAVAS (Palavas-les-Flots), SA FORGES THERMAL (Forges-les-Eaux), SA SOCIETE DU CASINO MUNICIPAL D'AIX THERMAL (Aix-en-Provence), SA LYDIA INVEST (Le Barcarès), SA SOCIETE DU GRAND CASINO D'ANNEMASSE (Annemasse), SA DU GRAND CASINO D'HAUTEVILLE LOMPNES (Hauteville,) SA SOCIETE TOURISTIQUE THERMALE ET HOTELIERE DE DIVONNE TTH (Divonne les Bains), SAS PARTOUCHE TECHNOLOGIES (Saint-Avertin), SAS LE CASINO DE LA POINTE CROISETTE (Cannes), SAS Systèmes Intelligents Casinos (Troyes)
Corporation Manager: SARL SEK (Juan Les Pins), SCI DU CASINO DE GRASSE
Member of the Executive Committee of: SAS PARTOUCHE IMAGES (Clichy)
Permanent Representative of:
- Legal entity of SAS Compagnie européenne de Casinos (Paris), director SAS Casino du Palais de la Méditerranée (Nice), SAS Développement de la Baie de Kernic (Plouescat), SAS Casino de Pornichet (Pornichet) SAS Casino du Môle (Pornic)
- Legal entity of SA Groupe Partouche, Corporation Manager SCI rue Royale (Paris)
- Legal entity of SARL SEK (Juan les Pins), Corporation Manager of SCI EDEN BEACH (Juan les Pins)

OUTSIDE FRANCE

Chairman of the Board of Directors: SA BELCASINOS (Brussels), SA GRAND CASINO DE DJERBA (Tunisia)
Director: SA SIKB (Belgium), SA ECK (Belgium), SA CASNO NUEVO SAN ROQUE (Spain) - Termination of business on 31 May 2010, SA Grand Casino de Tabarka, (Tunisia), SA CASINO KURSAAL OOSTENDE (Belgium)
Corporate Director: SA CHAUDFONTAINE LOISIRS (Belgium)
Permanent Representative: SA GROUPE PARTOUCHE, director of SA GROUPE PARTOUCHE INTERNAITONAL (Brussels)
Chairman of GROUPE PARTOUCHE BAHAMAS LIMITED

SUPERVISORY BOARD MEMBER (IDENTITY / DATE AND PLACE OF BIRTH)	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE MOTHER COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE MOTHER COMPANY	FUNCTIONS & MANDATES HELD OUTSIDE THE GROUP (*)	
MR. ARI SEBAG **BORN 25 SEP 1961** **IN TIARET (ALGERIA)** 48 025 shares held	Supervisory Board of 20 June 1996	2 November 2013	Member of the Executive Board, General Manager	Member of the Executive Board General manager of Financière Partouche SA	**Corporation manager :** SARL NOA Music (St-Saëns) SCI Elisa (Paris) **General manager:** Groupe Partouche Bahamas Limited	
MRS. KATY ZENOU **BORN 6 AUGUST 1961** **IN TIARET (ALGERIA)** 76 404 shares held	Supervisory Board of 20 June 1996	2 November 2013	Member of the Executive Board General Manager	Member of the Executive Board – General Manager of Financière Partouche SA		
MR. RICHARD PARTOUCHE **BORN 7 DEC 1946** **IN TIARET (ALGERIA)** 17 276 shares held	Supervisory Board of 10 September 2009	Resignation as from 2 December 2009 Replaced by Mr Moïse Serero starting 9 December 2009	Member of the Executive Board			

FUNCTIONS & MANDATES HELD WITHIN THE GROUP (*)

IN FRANCE

General Manager and Member of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Managing Director: SA FORGES THERMAL
Chairman: SAS Société du Casino du Palais de la Méditerranée (Nice), SAS Casino et Bains de Mer de Dieppe, SAS Partouche Spectacles & Evènements "PSE" (Paris), SAS Casino de Salies de Béarn, SAS Systèmes Intelligents Casinos (Troyes)
Chairman of the Board of Directors: SA Le Miami (Andernos)
Deputy General Manager - Director: SA Grand Casino du Havre
General Manager: Partouche Immobilier SAS (Paris)
Director: SA Casino de Coutainville, SAS Casino de la Tremblade, SA Société du Grand Casino d'Annemasse (Annemasse), SA du Casino d'Hauteville Lompnes (Hauteville), SA Cannes Balnéaire (Cannes), SAS Holding Garden Pinède (Juan les Pins), SAS Société du Grand Casino de Cabourg (Cabourg), SAS Grand Casino de La Trinité, SA Partouche Interactive (Paris), SAS Partouche Technologies (Saint Avertin), SAS Casino de la Pointe Croisette (Cannes), SAS Société d'Exploitation du Casino de la Rotonde (Pléneuf Val André), SAS Casino du Grand Café (Vichy), SAS Casino de Vichy (Vichy), SAS Cinéma de l'Elysée Palace (Vichy), SAS Casino Municipal de Royat (Royat), SAS Casino de Saint Nectaire (Saint Nectaire), SAS Le Touquet's (Calais), SAS Casino de Saint Amand (Saint Amand les Eaux), SAS Partouche Gaming France (Paris), until 30 August 2010.
Corporate Manager : SAS Partouche Productions (Paris)
Member of the Executive Committee: SAS Partouche Images (Paris)
Permanent Representative: Legal entity of SA Groupe Partouche, Director SAS NUMA (Boulogne), SAS Grand Casino de Bandol, SAS Grand Casino de Pornichet, SAS Grand Casino de Saint Honoré until 31 October 2010, SAS Grand Casino de Beaulieu, SAS Cie pour le Développement du Tourisme yérois (Hyères), SAS Grande Casino de la Grande Motte, SAS Développement de la Baie de Kernic (Plouescat) and SAS Casino du Môle (Pornic).

OUTSIDE FRANCE

Chairman: SA Grand Casino Nuevo San Roque (Spain) termination of business on 31 May 2010.
Director: Groupe Partouche Intenrational GPI (Brussels), SA Casino Kursaal Oostende (Belgium), SA Chaudfontaine Loisirs (Belgium).
Permanent Representative: SA Groupe Partouche International, Director of SA Grand Casino de Djerba (Tunisia).

IN FRANCE

General Manager and Member of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Deputy General Manager and Director: SAS Casinos du Touquet (Le Touquet)
Director: SAS Numa (Boulogne sur Mer), SA Société du Grand Casino d'Annemasse (until 02/12/2009), SA Baratem (Le Touquet), SAS Casino du Môle (Pornic), SAS Casino de Saint Honoré les Bains until 31 October 2010, SAS Partouche Gaming France (Paris).
Permanent Representative of legal entitiy: Groupe Partouche SA, Director of SA Grand Casino du Havre & SA Cannes Balnéaire (Cannes)

OUTSIDE FRANCE

Director: SA Groupe Partouche International (Brussels)

IN FRANCE

Chairman General Manager – Director of SA Société du Grand Casino d'Annemasse
Director : SA Société Touristique Thermale et Hôtelière de Divonne (Divonne les Bains)

SUPERVISORY BOARD MEMBER (IDENTITY / DATE AND PLACE OF BIRTH)	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE MOTHER COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE MOTHER COMPANY	FUNCTIONS & MANDATES HELD OUTSIDE THE GROUP (*)	
MR. FABRICE PAIRE **BORN 10 OCTOBER 1969 IN MONTMORENCY (VAL D'OISE)** 2 253 Shares held	Supervisory Board of 3 November 2008	2 November 2013	General Manager Member of the Executive Board		**Member of the Executive Committee :** SAS Mereal Biometrics (Paris) Corporate manager: SARL Aptax Consultants and SCI Haute Bourgeois	
MR. MOISE SERERO **BORN 3 JANUARY 1962 IN FÈS (MOROCCO)**	Supervisory Board of 9 December 2009 in replacement of Mr. Richard Partouche (resigning)	2 November 2013	Member of the Executive Board		Corporate manager : SARL Kolconseil	

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

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

FUNCTIONS & MANDATES HELD WITHIN THE GROUP (*)

IN FRANCE

General Manager and Member of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman : SAS Ludica (Paris), SAS Grand Casino de Bandol, SAS Cie pour le Développement du Tourisme Hyérois, SAS Casino de la Grande Motte, SAS Casino de Palavas (Palavas les Flots).
Member of the Executive Committee : SAS Partouche Images (Paris)
Director : SA Partouche Interactive (Paris), SAS Partouche Technologies (Saint Avertin), SAS Partouche Gaming France (Paris), SAS Systèmes Intelligents Casinos (Troyes), SAS Société du Grand Casino de Cabourg (Cabourg), SAS Le Touquet's (Calais), SAS Développement de la Baie de Kernic (Plouescat), SAS Casino de Pornichet (Pornichet), SAS Casino du Môle (Pornic), SAS Société du Casino Municipal de Royat (Royat), SAS Grand Casino de La Trinité (La Trinité sur Mer), SAS Casino de Saint Nectaire (Saint Nectaire).
Management Accountant : Institut des Métiers Clients des Jeux et des Casinos GIE I.M.C.J.C (Troyes)
Permanent Representative :
- Legal Entity of CEC – Director : SA Société du Caisno d'Arcachon, SA Casino de Coutainville, SA Le Miami (Andernos).
- Legal Entity of Groupe Partouche, Director: SA Complexe Commercial de la Roche-Posay, SAS Plombinoise de Casino, SAS Société d'Exploitation du Casino de la Rotonde (Pléneuf Val André), SAS Casino du Grand Café (Vichy), SAS Société du Casino du Palais de la Méditerranée (Nice), SAS Casino de Salies de Béarn.
Corporation Manager : SARL Société du Casino de Bourbon Lancy, SCI Lydia Investissements (Le Barcarès), SARL Partouche Tournois (Paris)

OUTSIDE FRANCE

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

IN FRANCE

Chairman – Director: SAS Partouche Technologies (Saint Avertin), SAS Partouche Gaming France (Paris)
General Manager – Director: SA Partouche Interactive (Paris)
Corporate Manager: SARL Quarisma (Paris), SARL Appolonia (Antibes)
Director: GIE IMCJC (TROYES), SAS Systèmes Intelligents Casinos (Troyes)

OUTSIDE FRANCE

Director: SA Partouche Interactive (Gibralatar), SA Partouche Interactive Holdings (Gibralatar, Partouche Betting Ltd (Malta)

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

DIRECTION OF RELATIONSHIP →	ISIDORE PARTOUCHE	MARCEL PARTOUCHE	MAURICE SEBAG	GASTON GHRENASSIA	PATRICK PARTOUCHE	ARI SEBAG	RICHARD PARTOUCHE	KATY ZENOU
ISIDORE PARTOUCHE	-	Brother	Brother-in-law	-	Father	Uncle	Uncle	Uncle
MARCEL PARTOUCHE	Brother	-	Brother-in-law	-	Uncle	Uncle	Uncle	Father
MAURICE SEBAG	Brother-in-law	Brother-in-law	-	-	Uncle	Father	Uncle	Uncle
GASTON GHRENASSIA	-	-	-	-	-	-	-	-
PATRICK PARTOUCHE	Son	Nephew	Nephew	-	-	Cousin	Cousin	Cousin
ARI SEBAG	Nephew	Nephew	Son	-	Cousin	-	Cousin	Cousin
RICHARD PARTOUCHE	Nephew	Nephew	Nephew	-	Cousin	Cousin	-	Cousin
KATY ZENOU	Niece	Daughter	Niece	-	Cousin	Cousin	Cousin	-
FABRICE PAIRE	-	-	-	-	-	-	-	-
MOISE SERERO	-	-	-	-	-	-	-	-

14.1.4 PROFESSIONAL EXPERIENCE

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

Patrick Partouche arrived in France in 1965. He terminated his university studies in 1982 to join the business founded by his father Isidore Partouche. His first operational position in the group: At 25, he was appointed General Manager of Dieppe casino and remained in this position from 1989 to 1993. He became Managing Director of Casino Eden Beach, Juan les Pins, in 1993. In 1998, he took part in the acquisition of Casino Carlton and Palm Beach in Cannes which he obtained the authorisation to open in August 2002. As General Manager of Groupe Partouche until 2004, he assumed responsibility for the Group's business in South East France and was

also in charge of marketing, communication and new technologies. He focused particularly on strategic issues and questions. He was appointed Chairman of the Executive Board of Groupe Partouche on 31 January 2005. Since December 2006, he has also represented the profession as Chairman of the Syndicat des Casinos Modernes de France.

▸ **Ari Sebag** has a degree in business law and tax (University Paris 1 - 1984). After spending three years with a law firm and an experience in audiovisual production, he joined Groupe Partouche in 1989 as General Manager of Forges-Les-Eaux Casino. As General Manager and member of the Executive Board of Groupe Partouche following its initial public offering in 1995, he focuses on international business development while assuming operating responsibility of the establishments in north west France. He has provided support for his cousin Patrick Partouche since the latter's appointment as Chairman of the Group's Executive Board.

▸ **Marcel Partouche**, having begun his professional career as a teacher, he went on to become a wholesaler. Right from the start, under the leadership of Isidore Partouche and alongside his brothers, he took an active role in Groupe Partouche's creation and development. From his base in Le Touquet, where the group has its roots, he continued to monitor the activities of casinos based in the North of France on a daily basis until his death on 17 January 2011.

▸ **Maurice Sebag**, began his career as a post office employee, before becoming the first employee of his brother-in-law, Isidore Partouche, right from the beginning of his professional career; he assumed a range of operating responsibilities in the Group which he knows very well. He is now based in Forges-les-Eaux and takes part in the supervision of casinos in Normandy and Brittany.

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

▸ **Richard Partouche**, as a member of the second generation of the family, which under the leadership of Isidore Partouche carried out the consolidation of the group, he has the widest ranging experience of the operating activities of big casinos. He has managed the Saint-Amand les Eaux casino for almost 15 years and the Lyon Vert casino in Charbonnières since 1996; and then he focused mainly on the hotels business. He mainly focused on the hotels division the pas three years.

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

▸ **Fabrice Paire**, has a degree in Internal Audit and Chartered Accountant (University of Paris Dauphine). He started his career as an associate in a Counselling and Auditing Company; where he was in charge of the accounts of many casinos of Groupe Partouche. He joined the latter in 2001 as administrative manager. In 2005, Patrick Partouche appointed him company secretary of the Group; before joining the Executive Board of the Group. He became General Manager on November 2008.

▸ **Moise Serero**, a graduate of Paris I University, with a post-graduate degree from the ESCP Europe Business School, began his career at Métrologie before founding his own business, SVP group, which he subsequently sold to Sitel/Onex. With 20 years' experience in information technology, telecommunications and BPO, as well as having headed several businesses in France and abroad, he joined the Group in 2008 as a board member and managing director of Partouche Interactive.

14.1.5 ADDITIONAL INFORMATION

There is no independent member in the Supervisory Board up to date.

No member of the Board has been elected by the personnel.

Each member of the Board is bound to detain at least one share of the Company.

14.1.6 CONDEMNATIONS, BANKRUPTCIES, SANCTIONS, ETC.

To the best of the company's knowledge, none of these people has been subject to the following during the five years until the date of registration of the present annual report:

- condemnation for fraud;
- bankruptcy, sequestration of assets;
- incrimination, official public condemnation handed down by statutory or regulatory authorities;
- prohibition by a court of law to act as a member of a management, executive or supervisory body of the issuer or participate in the management or the business operations of the issuer.

14.2 Conflicts of interest with respect to executive, supervisory and senior management bodies

14.2.1 INDEPENDENCE OF EXECUTIVE BODIES

The company is not aware of any potential conflicts of interest between the members of the Executive Board, members of the Supervisory Board and the Group. It should be mentioned that Paragraph 14.2 of Annex I of the European Regulation n° 809-2004 (nomination of the proxies) does not apply to our Company.

Last, no restrictions have been accepted by any member of the management, executive or supervisory bodies in respect of an assignment, within a specific period, of their participation in the share capital of the issuer.

14.2.2 TRANSACTIONS IN SECURITIES BY GROUPE PARTOUCHE EXECUTIVES

It is regulatory that the members of the Supervisory Board detain each, one share of the Company. Otherwise, no restrictions have been accepted by any member of the management, executive or supervisory bodies in respect of an assignment, within the period of their participation in the share capital of the issuer.

During the financial year under review, all the members of the Executive Board, except for Mr. Moise Serero who is not a shareholder, subscribed to the share capital increase of August 2010.

Thus, the members of the Executive Board acquired new shares as follows: Mr. Patrick Partouche 32 280, Mr. Ari Sebag 25 725, Mrs Katy Zenou 40 935 and Mr. Fabrice Paire 1 187.

Only two members of the Supervisory Board subscribed to the share capital increase, Mr. Marcel Partouche for 48 305 new shares and Mr. Maurice Sebag for 10 000.

14.3 Internal rules of procedure for the supervisory board and its committees

On 27 October 2005, the Supervisory Board decided to draw up the following internal rules of procedure covering the guiding principles for its operations, amended on 24 December 2008, and this after the suppression of the of its committees. In fact, considering the strong family spirit prevailing in the company and the restricted number of members of the board, it became more and more difficult to apply the provisions of Article R225-56 of the Code of Commerce and the recommendations of the Afep/Medef report published on October 2003.

Article 1. Strategic orientations

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

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

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

Article 2. Information provided to the members of the Supervisory Board

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

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

Article 3. Control by the Supervisory Board

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

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

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

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

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

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

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

Article 4. Option to entrust a mission to a member of the Supervisory Board

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

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

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

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

Article 5. Meetings of the Supervisory Board

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

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

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

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

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

Article 6. Participation in the meetings of the Supervisory Board via video-conferencing

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

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

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

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

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

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

The preceding provisions are not applicable to the adoption of decisions of the nature specified under Article 9, paragraphs 1 and 3, of the Law No. 83-675 of 26 July 1983, and under Articles L. 225-47, L. 225-53, L. 225-55, L. 232-1 and L. 233-16 of the Code of Commerce.

Article 7. Duty of confidentiality imposed upon members of the Supervisory Board

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

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

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

In the event of an admitted breach of confidentiality by one of the members of the Supervisory Board, following discussion with the Chairmen of all Committees assembled for this purpose, the Chairman of the Supervisory Board reports to the entire body on the course of action, potentially including legal consequences that he intends to pursue with respect to this breach.

Article 8. Code of ethics for members of the Supervisory Board

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

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

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

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

The members of the Supervisory Board must refrain from:

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

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

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

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

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

REMUNERATION AND BENEFITS 15

15.1 Amount of remuneration and benefits in kind

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

The total remuneration paid to the Executive and Supervisory bodies during the financial year ended 31 October 2010 amounted to 2,086,214 €.

15.1.2 REMUNERATION OF COMPANY OFFICERS

a) Summary of the remuneration of each company's officer

Pursuant to the provisions of Article L.225-102-1 of the Code of Commerce, all of the company officers' remuneration that is received during the financial year ended 31 October 2010 from Groupe Partouche, is summarized in the table below on an individual basis:

The members of the Supervisory Board receive fixed remunerations from other entities than Groupe Partouche SA, as directors and employees.

FINANCIAL YEAR AT	31/10/2010		31/10/2009		31/10/2008	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
MEMBERS OF THE SUPERVISORY BOARD						
Mr. Isidore Partouche – Chairman of the Supervisory Board						
Fixed Remuneration	216 000	216 000	216 000	216 000	216 000	216 000
Exceptional Remuneration						
Directors' fees	0	0	0	0	60 000	60 000
Benefit in kind						
Total	216 000	216 000	216 000	216 000	276 000	276 000
Mr. Marcel Partouche – Vice Chairman of the Supervisory Board						
Fixed Remuneration	205 744	205 744	204 522	204 522	204 522	204 522
Exceptional Remuneration						
Directors' fees	0	0	0	0	2 000	2 000
Benefit in kind						
Total	205 744	205 744	204 522	204 522	206 522	206 522
Mr. Maurice Sebag – Member of the Supervisory Board						
Fixed Remuneration	167 454	167 454	154 179	154 179	154 179	154 179
Exceptional Remuneration						
Directors' fees	0	0	0	0	2 000	2 000
Benefit in kind						
Total	167 454	167 454	154 179	154 179	156 179	156 179
Mr. Gaston Ghrenassia – Member of the Supervisory Board						
Fixed Remuneration	0	0	5 000	5 000	30 000	30 000
Exceptional Remuneration						
Directors' fees	0	0	0	0	2 000	2 000
Benefit in kind						
Total	0	0	5 000	5 000	32 000	32 000

FINANCIAL YEAR AT	31/10/2010		31/10/2009		31/10/2008	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
MEMBERS OF THE EXECUTIVE BOARD :						
Mr. Patrick Partouche – Chairman of the Executive Board						
Fixed Remuneration	317 085	317 085	317 085	317 085	324 000	324 000
Exceptional Remuneration	0	0	0	0	218 842	218 842
Directors' fees						
Benefit in kind (**)	6 915	6 915	6 915	6 915	6 915	6 915
Total	324 000	324 000	324 000	324 000	549 757	549 757
Mr. Ari Sebag – Member of the Executive Board & General Manager						
Fixed Remuneration	354 583	354 583	354 583	354 583	375 858	375 858
Exceptional Remuneration						
Directors' fees						
Benefit in kind (**)	21 473	21 473	21 399	21 399	21 275	21 275
Total	376 056	376 056	375 982	375 982	397 133	397 133
Mrs Katy ZENOU – Member of the Executive Board & General Manager						
Fixed Remuneration	233 924	233 924	233 924	233 924	233 924	233 924
Exceptional Remuneration						
Directors' fees						
Benefit in kind						
Total	233 924	233 924	233 924	233 924	233 924	233 924
Mr. Fabrice Paire – Member of the Executive Board & General Manager						
Fixed Remuneration	216 000	216 000	216 000	216 000	0	0
Exceptional Remuneration						
Directors' fees						
Benefit in kind						
Total	216 000	216 000	216 000	216 000	0	0
Mr. Moise Serero – Member of the Executive Board						
Fixed Remuneration	266 378	332 078	0	0	0	0
Exceptional Remuneration						
Directors' fees						
Benefit in kind						

FINANCIAL YEAR AT	31/10/2010		31/10/2009		31/10/2008	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
Total	266 378	332 078	0	0	0	0
Mr. Richard Partouche – Member of the Executive Board & General Manager (*)						
Fixed Remuneration	14 960	14 960	14 300	14 300	366 170	366 170
Exceptional Remuneration						
Directors' fees						
Benefit in kind						
Total	14 960	14 960	14 300	14 300	366 170	366 170

(*) Mr. Richard Partouche resigned from his positions effective 30 September 2008, and has been replaced by Mr. Fabrice Paire as from 2 November 2008; then re-appointed member of the Executive Board on 10 September 2009, resigned on 3 December and has been replaced by Mr. Moise Serero.

(**) Benefits in kind of Mr. Patrick Partouche are in respect of insurance, and those of Mr. Ari Sebag in respect of insurance and accommodation.

All the remunerations are on fixed basis.

b) Stock options awarded during the fiscal year to each director either by the issuer or any other subsidiary

Directors have not and do not benefit of any stock options.

c) Performance allowances awarded to each director

Directors have not and do not benefit of any performance allowance.

d) Employment contracts, specific retirements plans, indemnities for departures, non competition clause in favour of the directors

	EMPLOYMENT CONTRACT		COMPLEMENTARY RETIREMENT PLAN		EVENTUAL INDEMNITIES OF ADVANTAGES IN CASE OF DEPARTURE OR CHANGE OF JOB POSITION		INDEMNITIES RELATED TO A NON COMPETITION CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
SUPERVISORY BOARD								
Mr. Isidore Partouche *Chairman of the Supervisory Board* *First nomination : 20 June 1996* *End of office : 31 October 2013*		X		X		X		X
Mr. Marcel Partouche *Vice Chairman of the Supervisory Board* *First nomination : 20 June 1996* *End of office : deceased on 17 January 2011*		X		X		X		X

	EMPLOYMENT CONTRACT		COMPLEMENTARY RETIREMENT PLAN		EVENTUAL INDEMNITIES OF ADVANTAGES IN CASE OF DEPARTURE OR CHANGE OF JOB POSITION		INDEMNITIES RELATED TO A NON COMPETITION CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Mr. Maurice Sebag								
Member of the Supervisory Board *First nomination : 20 June 1996* *End of office : 31 October 2013*		X		X		X		X
Mr. Gaston Ghrenassia								
Member of the Supervisory Board *First nomination : 11 Decembre 1998* *End of office : 31 October 2013*		X		X		X		X
EXECUTIVE BOARD								
Mr. Patrick Partouche								
Chairman of the Executive Board *First nomination : 20 June 1996* *End of office : 2 November 2013*		X		X		X		X
Mr. Ari Sebag								
Member of the Executive Board – General Manager *First nomination : 20 June 1996* *End of office : 2 November 2013*		X		X		X		X
Mrs Katy ZENOU								
Member of the Executive Board – General Manager *First nomination : 20 June 1996* *End of office : 2 November 2013*		X		X		X		X
Mr. Fabrice Paire								
Member of the Executive Board – General Manager *First nomination : 3 November 2008* *End of office : 2 November 2013*	X			X		X		X

	EMPLOYMENT CONTRACT		COMPLEMENTARY RETIREMENT PLAN		EVENTUAL INDEMNITIES OF ADVANTAGES IN CASE OF DEPARTURE OR CHANGE OF JOB POSITION		INDEMNITIES RELATED TO A NON COMPETITION CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Mr. Moise Serero								
Member of the Executive Board *First nomination : 9 December 2009* *End of office : 2 November 2013*		X		X		X		X
Mr. Richard Partouche								
Member of the Executive Board – General Manager *First nomination : 9 December 2009* *End of office : resigned on 2 December 2009*		X		X		X		X

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

No directors' fees were paid for the 2009-2010 financial year.

15.2 Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits

The total amount set aside to provide pensions for the entire financial year for all persons listed Chapter 14.1 was €25,996.

OPERATION OF DIRECTORS' AND EXECUTIVE BODIES 16

16.1 Term of office of directors

The terms in office of all the members of the Executive Board, Messrs Isidore Partouche, Marcel Partouche, Maurice Sebag and Gaston Ghrenassia were renewed in their entirety by the General Meeting of 2 April 2008 for a period of six financial years, i.e. until the Annual General Meeting convened to approve the financial statements for the year ended 31 October 2013.

The terms in office of all the members of the Executive Board were renewed in their entirety by the Supervisory Board at its meeting of 2 November 2007, for a period of six years; they will expire on 1st November 2013.

As the terms in office of Messrs Isidore Partouche, Marcel Partouche, Maurice Sebag and Gaston Ghrenassia as members of the Supervisory Board expire at the close of the Annual General Meeting, we recommend that you extend their terms in office for a further period of six financial years, thus until the close of the Annual General Meeting convened to approve.

Considering the limited number of members of the boards and the family character of the company, the recommendations of the Afep-Medef report issued in 2003 cannot be applied.

16.2 Service contracts providing future benefits

(see § 20.2.1 Note 29, Related Parties)

Service agreements involving Financière Partouche SA

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

Furthermore, Groupe Partouche and Financière Partouche have signed a shareholder advance agreement and a subordination agreement concerning the repayment of the syndicated loan, granting the syndicated loan precedence of over the shareholder advance.

Following negotiations with the banking pool, the shareholder advance agreement and subordination agreement governing the €100m loan made by Financière Partouche to Groupe Partouche contain the following key clauses:

1. Shareholder advance agreement

The advance expires on 31 December 2015.

The outstanding debt on the shareholder advance is charged at an annual rate equal to the 1-, 2-, 3- or 6-month Euribor plus a 2.00% margin per year.

The loan made to Groupe Partouche SA under the shareholder advance agreement can only be reimbursed according to the terms set forth at the expiration of the subordination agreement.

2. Subordination agreement

Repayment of the syndicated loan will take precedence over reimbursement of the shareholders' advance. Group Partouche shall not pay any interest or dividends to Financière Partouche under the subordinated shareholder advance or for any other motive except for payments from surplus cash flow.

(See § 4.1.1 Liquidity risk note 5. Repayments of surplus cash flow).

3. Situation after the share capital increase of Groupe Partouche SA on 13 August 2010

During the meeting held on 16 July 2010, the Executive Board of Groupe Partouche convened to the share capital increase of the company as provided by the resolutions of the Extraordinary General Assembly of the shareholders held on 6 April 2009.

On 26 July 2010, the chairman of the Executive Board attested that the balance of the current account of Financière Partouche SA amounted to 100 000 000 € and that

Groupe Partouche agreed to make this debt eligible up to the effective amount of the subscription by Financière Partouche SA to the increase in the share capital, i.e. a maximum amount of 74 591 686 €.

On 13 August 2010, the chairman, by delegation of the Executive Board, observed that the increase of the share capital of Groupe Partouche SA was completed and that, Financière Partouche SA subscribed to 33 276 915 irreducible shares for 66 553 830 € and 4 018 928 reducible shares for 8 037 856 €, i.e. 37 295 843 shares for a total price of 74 591 686 € fully paid by compensation of part of the shareholder's advance to the company, the balance of which now totals 25 408 314 €.

At the end of the share capital increase of 13 August 2010 and up until now, Financière Partouche SA shareholding amounted to 66 135 843 out of the 81 820 207 shares of 2€ each forming the share capital.

Service agreements involving Ispar Holding SA

Ispar Holding SA is a company charired and managed by Mr. Isidore Partouche, which has concluded a headquarters' service sharing agreement with Groupe Partouche SA. It provides support and advisory services to the Group's Swiss casinos.

Service agreements involving Shal & Co SA

Shal & Co is chaired and managed by Mr. Hubert Benhamou. Shal & Co entered into a management consultancy agreement with Groupe Partouche for some of its subsidiaries.

Except for the information given here above and as provided by $ 16.2 of Annex I of the European Rule n° 804-2004, there are no other contracts between the administrative, management and supervisory bodies of the issuer and any of its subsidiaries that may grant advantages at the termination of such contract.

16.3 Executive Board and Supervisory Board

16.3.1 EXECUTIVE BOARD

Composition of the Executive Board

Mr. Patrick Partouche : Chairman

Mr. Ari Sebag : Member of the Executive Board, Managing Director

Mrs Katy Zenou : Member of the Executive Board, Managing Director

Mr. Fabrice Paire : Member of the Executive Board, Managing Director and simultaneously Secretary-General

Mr. Richard Partouche : Member of the Executive Board, appointed by the Supervisory Board on 10 September 2009. He resigned on 98 December 2009 given his nomination on the same day, as Chairman General Manager of Grand Casino d'Annemasse

Mr. Moise Serero : Member of the Executive Board, appointed by the Supervisory Board on 9 December 2009 given his nomination on the same day, as Chairman General Manager of Grand Casino d'Annemasse in replacement of Mr. Richard Partouche who resigned

Meetings of the Executive Board

The Executive Board met on nine occasions during the financial year ended 31.10.10, and three times afterwards, with a 100% attendance rate.

Functioning of the Executive Board

Please refer to Chapter 21.2.2

Main work performed in Financial Year 2010

The meetings of the Executive Board related first and foremost to the quarterly accounts closes. The Executive Board presented a detailed activity report which allows the Supervisory Board to carry out its mission appropriately.

Accounts meetings:

- Quarterly statements : 7 December 2009 (4th q. 2009), 25 February 2010 (1st q. 2010), 27 May 2010 (2nd q. 2010), 8 September 2010 (3rd q. 2010);
- Half-yearly consolidated statements : 22 June 2010;
- Annual statements : 27 January 2010 (Financial year 2008/2009)

During the financial year under study, the Executive Board also approved :

- To take necessary commitments in order to conclude the leasing between CMCIC Lease and the Casino of Saint Julien : Executive Board meeting held on 5 July 2010;

- The increase of the share capital of the company: Executive Board meeting held on 16 July 2010. Following which its chairman, by decision taken on 27 July 2010, decided that the subscription of Financière Partouche will be compensated by its current account and by decision taken on 13 August 2010, the completion of the share capital increase.

The Executive Board also met on 19 August 2010 in order to set up the management forecast of the company and to decide the reallocation of the company's self owned shares.

Subsequently to the end of the financial year, the Executive Board met on :

- 13 December 2010 in order to review the accounts of 4th quarter 2010;
- 24 January 2011 in order to approve the signature of the addendum n° 2 to the agreement executed the banking pool on 27 September 2005;
- 25 January 2011 in order to review the company's and the consolidated financial statements at 31 October 2010, finalize the management report together with the resolutions to be submitted to the shareholders.

16.3.2. SUPERVISORY BOARD

Composition of the Supervisory Board

Mr. Isidore Partouche : Chairman of the Board

Mr. Marcel Partouche : Vice-Chairman of the Board, deceased on 17 January 2011

Mr. Maurice Sebag : Member of the Board

Mr. Gaston Ghrenassia : Member of the Board

Functioning of the Supervisory Board

Please refer to Chapter 21.2.2.

Meetings of the Supervisory Board

During the financial year ended 31.10.10, the Supervisory Board met on 14 occasions, with an attendance rate of more than 90%; and on four occasions afterwards.

Preparatory meetings for the Board meetings

Meetings of the Supervisory Board: The members of the Supervisory Board receive accounting documents and, in general, documents relating to the Board, on average 10 days before the Board meeting.

Evaluation of supervisory Board Members

The methods of evaluating members of the Supervisory Board, as detailed in the Viénot Report, aim above all to provide assurance to shareholders that the members of the board have a suitable profile of skills to be able to perform their role.

This is one of the concerns of the Chairman of the Supervisory Board and dovetails with the working methods applied within the Group. In the case of your Company, each member of the Supervisory Board has over 30 years experience and has a highly honed set of skills and knowledge of the leisure business, and particularly of gaming establishments and managing live shows, events and restaurants.

The Supervisory Board evaluates its members once a year. During the financial year under review, this assessment did not reveal any dysfunction which may have a prejudicial effect on the company.

No variable portion of remuneration related to performance or progress is allocated to the company officers.

Main work performed in Financial Year 2010

The meetings of the Executive Board related first and foremost to the review of the detailed activity reports submitted by the Executive Board at the end of quarterly, half-yearly and annual periods, which allows the Supervisory Board to carry out its mission appropriately.

During the past financial year, the Supervisory Board met in order to the reports on:

- Quarterly statements : 9 December 2009 (4th q. 2009), 1 March 2010 (1st q. 2010), 31 May 2010 (2nd q. 2010), 9 September 2010 (3rd q. 2010);
- Half-yearly consolidated statements : 25 June 2010;
- Annual statements 2009 : 29 January 2010

During the past financial year, the Supervisory Board also decided:

- to authorize Groupe Partouche to provide a guarantee on behalf of its subsidiary, Société du Palais de la Méditerranée, in favour of Société du Louvre (Supervisory Board meeting of 3 November 2009);
- to authorize the signature of a loan write-off agreement with a clawback provision for Société du Grand Casino du Havre and the signature of a memorandum of understanding with the shareholders of SEC Saint-Julien (Supervisory Board meeting of 30 November 2009);
- to accept the resignation of Mr. Richard Partouche and to appoint Mr. Moïse Serero as a member of the

Executive Board to hold office in replacement (Supervisory Board meeting of 9 December 2009);
- to authorize the signature of all the ancillary agreements to the memorandum of understanding entered-into with the banking pool (Supervisory Board meeting of 29 December 2009);
- to authorize the signature of a loan write-off agreement with a SEC Saint-Julien (Supervisory Board meeting of 19 January 2010);
- to authorize the signature of loan write-off agreements with its subsidiaries Société du Casino d'Hauteville and Société Hôtel Cosmos (Supervisory Board meeting of 8 March 2010);
- to authorize the signature of a partial loan write-off agreement with its subsidiary SA Partouche Interactive (Supervisory Board meeting of 28 April 2010);
- to authorize the signature of a partial loan write-off agreement with its subsidiary SAS Société d'Exploitation du Casino et Hôtelière de Contrexéville (Supervisory Board meeting of 25 June 2010);
- to authorize the assignment to Société Européenne de Casinos of the loan with its Belgian subsidiary Belcasinos, as well as the buyout of the loan held by GPI on Belcasinos (Supervisory Board meeting of 31 August 2010);

Lastly, the Supervisory Board met for auditing (Supervisory Board meeting of 27 September 2010).

The Supervisory Board met four times after the balance sheet date, between 1 November 2010 and 1 January 2011 in order to :
- authorize a guarantee to be given by Groupe Partouche SA to its subsidiary Partouche Images, in favor of BNP Lease, and to approve the renewal of a lease to its subsidiary Casino du Havre (Supervisory Board meeting of 15 November 2010);
- authorize the acquisition by the Company of HIL shares (Supervisory Board meeting of 25 November 2010);
- examine the statements of accounts of 4th quarter 2010, (Supervisory Board meeting of 14 December 2010);
- examine the parent company statements of accounts, the consolidated financial statements at 31 October 2010 together with the pertaining management report (Supervisory Board meeting of 28 January 2011).

16.4 Observation of corporate governance practices

Groupe Partouche SA's corporate governance practices are not defined by any corporate governance framework or code.

However, Groupe Partouche endeavours to observe and apply the principles of corporate governance. More specifically, in so far as specific aspects of its operating procedures linked to its continued significant family control allow, it draws on the small- and mid-cap companies implementation guide forming part of the reference framework published by the Autorité des Marchés Financiers on 9 January 2008.

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

Given that Partouche family members hold positions on the company's Board of Directors - through the shares they hold in the company - the Supervisory Board comprises only four members. This is the reason for which the Supervisory Board had to disband the Audit, Finance and Remuneration Committees, which it had set up in 2005, since they were unable to follow the procedures in accordance with statutory and regulatory provisions, on account of the need for the committees' members to be chosen from the Supervisory Board.

This is the reason for which, during the 2010 financial year, the Supervisory Board assumed the duties that devolve upon the Audit committee as provided for by article L. 823-19 of the French Code of Commerce and met as the audit committee, on 27 September 2010, to take stock of supervising the process for preparing financial information and the efficiency of the internal control and risk management procedures implemented within the group (see 16.5.1 Report of the Chairman of the Supervisory Board). It also ensured that the annual and consolidated financial statements were correctly audited by the company's statutory auditors as well as ensuring their independence.

Each equity share carries only one voting right.

Other significant items with respect to corporate governance, procedures and internal control:

- The Extraordinary Shareholders' Meeting of 20 June 1996 decided to change the management mode of our Company, until then governed by a Board of Directors, to that of a Société Anonyme with Executive and Supervisory Boards;
- The decision to adopt this structure was made to observe the principles of corporate governance that have since been adopted under French legislation, the most recent changes in which increase the required level of transparency;
- This dual structure encourages a clear separation between, on the one hand, the functions of the Company's operational management, which is carried out by the five members of the current Executive Board and on the other hand, the control function, which is permanently exercised by a Supervisory Board, which at present has four members;
- It should also be noted that the Supervisory Board meets very frequently, with an attendance rate by its members of over 90%. After familiarising itself with the required documents and information, the Supervisory Board carries out an in-depth review of items for discussion.

16.5 Other significant items with respect to corporate governance, procedures and internal control

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

Ladies and Gentlemen,

Pursuant to the provisions of Article L. 225-68 of the Code of Commerce ensuing from Article 117 of the Loi de sécurité financière (Financial Security Act), it is my responsibility as Chairman of the Supervisory Board of Groupe Partouche SA to present: (I) the conditions under which the Board's work is prepared and organised, and (II) the internal control procedures implemented by your Company during the financial year 31 October 2010, procedures which apply to all of the Company's majority-owned consolidated subsidiaries.

This report has been prepared with the assistance of the Company's operational and functional divisions, and draws on the small- and mid-cap companies implementation guide forming part of the internal control reference framework published by the Autorité des Marchés Financiers on 9 January 2008.

You are also informed that:

- corporate governance practices are set out in section 16.4 above;
- the methods used to determine remuneration for corporate officers are set out in section 15.1.2;
- the terms under which shareholders may attend Shareholders' Meetings are set out in Article 27, points III and V of the Articles of Association;
- The information provided by Article 225-100-3 of the Code of Commerce is shown in Sections 18 and 21 of this report. In particular, the information on: the capital structure of the company is shown in 18.1; voting rights in 18.2; rights attached to shares in 21.2.6; change of control in 18.4; rules applicable to the appointment of members of the Executive Board as well as changes in the articles of association in 21.2.2 and 21.2.5; Executive Board in 21.2.8; changes in share capital in 21.2.8;
- There is no provision for any audit in the event of an employee share scheme;
- Nor are there any agreements into which the company has entered that would end in the event of a change of control of the company; nor are there any agreements providing indemnities for members of the Executive Board or employees.

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

Information on the conditions under which the Supervisory Board's work is prepared and organised are set out in section 16.3.2 above, and relate in particular to the following:

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

INTERNAL CONTROL PROCEDURES IMPLEMENTED

Although the Company's internal control procedures are not defined by any framework, in implementing them, Groupe Partouche has drawn on the small and mid-cap companies implementation guide forming part of the reference framework published by the Autorité des Marchés Financiers on 9 January 2008.

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

- legal and regulatory compliance;
- that instructions and guidelines issued by senior management are applied;
- the smooth running of the Company's internal processes, and in particular those that contribute to protecting the Company's assets;
- the reliability of financial information and transactions.

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

By helping prevent and control risks that might prevent the Company achieving its objectives, the internal control system plays a key role in the management and coordination of the Company's various activities.

However, internal control arrangements cannot provide an absolute guarantee that the Company will achieve its objectives.

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

SCOPE OF INTERNAL CONTROL

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

Internal control procedures are therefore applied the whole of Groupe Partouche, which consists of Groupe Partouche SA and all its fully consolidated entities.

IMPLEMENTATION OF INTERNAL CONTROL OBJECTIVES

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

IDENTIFICATION, ASSESSMENT, MONITORING AND CONTROL OF RISKS

The internal control procedures are part of an ongoing process of evaluating and managing risks that may impact the realisation of objectives defined by the Group.

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

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

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

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

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

OPERATIONAL CONTROL

Operational control is mainly dependent upon the sustainability and security of the Group's information systems.

Information systems:

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

In order to achieve consistency between company and consolidated accounting data, the system is built around a reporting tool and an interfaced system covering virtually all the Group's activities.

Control and risk monitoring procedures implemented:

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

The system is configured by external consultants. Updates to the software are performed only by the Group's in-house IT department. The system runs on an AS 400 and data is backed up on tape on a daily basis for all subsidiaries. These tapes are placed in fireproof safes which guarantee that the data is stored in optimal security and an annual backup copy of each accounting entity is sent to the site in CD format.

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

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

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

LEGAL AND REGULATORY COMPLIANCE

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

The management of these activities therefore falls within an extremely precise scope, defined by the regulations governing the gaming industry, a very strict set of controls covering the authorisation, organisation of business, levying of taxes by the public authorities and oversight.

Groupe Partouche SA's head office makes available to its operating units its know-how, resources and skills, in terms of personnel and technical resources, and provides technical support, particularly in legal matters.

Legal department:

This is attached to the Company Secretarial Department and its function is:

- to ensure that Groupe Partouche observes the legal and regulatory framework that applies to it;
- to protect the Group's assets and business as a whole;
- to safeguard the Group's interests, and protect its corporate officers and its employees in the performance of their duties.

Control and risk monitoring procedures implemented:

The legal department is required to advise the Company Secretary or senior management of sensitive matters that must be reported to them regularly, particularly:

- any changes in laws or regulations applicable to any Group area of business, and in particular to gambling;
- any significant legal proceedings;
- any criminal proceedings against Groupe Partouche or any of its directors;
- any requirement for authorisation from the Executive or Supervisory Boards for projects related to developing the group's businesses or giving rise to any special risk for it.

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

INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

One of the main objectives of internal control is to contribute to the assurance that accounting and financial information, in particularly the company and consolidated financial statements, should be objective and give a true and fair view of the Group's net assets and business, and that they should identify and evaluate risks of any type that it might face.

ACCOUNTING FUNCTION STRUCTURE

The accounting department organises and schedules all accounting work to produce reliable consolidated accounts and consistent data; this is facilitated by using Group-wide accounting standards and procedures and a standardised procedure for preparing Group accounts which therefore applies to the operating companies from first consolidation.

Indeed, one of the internal control procedure objectives of Groupe Partouche SA, the Group parent company, is to ensure that the consolidated financial statements are reliable. Specific procedures deal with the preparation of the consolidated financial statements by the dedicated department at Groupe Partouche's head office.

All of the consolidation adjustments are performed at the head office on the basis of interim or year-end information communicated by the chief accountants of the subsidiaries.

The consolidated financial statements are audited by the Group's statutory auditors.

Information is regularly exchanged with the subsidiaries managers, which means that any special transactions that may affect the subsidiaries may be anticipated.

The state of completion of the accounts, the homogeneity of accounting process and any other element that is required in order to fully understand subsidiaries' data are monitored.

We can give some details of the various sequences in the preparation of consolidated financial statements by going through some of the main checks carried out.

The definition of the scope of the consolidated companies is performed by monitoring the equity stakes held by all of the companies within the Group and is validated by crosschecking with the information held by the Group's central legal department.

Changes in the regulatory framework governing consolidation are permanently monitored, where necessary, in conjunction with external advisors. This allows work to be carried out to make the standards applied consistent, ensure that they comply with Group policies and that the information system is updated as appropriate, in liaison with consultants from the software supplier.

On receipt of the consolidation packages from the subsidiaries, the consolidation department ensures compliance with the Group's accounting policies, which allows the consistency of presentation of the financial statements to be guaranteed.

The subsidiaries are provided, on the one hand, with consolidation instructions for the production of consolidation packages and which presents the consolidation work through the documents and information submission procedures, and on the other hand, accounts closing information, comprising the schedule of consolidation operations and the specific information for each accounting close.

Finally, the consolidation department checks for compliance with standards on all matters likely to have an impact on the consolidated accounts. At its level it also gathers all matters reported by subsidiaries for technical evaluation and for making decisions on accounting treatment.

A standardised Group chart of accounts is used by the operating units, tailored for the specific provisions on recording and accounting for casinos.

Procedural instructions are prepared by Group accounting department for the subsidiaries, particularly to cover the specific accounting features of their business sector.

These arrangements ensure that accounting data transmitted to Groupe Partouche SA is consistent. Group accounting department organises and timetables the accounts close work for the individual Groupe Partouche SA companies, and prepares an annual and half yearly control schedule.

It performs an exhaustive listing and ensures the reciprocity of inter-company transactions.

Groupe Partouche SA manages and co-ordinates the calculation and monitoring of the group's tax charge, using a specific application dedicated to tax consolidation.

For companies that are part of a tax consolidation group, head office departments perform a control of the tax schedules prepared by chartered accountants.

Group financial information comes directly from applications integrated with accounting and administrative software, although technically the financial information has its own database.

This means accounts transaction processing can be monitored on site in real time, and is then uploaded monthly into the reporting package.

The head office consolidation department continually updates the expertise that it has acquired since it prepared the very first set of consolidated financial statements for Groupe Partouche SA.

Chief accountants at the operating units are responsible for preparing the consolidation packages by completing the accounting and financial information to be sent to the consolidation department.

The information system used to prepare the consolidation is one of the leading products on the market. A certain amount of work was required to configure the system to the specific needs of the Group, and this was performed exclusively by the software maker itself.

Information is collected from the subsidiaries using centralised modules of the information system.

These modules are secure; subsidiaries have access only to the current period, without being able to modify any parameters.

The accounting information validated by the subsidiaries is interfaced from the accounting information system to the centralised consolidation information system.

The finance department is responsible for preparation and publication of financial and accounting information.

The Groupe Partouche accounts department coordinates and supervises the structure of the accounts departments.

Groupe Partouche SA uses a standard accounts information system, as do its operating units.

Control and risk monitoring procedures implemented:

A series of controls has been implemented within the majority of subsidiaries, in particular those with casino operations, to check the principal risks associated with the activity of operating a casino and which may have a financial impact on the financial statements.

These controls cover in particular the recording of monthly revenue figures, the monitoring of investments, debt recovery, purchases and financial information, as communicated by all subsidiaries.

They are carried out each month by all of the Group subsidiary users of accounting and financial information and are designed to identify any dysfunctions.

The Group carries out monthly reporting on the financial statements and performs half-yearly accounting closes.

The main monthly accounting controls carried out are as follows:

- regularity of accounting data;
- the stability and position of the current accounts between Groupe Partouche SA and the other group entities are checked by the head office accounting department;
- bank reconciliations;
- correct recording of revenue figures.

Furthermore, the main controls carried out by the consolidation management function are as follows:

- checking of the reciprocity of the current accounts at Group level;
- monthly analyses of the results of the operating companies;
- more complete balance sheet analyses are carried out in April and in October at the half-yearly and annual accounting closes alongside the publication of an in-depth analysis of all balance sheet items, off-balance sheet items and financing tables.

In association with accounting and financial management functions, the following monthly controls are carried out with a view to safeguarding assets:

- reconciliation of operating profit with management profit figures;
- analysis of investments
- analysis of financial income;
- analysis of net borrowings.

MANAGEMENT BODIES

The management services of Groupe Partouche SA's head office are responsible for coordinating the Group's management controls.

They are supported by the management accountants in charge of preparing and monitoring budgets and the financial reporting of their operating units, within the subsidiaries.

Control and risk monitoring procedures implemented:

- **Budgetary reporting process:**

All of the information used, in the budgetary reporting process, is processed by one of the leading information systems on the market. This analysis tool is based on a single reference system applicable to all of the units, which ensures the homogeneity of information. The units have decentralised data input modules which feed into a single group-wide database.

This database guarantees the reliability and the traceability of data, thanks notably to controls and automated validations of data and a set of controls that are specific to the Group's line of business.

The budgetary reporting process is a useful internal control enabling the analysis of financial flows.

- **Monthly financial reporting:**

Financial reporting is provided to senior management at every month-end. The relevant management bodies are required to present their monthly activity in a formal meeting. Furthermore, an overall analysis of the results of the operating companies is performed using information taken from the management software package of the accounting function.

The budget process developed by Groupe Partouche SA allows the operating units to produce a forecast operating statement and an investment budget.

The key stages of the budget process are as follows:

- August: operating units prepare their annual monthly-apportioned budget and investment budget;
- September and October: operating unit directors present their budgets to the Budget Committee which makes any final adjustments; Budgets may be revised during the current reference period whenever a structural modification affects the operating conditions of a unit. Specific indicators are defined and summary reports are prepared on the basis of budgetary information in order to optimise the level of analysis.

All of this information helps to ensure the monitoring, control and co-ordination of the operations, by using the data produced from the financial reporting and management processes. The financial reporting process is fundamental to controlling accounting, financial and management information. It also produces a set of performance indicators.

Reporting based on the transmission of operating income statements and investment commitments makes detailed information available on the operation of the units.

On the basis of an analysis of this data, concerted efforts can be made to achieve the objectives that have been set.

MANAGEMENT OF CASH FLOW AND FINANCING ACTIVITIES

The management of Groupe Partouche's cash flow and financing activities is centralised at the head office and is designed to guarantee the security, transparency and efficiency of the operations relating to cash flow and financing activities.

This management function is responsible for:

- managing financial resources (financing and investment) to maintain the Group's cash levels;
- ensuring control of financial expenses;
- managing cash flows
- quantifying and hedging financial risks;
- monitoring banking relationships;
- supporting the subsidiaries' management decisions and their financing of new projects.

Control and risk monitoring procedures implemented

In order to perform its missions, the services of the treasury and finance defined Group rules and procedures, such as a procedure requiring signing authorities for bank accounts to limit the risk of fraud.

Weekly and monthly reporting enables the general management to remain informed of the Group's forecast and real debt levels and liquidity, monitor risk, maturities of hedging transactions and the state of relationships with the banks etc.

FINANCIAL COMMUNICATION

The financial communication department is placed under the responsibility of the finance director. It is based in the head office and is in charge of communicating the company's strategy and results to the financial markets.

Control and monitoring procedures implemented

Every year a schedule is drawn up summarising all the company's financial communication requirements vis-a-vis the market and regulatory and stock market authorities.

The schedule specifies the nature of each periodic obligation as well as its deadline.

This schedule is distributed internally to the relevant teams.

Procedures for regulating financial and accounting information provide the basis for:

- monthly audits of all accounting and financial information (management and treasury functions);
- account verification by the statutory auditors of information presented in the interim and annual reports;
- finally, the finance director, who is in charge of financial communication, works with the legal department to establish legal and regulatory communication requirements concerning risk.

In conclusion, in 2010 Groupe Partouche maintained and strengthened its policy of increasing awareness of the inherent risk involved in its activities and the internal control procedures implemented to ensure optimal risk monitoring and management and more particularly during the meeting held on 27 September 2010 by the Supervisory Board for an audit training session.

Isidore Partouche
Chairman of the Supervisory Board

16.5.2 STATUTORY AUDITORS OBSERVATIONS, ESTABLISHED PURSUANT TO ARTICLE L. 225-235 OF THE CODE OF COMMERCE ON THE REPORT BY THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

In our capacity of statutory auditors of Groupe Partouche SA and pursuant to the provisions of Article L.225-235 of the Code of Commerce, we hereby present our observations on the report of the Chairman [of the Supervisory Board] of your Company, in accordance with the provisions of Article L.225-68 of the Code of Commerce for the financial year ending 31 October 2010.

It is the Chairman's task to draw up and submit to the Supervisory Board's approval a report describing the internal control and risk-management procedures instituted within the company, and providing the other disclosures required by Article L. 225-68 of the Code of Commerce, particularly regarding the scheme of corporate governance.

Our role is to:

- communicate to your observations on the information provided in the Chairman's report relating to internal control procedures governing the preparation and processing of accounting and financial information;
- to certify that the report contains the other disclosures required by Article L. 225-68 of the Code of commerce, it being pointed out that we are not required to verify the truthfulness or accuracy of such other information.

We conducted our work in accordance with French accounting principles.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES GOVERNING THE GENERATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Accounting rules and practices require us to perform investigations for ascertaining the truth and fairness of the information given in the Chairman's report concerning the internal control procedures governing the generation and processing of accounting and financial information. These investigations focus among others on the following:

- acquainting ourselves with the internal control and risk management procedures governing the generation and processing of the accounting and financial information underlying the information given in the Chairman's report and the existing documentation;
- acquainting ourselves with the work involved in generating that information and the existing documentation;
- determining whether the Chairman's report appropriately discloses any major shortcomings in the internal control measures governing the generation and processing of the accounting and financial information noted by us during our audit.

On the basis of our work, we have no comments to make on the information provided relating to the Company's internal control procedures governing the preparation and processing of accounting and financial information, contained in the report of the Chairman of the Supervisory Board, prepared in application of the provisions of the last subsection of Article L. 225-68 of the Code of Commerce.

OTHER INFORMATION

We hereby certify that the report by the chairman of the Supervisory Board contains the other disclosures required by Article L. 225-68 of the Code of commerce.

Marseille and Paris, 24 February 2011

MCR Baker Tilly	**France Audit Expertise**
Alexandra Mathieu	Emmanuel Quiniou

17 EMPLOYEES

17.1 Human resources – Workforce

17.1.1 WORKFORCE

CATEGORIES AT 31 OCTOBER	2010	2009	2008
Managers	984	991	963
Supervisors and technicians	316	312	294
Other employees excluding labour	4 046	4 225	4 628
Labour	257	242	200
Total	**5 604**	**5 770**	**6 086**

17.1.2 HUMAN RESOURCES

Pursuant to article L.225-102-1 of the Code of Commerce, please find below information relating to our workforce.

OUR PEOPLE MAKE US WHAT WE ARE

At the end of the financial year, Groupe Partouche had 5,604 employees, down by 2,9% compared to previous year. This is mainly due to the decrease in the expenses due to the economic situation. 88% of the Group's workforce is employed under open-ended employment contracts.

Part time contracts are chosen rather than being imposed.

Women represent 39% of the workforce. There are a total of 984 management-level staff.

WORK ORGANISATION

Each casino's work schedule is managed entirely at the local level. Schedule planning is driven by two factors specific to our sector. First, the fact that our establishments are open 365 days a year means that we have to use a team rota system and secondly, a large number of our employees work at night, due to the very nature of the gaming, restaurant, and entertainment businesses.

Work time reduction agreements have been negotiated and signed in certain subsidiaries. Subcontracting is only used on a relatively small scale, as our key professional specialities cannot be easily outsourced. During the financial year, subcontracting represented €11.7, chiefly attributable to the provision of security services.

REWARDS AND LOYALTY ENHANCEMENTS

Total payroll including social charges came to €200.8m, and the combined total of profit-related pay paid by the subsidiaries came to €5.5m.

EMPLOYEE COMMUNICATION

Each subsidiary, irrespective of whether or not it has employee representative bodies, makes sure that there is free and open communication, an essential ingredient for employee relations within the company. By managing our staff "in real time", and allowing our subsidiaries to remain independent, our management teams can continually adapt to changing employee relations dynamics.

HEALTH AND SAFETY

Groupe Partouche strives to give its patrons additional guarantees with respect to food and drink hygiene by anticipating potential risks. To this effect, an independent laboratory is responsible for systematically controlling all of the subsidiaries' restaurant facilities. The work currently underway will lead to the implementation of a Quality Charter, to be respected by all of our subsidiaries.

This exemplary level of commitment is part of Groupe Partouche's longstanding policy of providing quality hospitality services and respecting its clientele. Moreover, a system of internal risk assessment documents has been implemented and is updated every year, enabling, notably the Health & Safety, Security and Working Conditions Committees, to minimise any risks to the health and safety of our employees. Ongoing, permanent identification of risks and ways of mitigating them lie at the heart of this process. Rather than simply adhering to the letter of the law, Groupe Partouche made this a moral principle, a core component of our essential values of respecting people at the workplace.

TRAINING TO KEEP A COMPETITIVE EDGE

One of the key events of the year under review was the training of more than 250 staff members in Texas Hold'em poker, a newly authorised game that is rapidly increasing in popularity. These training sessions have enabled Groupe Partouche to take a leadership position in its market with respect to the organisation of poker tournaments.

At the same time, the training of sales teams in all the Group's casinos was completed successfully, designed to accompany the development of Groupe Partouche's business and the growth of activities other than gaming, namely restaurants and entertainment.

EMPLOYING AND INTEGRATING DISABLED STAFF

Groupe Partouche ensures that its legal and moral obligations are fulfilled; each subsidiary remains free to make its own hiring and charity contribution decisions.

CARING AND SHARING

Groupe Partouche, via its subsidiaries, mainly takes an active role in local initiatives preferring to focus on its role in the local community. Examples abound, notably in the realm of sporting events and shows, and can be found in the company magazine Players Magazine, which is distributed to our patrons and employees. Our plethora of charitable contributions and support for non-profit associations help make Groupe Partouche a leading player in the social and economic fabric of its subsidiaries' local communities.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Groupe Partouche strenghtened the measures applied to protect players.

The contracts signed with ADICTEL have all been renewed. ADICTEL is a company responsible for the prevention of excessive gaming and providing help to dependant players.

Management personnel and team leaders regularly receive training.

Groupe Partouche therefore assumes its social responsibilities concerning the most direct impact of its activity on citizens and, on an ongoing basis, makes resources available for its patrons to continue using gaming as a source of controlled pleasure.

Moreover, the business activities of Groupe Partouche do not comprise any direct, significant risks with respect to environmental responsibility.

17.2 Direct or Indirect Shareholdings of the officers and directors of Groupe Partouche in the share capital at 31 october 2010

MEMBERS OF THE EXECUTIVE BOARD	DIRECT SHAREHOLDING			INDIRECT SHAREHOLDING	STOCK OPTIONS
	SHARES	PERCENTAGE		SHAREHOLDING THROUGH FINANCIÈRE PARTOUCHE (1)	
		SHARE CAPITAL	VOTING RIGHTS		
Mr Patrick Partouche	60 266	0,07 %	0,07 %	19,29 %	Nil
Mr Ari Sebag	48 025	0,05 %	0,05 %	13,45 %	Nil
Mrs Katy Zenou	76 404	0,09 %	0,09 %	9,47 %	Nil
Mr Fabrice Paire	2 253	0,00 %	0,00 %	Néant	Nil
Mr Moise Serero	0	-	-	Néant	Nil
TOTAL	**186 948**	**0,23 %**	**0,23 %**	**42,21 %**	**Nil**

(1) Financière Partouche owns 80.83 % of the share capital and 80.85 % of the voting rights of Groupe Partouche.

MEMBERS OF THE EXECUTIVE BOARD	DIRECT SHAREHOLDING			INDIRECT SHAREHOLDING	STOCK OPTIONS
	SHARES	PERCENTAGE		SHAREHOLDING THROUGH FINANCIÈRE PARTOUCHE (1)	
		SHARE CAPITAL	VOTING RIGHTS		
Mr Isidore Partouche	1 160 915	1,42 %	1,42 %	N.S	Nil
Mr Marcel Partouche	69 650	0,08 %	0,08 %	N.S	Nil
Mr Maurice Sebag	15 100	0,02 %	0,02 %	N.S	Nil
Mr Gaston Ghrenassia	70	0,00 %	0,00 %	N.S	Nil
TOTAL	**1 245 735**	**1,52 %**	**1,52 %**	**N.S**	**Nil**

(1) Financière Partouche owns 80.83 % of the share capital and 80.85 % of the voting rights of Groupe Partouche.

There is no intermediary structure between the shareholders and Financière Partouche.

17.3 Employee profit sharing in the capital of Groupe Partouche

17.3.1 EMPLOYEE PROFIT SHARING

Pursuant to the provisions of article L.225-102 of the Code of Commerce, we hereby indicate that there is no non-discretionary employee profit sharing in the share capital under the terms of a company savings plan as of the balance sheet date, 31 October 2010.

17.3.2 EMPLOYEE SHAREHOLDERS

Nil.

PRINCIPAL SHAREHOLDERS 18

18.1 Ownership of capital and voting rights

The following table shows the breakdown of capital and voting rights over the last three years:

PRINCIPAL SHAREHOLDERS	22/11/2010			12/11/2009			31/12/2008		
	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS
Financière Partouche SA (1)	66 135 843	80,83 %	80,85 %	28 840 000	66,92 %	66,95 %	28 840 000	66,92 %	66,95 %
Members of the Supervisory Board (2)	1 245 735	1,52 %	1,52 %	1 187 430	2,76 %	2,76 %	1 187 430	2,76 %	2,76 %
Members of the Executive Board (2)	186 948	0,23 %	0,23 %	85 755	0,20 %	0,20 %	85 755	0,20 %	0,20 %
Own holding	19 166	0,02 %	-	19 166	0,04 %	-	19 166	0,04 %	-
Public (3)	14 232 515	17,39 %	17,40 %	12 964 767	30,08 %	30,10 %	12 964 767	30,08 %	30,10 %
TOTAL	**81 820 207**	**100,00 %**	**100,00 %**	**43 097 418**	**100,00 %**	**100,00 %**	**43 097 418**	**100,00 %**	**100,00 %**

(1) SA FINANCIÈRE PARTOUCHE is a family holding company.
(2) The shareholding of the members of the Superviroy and Executive Boards is detailed under chapter 17.2 of the reference document.
(3) As far as the company is aware, there are no shareholders holding 5% or more of the share capital and voting rights, apart from Financière Partouche.

Groupe Partouche requested Euroclear France to perform a survey on 22 November 2010 of intermediaries holding at least 11,000 shares. This survey enabled us to identify 5,157 shareholders, representing 15,8% of the share capital. Taking into account the 105 shareholders holding registered shares at this date, we have thereby established that at this date 99.9% of the share capital of Groupe Partouche was owned by 5,262 shareholders.

A very substantial proportion of the shareholders identified by the Euroclear France survey – some 15,1% – were institutional investors.

No securities are owned by employees under a share ownership program.

During the capital increase in 2010, Financière Partouche committed itself towards its Banking Pool, whenever the share of Groupe Partouche reaches 8 euros, to sell the shares it holds beyond its participation of 66.92%,. This commitment is in respect of 11.381.760 shares held by Financière Partouche. It will be carried on according to the applicable regulations and without prejudicing the market.

18.2 Different voting rights

There are no double voting rights. Shares issued and in circulation have one associated voting right each.

18.3 Information on the control of the share capital of the company

As of the date of this Reference Document, 80.83% of the Company's is controlled by Financière Partouche whose share capital is wholly owned by members of the Partouche family. No particular measure has been taken with a view to ensuring that this control is not exercised in an abusive manner.

On 2 February 2011, in addition to its annual results and the modification of its debt (cf. Section 20.2.1 Note 32), the company announced the conclusion of an agreement in principle relating to a financial partner taking a stake in the share capital of the company. On this occasion, the company announced:

« Acquisition of an equity stake by a financial partner: a €30 million capital increase underwritten by Butler Capital Partners

Groupe Partouche and its majority shareholder, Financière Partouche, have reached an agreement with BCP with regard to carrying out a €30m capital increase, fully underwritten by BCP which will subscribe at least to the extent of the rights held by Financière Partouche (80.83%). This capital increase will be carried out at the price of 2 euros per share under terms that allow all of the minority shareholders of Groupe Partouche to participate.

This capital increase will allow the Group to reinforce its equity and will contribute to the financing of its investment programme and its development. The acquisition of a stake in the share capital by a highly experienced financial partner alongside the Partouche family testifies to the commitment of the Group's majority shareholders and management to give it a new sense of élan.

Following this capital increase, BCP will own between 12.5% and 15.5% of the share capital of Groupe Partouche, depending on the take-up of shareholders other than Financière Partouche.

The final agreements relating to both the terms and conditions of the capital increase, and the relations between Financière Partouche and BCP within the scope of a shareholders' pact are in the process of being finalised and will be communicated to the market when they are signed. The shareholders' pact between Financière Partouche and BCP will cover, among other items, the representation of BCP on the Supervisory Board of Groupe Partouche in addition to the rights that BCP will have. It will also specify the terms and conditions, in particular the financial terms and conditions that allow liquidity to be assured at such a time as BCP decides no longer to hold its investment. In accordance with applicable regulations, this shareholders' pact will be communicated to the Autorité des Marchés Financiers, which will ensure it is made publicly available.

As a minority partner, but active nonetheless, BCP will thus provide support for an enterprise project that aims to see a refocused Group emerge, with its debt paid down and which will invest in its core business: casinos and online gaming.

Subject to an assessment of the terms and conditions of the operation by the Autorité des Marchés Financiers and any other competent authority, this capital increase should be completed by next April. »

Financière Partouche and the Company are currently conducting discussions with Butler Capital Partners on the final terms and conditions of their agreements, which will be brought to the attention of the Autorité des Marchés Financiers and the market as soon as possible after they are signed.

Financière Partouche, which controls the Company, shares several senior executives with the Company (cf. Section 14.1), namely:

Executive Board: Mr. Patrick Partouche, Mr. Ari Sebag, Mrs. Katy Zenou.

Supervisory Board: Mr. Isidore Partouche, Mr. Marcel Partouche, Mr. Maurice Sebag, Mr. Gaston Ghrenassia aka Enrico Macias.

At the date of this Reference Document, Financière Partouche does not have:

- information on the Group's business, outlook or forecasts, other than information that has been brought to the attention of the public;
- privileged information (as understood in Article 621-1 of the General Regulations of the AMF) about the Company, its activity, income statement, balance sheet, cash position or outlook.

At the date of this Reference Document, the Company therefore assures an equivalence of information between the public and its majority shareholder.

18.4 Change of control

To the best of our knowledge and subject to the information mentioned in paragraph 18.3 above, there are no actions in concert, shareholders' pacts, nor does any clause of any agreement contain any preferential conditions governing the disposal or acquisition of Groupe Partouche shares.

RELATED-PARTY TRANSACTIONS 19

Please see § 7.2 of the reference document «Organisation Chart» and Note 30 «Related Parties» to the consolidated financial statements.

The possible partnerships with other companies have been carried on according to the normal procedures applied on the market.

Moreover, please find here below the special report of the statutory auditors.

Special Report of the Statutory Auditors on regulated agreements and commitments

SHAREHOLDERS' MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2010

Ladies and Gentlemen,

As the Statutory Auditors of your company, we hereby report to you on regulated agreements and commitments.

Our role is present you with the key terms and conditions of the regulated agreements and commitments about which we have been informed or which we discovered during our audit, on the basis of the information we received, without expressing our opinion on their utility and validity; we are not responsible for identifying the potential existence of other agreements or engagements. It is your responsibility, as provided by Article R. 225-58 of the Code of Commerce, to assess the beneficial nature of these transactions with a view to approving them.

Moreover, it is our responsibility, where applicable, to provide you with the information provided by Article R. 225-58 of the Code of Commerce on the performance of agreements and commitments that have already been approved by the Shareholders' Meeting, during the financial year ended 31 October 2010.

We have carried out the work that we deemed necessary in light of the professional doctrine of the CNCC relating to this mission; this work consisted in verifying the consistency of the information with which we have been provided and the source documents from which it has been extracted.

1. AGREEMENTS AND COMMITMENTS SUBMITTED TO THE SHAREHOLDERS' MEETING FOR APPROVAL

Agreements and commitments authorised during the financial year ended 31 October 2010

According to the provisions of Article L. 225-88 of the Code of Commerce, we have been advised of the following agreements and commitments that have been authorised by your Supervisory Board.

1.1 WAIVER OF RECEIVABLE IN FAVOUR OF S.A. GRAND CASINO DU HAVRE

By virtue of the agreement of 3 December 2009, your company waived a receivable of €13,000,000 owed to it by SA Grand Casino du Havre. This agreement contains a clawback provision, and relates to a portion of the current account balance owed to your company by S.A. Grand Casino du Havre.

The related agreement was authorised by your Supervisory Board at its meeting on 30 November 2009.

During financial year ended 31 October 2010, the conditions required for the application of the clawback provision were met, and SA Grand Casino du Havre has reimbursed to your company an amount of €3,146,133 which was recognised under financial income.

Members of the Supervisory Board / Executive Board concerned:

- Mr. Maurice Sebag
- Mr. Ari Sebag

1.2 WAIVER OF RECEIVABLE IN FAVOUR OF S.A. CASINO D'HAUTEVILLE LOMPNES

By virtue of the agreement of 19 March 2010, your company waived a claim of €6,900,000 owed to it by S.A. Casino d'Hauteville Lompnes. This agreement contains a clawback provision, and relates to a portion of the current account balance owed to your company by SA Casino d'Hauteville Lompnes.

The related agreement was authorised by your Supervisory Board at its meeting on 8 March 2010.

Members of the Supervisory Board / Executive Board concerned:

- Mr. Patrick Partouche
- Mr. Ari Sebag

1.3 WAIVER OF RECEIVABLE IN FAVOUR OF S.A.R.L. HOTEL COSMOS

By virtue of the agreement of 19 March 2010, your company waived a claim of €5,600,000 owed to it by S.A.R.L. HOTEL COSMOS. This agreement contains a clawback provision, and relates to a portion of the current account balance owed to your company by S.A.R.L. HOTEL COSMOS.

The related agreement was authorised by your Supervisory Board at its meeting on 8 March 2010.

Your company is the sole shareholder of the S.A.R.L. HOTEL COSMOS.

During financial year ended 31 October 2010, the conditions required for the application of the clawback provision were met, and the S.A.R.L. HOTEL COSMOS has reimbursed your company an amount of €2,083,860 which was recognised under financial income.

1.4 WAIVER OF RECEIVABLE IN FAVOUR OF S.A. PARTOUCHE INTERACTIVE

By virtue of the agreement of 30 April 2010, your company waived a claim of €12,000,000 owed to it by S.A. Partouche Interactive. This agreement contains a clawback provision, and relates to a portion of the current account balance owed to your company by S.A. Partouche Interactive.

The related agreement was authorised by your Supervisory Board at its meeting on 28 April 2010.

Members of the Supervisory Board / Executive Board concerned:

- Mr. Patrick Partouche
- Mr. Ari Sebag
- Mr. Fabrice Paire
- Mr. Moïse Serero

1.5 WAIVER OF RECEIVABLE IN FAVOUR OF S.A.S. SOCIÉTÉ D'EXPLOITATION DU CASINO ET D'HÔTELS DE CONTREXÉVILLE

By means of the agreement of 5 July 2010, your company waived a claim of €550,000 owed to it by S.A.S. Société d'exploitation du casino et d'hôtels de Contrexéville. This agreement contains a clawback provision, and relates to a portion of the current account balance owed to your company by S.A.S. Société d'exploitation du casino et d'hôtels de Contrexéville.

The related agreement was authorised by your Supervisory Board at its meeting on 25. June 2010.

Members of the Supervisory Board / Executive Board concerned:

- Mr. Isidore Partouche
- Mr. Patrick Partouche

2. AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years

A) THE PERFORMANCE OF WHICH CONTINUED DURING THE FINANCIAL YEAR ENDED 31 OCTOBER 2010

According to the provisions of Article R. 225-57 of the Code of Commerce, we have been informed that the following agreements and commitments, which had already been approved by the Shareholders' Meeting in previous years, continued during the financial year ended 31 October 2010.

2.1 TAX CONSOLIDATION AGREEMENT

In the financial year ended 31 October 2010, the tax consolidation agreement was extended to the following companies, the integration of which will become effective as of 1 November 2010: Partouche Gaming France SAS, Système Intelligents Casinos SAS.

This tax consolidation agreement is applied in accordance with Article 223 A of the French General Tax Code.

This agreement generated a tax saving for your company of €16,565,318, for the financial year ended 31 October 2010.

2.2 LEASE AGREEMENT WITH FINANCIÈRE PARTOUCHE SA

During financial year ended 31 October 1998, your company signed a lease agreement with Financière Partouche SA. This lease covers the lease of your company's headquarters at 141 bis, rue de Saussure, 75017 Paris, France. A rider to the lease was signed on 1 August 2002, in light of the extension of the surface area occupied by Groupe Partouche SA. The lease term is now nine years, commencing 1 August 2002 and ending 31 July 2011, the annual lease is now fixed at €160,000 excluding VAT before re-indexation.

This agreement generated for your company an expense of €206,661 in rent, and €62,788 of tenant service charges, making a total expense of €269,449.

2.3 CASH POOLING AGREEMENT WITH FINANCIÈRE PARTOUCHE SA

Financière Partouche SA was authorised to participate in the cash pooling agreement for Group companies with Groupe Partouche. It is stipulated to this effect that any loans and advances that may be granted under this agreement will be remunerated at preferential rates compared to market rates.

The interest rate applied for the financial year ending 31 October 2010 was 1.70%.

Under the terms of this agreement, your company recognised a net interest expense of €55,885 for the financial year ending 31 October 2010. The amount owed by Groupe Partouche SA to Financière Partouche SA recorded in the current account amounted to €4,740,577 at 31 October 2010.

2.4 SHAREHOLDER ADVANCE AGREEMENT WITH FINANCIÈRE PARTOUCHE SA

On 26 August 2003, your Company signed a shareholder advance agreement with Financière Partouche SA. Under the terms of this agreement, Financière Partouche SA granted your company an advance in the initial amount of €100,000,000 for a period of 7 years and 3 months, commencing on 29 August 2003, which was extended by a rider until 30 November 2012.

Pursuant to the memorandum of understanding on the restructuring of the debt, concluded with the banking pool on 21 October 2009, the maturity date for the shareholder advance was set at 31 December 2015.

This advance bears interest at the EURIBOR 1-, 2-, 3 or 6-month rate plus 2%. The amounts lent to Groupe Partouche SA under the shareholder advance are to be repaid only in accordance with the terms laid down in the subordination agreement signed on 27 September 2005 between Financière Partouche SA and Groupe Partouche SA.

Under this agreement, payment of sums owed under the syndicated loan has priority over the repayment of the shareholder advance.

Pursuant to the memorandum of understanding on the restructuring of the debt concluded with the pool of banks on 21 October 2009, it was further agreed that no interest or dividend would be payable by Groupe Partouche SA to Financière Partouche SA in respect of the subordinated shareholder advance or on any other grounds, subject to the exception of repayments using surplus cash flow as defined in the abovementioned agreement.

During financial year ended 31 October 2010, the shareholder advance decreased from €100,000,000 to €25,408,314, that is, a decrease €74,591,686, which corresponds to Financière Partouche SA's subscription to the capital increase carried out by Groupe Partouche SA on 13 August 2010.

Pursuant to this agreement, and for the financial year ended 31 October 2010, Financière Partouche SA billed your company for €2,303,098 of financial interest and €102,667 for the cost of interest-rate hedging, making a total expense of €2,405,765.

2.5 AUTHORISATION FOR THE USE OF A TRADEMARK GRANTED TO PARTOUCHE INTERACTIVE SA

Your company has granted exclusive licence for the use of the French trademark «Groupe Partouche» to Partouche Interactive SA. This licence gives Partouche Interactive SA the right to manufacture and/or sell all services and products covered by this trademark distributed over the Internet, television, mobile and fixed-line telephony, as well as over any other existing or future electronic distribution channels. This agreement entered into force on 11 April 2006 with an initial term of ten years. Under the terms of this agreement, Partouche Interactive SA pays Groupe Partouche SA a licensing fee equal to 15% of the turnover excluding VAT generated by the services and products manufactured and/or sold under the Groupe Partouche brand by the licence holder.

Operating income recorded with respect to this agreement amounted to €184 for the financial year ended 31 October 2010.

2.6 MANAGEMENT CONSULTING AGREEMENT WITH SHAL & CO S.A.

Your company has concluded a management consulting agreement with Shal & Co SA. Under the terms of this agreement, Shal & Co SA provides consulting services to certain subsidiaries of Groupe Partouche SA together with assistance in the areas of sales and administration as well as financial, legal, accounting and tax matters. This agree-

ment was amended on 28 December 2008 to extend its term indefinitely.

With respect to this agreement, your company recorded a charge of €534,700 under operating expenses for the financial year ended 31 October 2010.

2.7 PARTNERSHIP AGREEMENT FOR HEAD OFFICE SERVICES WITH ISPAR HOLDING SA

Your company has concluded a partnership agreement with ISPAR HOLDING SA covering head office services. Under the terms of this agreement, Groupe Partouche SA undertakes to retrocede to Ispar Holding SA:

- 25% of the compensation invoiced by Groupe Partouche SA to Casino du Lac Meyrin SA (Switzerland) for the rendering of head office services;
- 50% of the compensation invoiced by Groupe Partouche SA to Casino de Crans Montana (Switzerland) for the rendering of head office services.

With respect to this agreement, your company recorded a charge of €340,965 under operating expenses for the financial year ended 31 October 2010.

B) WITHOUT PERFORMANCE DURING THE FINANCIAL YEAR ENDED 31 OCTOBER 2010

Moreover, we have been informed of the continuation of the following agreements and commitments - which had already been approved by the Shareholders' Meeting in previous years - that were not performed during the financial year ended 31 October 2010. They are in the main loan write-offs agreements with clawback provisions regarding cash advances recorded in current accounts. These agreements are as follows:

- with Société Du Grand Casino De Cabourg: clawback provision relating to a waiver of receivable in the amount €3,874,547;
- with Grand Casino de Beaulieu: clawback provision relating to a waiver of receivable in the amount €609,258;
- with Lydia Invest (Casino de Port Barcarès): clawback provision relating to a waiver of receivable in the amount €5,509,184;
- with S.A. Grand Casino du Havre: clawback provision relating to a waiver of receivable in the amount €8,650,000;
- with Casino de la Trinité: clawback provision relating to a waiver of receivable in the amount €3,267,000;
- with S.A. Casino d'Hauteville Lompnes: clawback provision relating to a waiver of receivable in the amount €3,150,000;
- with Casino de la Tremblade: clawback provision relating to a waiver of receivable in the amount €677,846;
- With Hôtel International de Lyon: clawback provision relating to a waiver of receivable in the amount €2,058,062.

Marseille and Paris, 24 February 2011

MCR Baker Tilly	**France Audit Expertise**
Alexandra Mathieu	Emmanuel Quiniou



20 FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL POSITION AND PERFORMANCE

20.1 Historic financial information

Pursuant to Article 28 of Regulation (EC) N°809/2004, the following information is included by reference in this document:

- the consolidated financial statements for the financial year ended 31 October 2008, prepared in accordance with IFRS/IAS as adopted by the European Union and the report of the Statutory Auditors on the consolidated financial statements for the financial year ended 31 October 2008, which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 5 March 2009 under number D.09-098, pages 91 et seq.;
- the consolidated financial statements for the financial year ended 31 October 2009, prepared in accordance with IFRS/IAS as adopted by the European Union and the report of the Statutory Auditors relating to the consolidated financial statements of the financial year ended 31 October 2009, which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 26 February 2010 under number D.10-0069, pages 99 et seq.;
- the individual company financial statements for the financial year ended 31 October 2008 and the report of the Statutory Auditors on the individual company financial statements for the financial year ended 31 October 2008 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 5 March 2009 under number D.09-098, pages 138 et seq.;
- the individual company financial statements for the financial year ended 31 October 2009 and the report of the Statutory Auditors on the individual company financial statements for the financial year ended 31 October 2009 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 26 February 2010 under number D.10-0069, pages 150 et seq.;

Both of the reference documents referred to above are available on the website of the Company (www.partouche.com) and the Autorité des Marchés Financiers (www.amf-france.org).

20.2 Financial statements

20.2.1 GROUP FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2010

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT €000 AT 31 OCTOBER (EXCEPT PER SHARE DATA)	NOTES	2010	2009	2008
Turnover	22	478 126	452 993	481 678
Purchases and external expenses	23	(146 410)	(140 731)	(154 324)
Tax		(23 750)	(26 014)	(29 371)
Personnel costs	24	(206 384)	(200 373)	(211 243)
Depreciation, amortisation and impairment on fixed assets		(47 140)	(45 565)	(47 009)
Other current operating income and expenses	25	(6 620)	(11 274)	(9 566)
Current operating profit		**47 821**	**29 036**	**30 165**
Other non-current operating income and expenses	25	(283)	1 517	8 317
Gain (loss) on the sale of consolidated investments		(2 285)	(637)	(417)
Impairment of non-current assets		(71 199)	(8 686)	(3 905)
Non-current operating income		**(73 766)**	**(7 806)**	**3 994**
Operating income		**(25 945)**	**21 230**	**34 159**
Financial items	**26**	**(18 324)**	**(24 956)**	**(23 074)**
Income before tax		**(44 269)**	**(3 726)**	**11 085**
Corporate income tax	28	(5 737)	(1 169)	(13 832)
Income after tax		**(50 006)**	**(4 894)**	**(2 747)**
Share in earnings of equity affiliates	7	(35)	(1 922)	(1 719)
Total net income		**(50 041)**	**(6 816)**	**(4 466)**
o/w Group share		(58 054)	(16 679)	(8 485)
o/w minority interests		8 013	9 863	4 019
Net income per share – Group share (*)		**(1,128)**	**(0,387)**	**(0,197)**
Dividend distributed per share		-	-	-
Number of shares on which the earnings per share calculation is based (*)		51 459 349	43 097 418	43 097 418

(*) Number of shares calculated on the average number following the capital increase introduced on 19 July 2010 and finalised on 13 August 2010.

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED GLOBAL INCOME

CONSOLIDATED GLOBAL INCOME €000 AT 31 OCTOBER	NOTES	2010	2009	2008
Total Net Income		(50 041)	(6 816)	(4 466)
Other		1 551	(359)	3 696
Total Global Income		**(48 490)**	**(7 175)**	**(770)**
Global Income Group's share		(57 845)	(16 098)	(6 519)
Global Income minorities stakes		9 355	8 923	5 749

CONSOLIDATED BALANCE SHEET (NET VALUE)

ASSETS NET €000 AT 31 OCTOBER	NOTES	2010	2009	2008
Intangible assets	4	11 359	11 572	11 684
Goodwill on acquisition	5	336 954	412 123	414 114
Property and equipment	6	360 176	386 362	413 161
Investments in companies accounted for using the equity method	7	-	3	5 665
Other non-current financial assets	8	4 584	3 011	4 161
Deferred tax assets		4 639	2 397	855
Other non-current assets	9	9 747	14 883	9 980
TOTAL NON-CURRENT ASSETS		**727 459**	**830 350**	**859 620**
Inventories and semi-finished goods	10	3 840	3 572	4 052
Trade and other receivables	11	27 383	30 108	25 432
Tax receivables		948	4 206	8 516
Derivative financial instruments		-	-	333
Other current assets	12	12 759	14 844	13 576
Cash and cash equivalents	13	107 611	78 866	68 972
TOTAL CURRENT ASSETS		**152 542**	**131 596**	**120 881**
Available for sale assets	31	1 245	-	-
TOTAL ASSETS		**881 246**	**961 946**	**980 501**

EQUITY AND LIABILITIES €000 AT 31 OCTOBER	NOTES	2010	2009	2008
Share capital	14	163 640	86 195	86 195
Treasury shares	14	(37)	(59)	(79)
Share premium		9 411	9 411	9 411
Consolidated reserves	14	197 812	216 590	208 977
Revaluation reserve		2 129	1 920	1 339
Net profit (loss) for the year		(58 054)	(16 679)	(8 485)
GROUP EQUITY		**314 902**	**297 377**	**297 358**
MINORITY INTERESTS	**14**	**29 961**	**28 917**	**29 200**
TOTAL EQUITY		**344 863**	**326 294**	**326 558**
Non-current financial debt	17	192 568	409 807	116 979
Employee commitments	15	9 889	8 285	6 670
Other non-current provisions	16	4 377	5 473	15 058
Deferred tax liabilities		31 567	33 180	34 491
Other non-current liabilities	18	10 071	11 060	12 247
TOTAL NON-CURRENT LIABILITIES		**248 472**	**467 805**	**185 445**
Derivative financial instruments		-	-	-
Current financial debt	17	144 035	12 113	304 810
Current provisions	16	1 985	4 611	2 549
Trade and other payables	19	105 030	112 532	118 671
Current tax liabilities	20	34 132	36 619	40 925
Other current liabilities	18	1 821	1 971	1 544
TOTAL CURRENT LIABILITIES		**287 003**	**167 847**	**468 497**
Held for sale liabilities	31	907	-	-
TOTAL EQUITY AND LIABILITIES		**881 246**	**961 946**	**980 501**

Number of shares in circulation at 31 October 2010 : 81,820,207

Number of shares in circulation at 31 October 2009 and 31 October 2008 : 43,097,418.

CONSOLIDATED CASH FLOW STATEMENT

€000 AT 31 OCTOBER	2010	2009	2008
Total net income	**(50 041)**	**(6 816)**	**(4 466)**
Adjustments:			
Elimination of income from associates	35	1 922	1 720
Elimination of tax expense (income)	5 737	1 169	13 832
Elimination of depreciation, amortisation and provisions	114 662	56 435	45 562
Elimination of gains and losses on revaluation to fair value	(1 243)	4 383	3 192
Elimination of results on the sale of assets	2 511	(2 718)	(8 055)
Elimination of net interest expense (income)	17 079	18 366	27 116
Elimination of dividend income	(50)	-	(14)
Impact of the change in WCR	(698)	(12 604)	10 802
Interest paid	(17 366)	(19 197)	(28 582)
Tax paid	(4 104)	(5 988)	(17 904)
Net cash inflow from operating activities, activities in the course of being divested	-	-	-
Net cash flow from operating activities	**66 522**	**34 951**	**43 202**
Acquisition of investment securities net of cash acquired	(2 631)	(68)	(6 530)
Disposal of consolidated companies, less cash sold	(32)	500	1 818
Impact of other changes in consolidation scope	33	2	165
Acquisition of intangible assets	(1 816)	(1 643)	(3 109)
Acquisition of property and equipment	(21 426)	(20 223)	(46 374)
Acquisition of financial assets	-	1	470
Loans and advances granted	(476)	(633)	(1 115)
Disposal of intangible assets	-	27	6 950
Disposal of property and equipment	438	6 960	7 000
Disposal of financial assets	-	14	-
Reimbursements received from loans	760	768	983
Interest received	274	832	1 463
Dividends received	50	-	14
Net change in short term investments	-	-	3
Cash flow from investing activities, activities in the course of being divested	-	-	-

€000 AT 31 OCTOBER	2010	2009	2008
Net cash flow from investing activities	**(24 825)**	**(13 463)**	**(38 260)**
Capital increase subscribed by minority interests	2 906	-	-
Loans issued	500	1 073	93
Loans reimbursed	(8 571)	(4 232)	(54 882)
Other financial loans reimbursed	(1 042)	(570)	(3 247)
Dividends paid to minority shareholders	(7 649)	(7 335)	(9 748)
Net cash flow from financing activities	**(13 857)**	**(11 062)**	**(67 784)**
Impact of foreign exchange rates	899	(329)	2 889
Change in cash and cash equivalents	**28 740**	**10 094**	**(59 953)**
Opening cash position	**78 856**	**68 759**	**128 712**
Closing cash position	**107 596**	**78 856**	**68 759**

The comments on the cash flow statement are presented in Note 27.

The closing cash position €107,596k, plus due interests i.e. €26k and minus investments provisions i.e. €11k correspond with the item Cash and cash equivalents under the assets, i.e. €107,611k.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

€000 AT 31 OCTOBER	CAPITAL	TREASURY SHARES	SHARE PREMIUM RELATED TO CAPITAL	CONSOLIDATED RESERVES	GROUP TRANSLATION RESERVE	GROUP EQUITY	MINORITY INTERESTS	TOTAL EQUITY
Equity at 31 October 2007	**86 195**	**(169)**	**9 411**	**208 500**	**(627)**	**303 310**	**30 459**	**333 768**
Net income for 2008 financial year	-	-	-	(8 485)	-	(8 485)	4 019	**(4 466)**
Other items	-	-	-	-	1 966	1 966	1 730	**3 696**
Global income	**-**	**-**	**-**	**(8 485)**	**1 966**	**(6 519)**	**5 749**	**(770)**
Distribution of dividends	-	-	-	-	-		(9 749)	**(9 749)**
Other movements	-	90	-	477	-	567	2 741	**3 308**
Equity at 31 October 2008	**86 195**	**(79)**	**9 411**	**200 492**	**1 339**	**297 358**	**29 200**	**326 558**
Net income for 2009 financial year	-	-	-	(16 679)	-	(16 679)	9 863	**(6 816)**
Other items	-	-	-	-	581	581	(940)	**(359)**
Global income	**-**	**-**	**-**	**(16 679)**	**581**	**(16 098)**	**8 923**	**(7 175)**
Distribution of dividends	-	-	-	12	-	12	(7 337)	**(7 325)**
Other movements	-	19	-	16 086	-	16 105	(1 869)	**14 236**
Equity at 31 October 2009	**86 195**	**(59)**	**9 411**	**199 911**	**1 920**	**297 377**	**28 917**	**326 294**
Net income for 2010 financial year	-	-	-	(58 054)	-	(58 054)	8 013	**(50 041)**
Other items	-	-	-	-	209	209	1 342	**1 551**
Global income	**-**	**-**	**-**	**(58 054)**	**209**	**(57 845)**	**9 355**	**(48 490)**
Distribution of dividends	-	-	-	-	-	-	(7 650)	**(7 650)**
Capital increase	77 446	-	-	-	-	77 446	-	**77 446**
Other movements	-	22	-	(2 098)		(2 076)	(660)	**(2 736)**
Equity at 31 October 2010	**163 640**	**(37)**	**9 411**	**139 759**	**2 129**	**314 902**	**29 961**	**344 863**

Please see comments in note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Notes to the consolidated financial statements are an integral part thereof.

GENERAL PRESENTATION

In the following notes to the financial statements, "Groupe Partouche" and "the Group" define all of the Group and its consolidated subsidiaries. Groupe Partouche SA defines the parent company of Groupe Partouche.

Groupe Partouche is a société anonyme (limited company) governed by French law, subject to all of the texts governing commercial companies in France, particularly the Code of Commerce. It has its registered office at 141 bis rue de Saussure, Paris 17th arrondissement and has been listed on the Paris stock exchange since March 1995.

Groupe Partouche SA, the company and its subsidiaries, are organised around the casino, hospitality and online gaming businesses. The consolidated financial statements were approved for publication by the Executive Board of Groupe Partouche SA on 25 January 2011.

Pursuant to French legislation, the consolidated financial statements for the financial year ended 31 October 2010 will be subject to the approval of the shareholders of the Group at the Shareholders' Meeting convened for 13 April 2011.

NOTE 1. KEY EVENTS DURING THE FINANCIAL YEAR

Revenue for the financial year ended 31 October 2010 was boosted by the tax measure that introduced distinct levy scales for table games and slot machines. This measure, the application of which was retroactive as of 1 November 2008, had a dual impact:

- a saving on gaming levies and hence an increase in revenue of €9.6m, following the impact of distinct levy scales for financial year 2010;
- recognition of an entry in the financial year 2010 accounts for non-recurring revenue of €9.7m that relates to the 2009 financial year.

These impacts are included in EBITDA and Current operating profit for the period. They therefore improve the Group's profitability proportionally.

Moreover, subsequent to changes in investments in the companies of the Palais de la Méditerranée business unit in Nice, the Nice casino has been fully consolidated since the last balance sheet date; its contribution therefore impacts all lines of the annual consolidated financial statements.

On 19 July 2010, Groupe Partouche launched a capital increase, which was carried out in the amount of €77.4m, of which €74.6m was subscribed by the reference shareholder Financière Partouche, through the reimbursement of a part of the shareholder loan.

The memorandum of understanding that was entered into with the syndicated loan banking pool in October 2009 led to the signing of an endorsement to the contract on 31 December 2009 and to its full application for the 2010 financial year. Furthermore, Note 32 "Events subsequent to year-end and transactions in progress" refers to the signing of a second endorsement to the loan contract on 25 January 2011.

Within the framework of the legalisation of online gaming in France, Partouche Interactive obtained an online poker licence from ARJEL. It subsequently opened an online gaming website dedicated to the French market on 6 July 2010.

Finally, the financial year ended 31 October 2010 was marked by a significant impairment of goodwill, subsequent to a change in the accounting estimate used in the tests of goodwill impairment. The effects of this change in estimate are shown in Note 2. This impairment does not, however, have any impact on the Group's cash position and operating results.

NOTE 2. DESCRIPTION OF THE ACCOUNTING POLICIES AND VALUATION METHODS APPLIED BY THE GROUP

REGULATORY FRAMEWORK

The financial statements of Groupe Partouche have been prepared under International Financial Reporting Standards (IFRS) as adopted in the European Union, following Regulation n°1606-2002 of 19 July 2002.

The financial information was prepared for the periods presented in compliance with the rules of measurement and recognition under IFRS.

IFRSs, as adopted by the European Union on 31 October 2010, are available in the section IAS/IFRS and SIC-IFRIC interpretations adopted by the Commission on the following website:
http://ec.europa.eu/internal_market/accounting/ias_fr.htm

1. IFRS and IFRIC interpretations on IFRS

The accounting policies and valuation methods applied for preparing the consolidated financial statements are the same as those used for the previous year, except for new EU-adopted standards and interpretations that came into force at the beginning of the financial year under review, on 1 November 2009.

Standards and interpretations applied by the Group, as of 1 November 2009

▸ IAS 1 Amended – Presentation of Financial Statements

This amendment, applicable as of 1 November 2009, splits the former statement of changes in equity into two distinct statements: one statement showing the capital transactions with shareholders (changes in equity) and another showing the revenues and expenses taken directly to equity (statement of comprehensive gains and losses).

▸ IFRS 8 Operating Segments

IAS 14 Segment Reporting has been replaced by IFRS 8 Segment Reporting, the application of which has been mandatory since 1 November 2009. IFRS 8 stipulates that segment reporting be prepared on the basis of data used within the company to assess the performance of and to allocate resources to each of the company's segments. In addition, IFRS 8 stipulates new criteria by which the segments to be presented are identified. In view of the current sectoral division that is based on the internal reporting presentation used by management, the application of IFRS 8 has not changed the presentation of segments previously presented in accordance with IAS 14 for the primary segments. Pursuant to IFRS 8, the Group now reports the balance sheet items broken down by business. *(See Note 22)*

▸ IAS 23 Amended – Borrowing Costs

IAS 23 Amended, applicable as of 1 November 2009, requires the capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of assets requiring an extended period of time to complete. This standard does not have a significant impact on the valuation of investment projects in progress.

▸ IFRS 3 Amended – Business Combinations; IAS 27 Amended – Consolidated and Separate Financial Statements

These amended standards, for prospective application, change the treatment of business combinations and changes in the percentage of interests held in other companies occurring as of 1 November 2009, including the following elements:

- Directly charging acquisition costs as an expense;
- Non-controlling interests can either be accounted for at their fair value or on the basis of the attributable portion of the net asset acquired. The amount of goodwill will therefore differ, depending on the method used. Therefore, any previously held interest is remeasured to fair value; it is then adjusted by the profit or loss made by the company. For each acquisition, the amended standard therefore gives the option of recognising goodwill as an asset, either on the basis of the portion of the company exclusively attributable to the Group's shareholders (current method) or the portion attributable to both Group and minority shareholders (full goodwill);
- Transactions in non-controlling interests (minority interests) must be accounted for in equity;
- Loss of control leads to remeasuring the fair value of the retained interest through profit and loss.

During the financial year, the Group did not undertake any business combinations.

The effects of non-controlling interest transactions on equity are shown in Note 14, and for the losses of control occurring in 2010 in Note 3.

▸ Improvements to IFRS – May 2008

This project continues to make a series of non-urgent but necessary amendments to IFRSs. These amendments did not have any material impact on the Group's annual financial statements.

▸ IFRIC 13 Customer Loyalty Programmes

The interpretation IFRIC 13 Customer Loyalty Programmes is applicable as of 1 November 2009. This interpretation deals with the accounting treatment of points granted to customers as part of a customer loyalty programme, enabling them to acquire, free of charge or at a reduced price, goods and services from the vendor or other Group third parties. Upon the initial sale transaction, a portion of the revenue must be allocated to benefits granted (loyalty points), then deferred until the points are used or become obsolete. The deferred revenue is valued at the fair value of the points awarded. The assessment of the Group's loyalty programme showed that it did not have any material impact on the Group's financial statements.

▸ IFRIC 17 – Distributions of Non-Cash Assets to Owners

The interpretation deals with the accounting treatment of the free distribution of non-cash assets to shareholders in their capacity as shareholders, such as in the case of a spin-off of a company. The application of this standard did not have any significant impact on the Group's financial statements.

▸ **IAS39 Amendment – Eligible Hedged Items**

This amendment, which has no impact on the financial statements for the financial year, sets out the accounting principles for hedging in two situations:

- Risk that a hedged item changes compared with a specific level;
- A rise in the price of a hedged financial item.

The Group was not concerned by the application of the other texts that came into force during the period.

Standards and interpretations adopted by the European Union and not applied in advance by the Group as at 1 November 2009:

- Amendments to IAS 32 – Classification of Rights Issues;
- Improvements to IFRS – April 2009;
- Amendment to IFRS 2 – Group Cash-Settled Share-Based Payment Transactions;
- IFRIC 15 – Agreements for the Construction of Real Estate.

ACCOUNTING JUDGMENTS AND ESTIMATES

1. Preparation principles

The consolidated financial statements are prepared on the basis of historic costs, with the exception of certain financial instruments which are recorded as of 1 November 2004, based on their fair value, namely:

- derivative financial instruments;
- available for sale financial assets.

Groupe Partouche closes its financial statements at 31 October. The subsidiaries that do not have a 31 October year-end prepare interim financial statements at that date.

The subsidiaries acquired are consolidated in the Group's financial statements as of the date of their acquisition, commencing on the most recent date of preparation of the most recent consolidated balance sheet.

Preparing the financial statements requires Groupe Partouche to perform estimates and make assumptions liable to have an impact both on the amounts of assets, liabilities, income and expenses and the information provided in the notes to the financial statements. The estimates and assumptions are realised based on comparable historic data and other factors considered to be reasonable in view of the circumstances. They are therefore used as a basis to exercise judgment rendered in determining accounting values. The Group's management reviews these estimates and assumptions continually in order to ensure their pertinence with regard to the current economic environment. Based on the evolution of these assumptions, the items included in its financial statements may differ from current estimates. The impact of changes in accounting estimates is recognised during the period of the change and all affected future periods.

The principal estimate rules applied by the Group are presented below and relate to:

- the valuation in the balance sheet of tangible fixed assets, intangible assets and goodwill. The Group regularly reviews certain indicators which would lead where applicable to an impairment test;
- the determination of deferred tax and the level of recognition of deferred tax assets based on the principles described below. Management has established a tax recoverability plan enabling the amount of deferred tax assets that may be recognised in the Group's consolidated balance sheet to be estimated;
- the determination by the Group of the provision for retirement commitments and similar benefits and related expenses depends on the assumptions used in the actuarial provision calculation;
- the analysis of risks and litigation, including the estimate of the probability of the outcomes of litigation in progress and future litigation, which are, by their nature, dependant on necessarily uncertain future events.

The financial statements reflect management's best estimates, on the basis of the information available to them on the date that the financial statements were approved for publication.

2. Change in the accounting estimate of goodwill impairment in 2010

As mentioned in the update of the 2009 Reference Document, which was published in July 2010, the multiple of GGR that is used in the fair value method which is used for goodwill impairment testing became increasingly difficult to corroborate. The absence of recent comparable transactions led Groupe Partouche to no longer base its estimates on the fair value method (which uses comparable multiples), but instead only to use the value in use method, which is based on discounted cash flows.

The effect of this change on the accounting estimate was additional goodwill impairment of €46.8m, which was included in the total impairment of €71.2m as booked in respect of the 2010 financial year.

The method used for the impairment tests is shown below, in the section on accounting principles and valuation methods of intangible assets applied by the Group.

CONSOLIDATION METHODS

The full consolidation method is applied for all of the subsidiaries over which the Group has exclusive control, either directly or indirectly.

Companies in which the Group has joint control with one or several partners are consolidated under the proportional consolidation method. This method was applied to SA du Casino de Grasse and SCI du Casino de Grasse.

Companies over which Groupe Partouche has significant influence are equity-accounted.

The consolidated income statement includes the income statements of the companies acquired as of their date of acquisition.

Business combinations are recognised as provided by IFRS 3.

1. Change in the percentage of interests held in companies without the loss of control

The acquisition of minority interests was not covered by IFRS until the adoption of IAS 27 Amended, which was applicable by the Group as of 1 November 2009. Until 31/10/2009, in the absence of any specific rules, Groupe Partouche had applied the method used by the parent company in accordance with French legislation and authorised under IFRS; in the event that additional shares in a subsidiary were acquired, the difference between the price paid and the carrying amount of the acquired minority interest, as determined from the financial statements prior to the acquisition, was recorded as goodwill. As of 1 November 2009, pursuant to IAS 27 Amended, this difference has been recorded as a deduction of consolidated equity.

2. Accounting treatment of call options on minority interests

Under IFRS, call options on minority interests are recorded within "Current financial debt" under Current financial instruments in the balance sheet. Pursuant to the provisions of IAS27 Amended, an offsetting entry related to these future transactions between shareholders is recorded in equity.

FOREIGN CURRENCY TRANSLATION METHODS

1. Translation of foreign companies' financial statements

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the company.

Foreign companies' financial statements are initially prepared in each subsidiary's functional currency. Balance sheet items are translated into euros on the basis of the exchange rates prevailing at the balance sheet date. Equity items are translated on the basis of the historical exchange rates, with translation differences from the previous financial year being aggregated under the heading "translation differences" included in the statement of recognised gains and losses.

The income statement and cash flow headings are translated using average rates during the financial year.

2. Translation of foreign currency transactions

Receivables and payables expressed in foreign currencies are translated on the basis of the exchange rate prevailing at the balance sheet date. Income, expenses and transaction flows are translated on the basis of the exchange rate prevailing at the date they were recognised. The gains and losses resulting from the translation of the assets and liabilities are listed in the income statement.

3. Main conversion rates

The main exchange rates applied outside the euro zone are as follows:

CURRENCIES / EURO	CLOSING RATE 31/10/2010	AVERAGE RATE 31/10/2010	CLOSING RATE 31/10/2009	AVERAGE RATE 31/10/2009	CLOSING RATE 31/10/2008	AVERAGE RATE 31/10/2008
USD US dollar	**1,3857**	**1,3472**	1,4800	1,3316	1,2757	1,4644
CHF Swiss franc	**1,3708**	**1,4129**	1,5123	1,4935	1,4686	1,5857
TND Tunisian dinar	**1,9356**	**1,8956**	1,9157	1,8363	1,7458	1,8032
EGP Egyptian pound	**8,0031**	**7,4761**	8,0929	7,4073	7,1284	7,9560
GBP Sterling pound	**0,8686**	**0,8652**	0,8938	0,8615	0,7869	0,7595

INTANGIBLE ASSETS

Intangible assets with indefinite useful lives are not amortised. In light of the Group's sectors of activity, they represent assets in respect of which it is possible to verify the change in value. They are subject to periodic impairment testing.

Intangible assets with definite useful lives are amortised based on their expected useful lives and are impaired where there is an indication of impairment in value.

Other intangible assets notably include operating rights acquired to operating licences, client lists and lease rights.

1. Determination of goodwill

Upon the acquisition of the shares of a consolidated company, the separately identifiable assets and liabilities are valued at their total fair value based on the Group's intended utilisation. The corresponding assets and liabilities are therefore recognised in the balance sheet at this revised value.

Goodwill is the difference between the acquisition cost of shares and the Group's share in the fair value of any identifiable assets and liabilities. All of the expenses representing external costs directly related to the acquisition are included in the acquisition cost. Most of the goodwill has been generated by external growth operations. However, as of 1 November 2009, and where no change in control has occurred, this difference is recorded directly as a reduction in equity, in accordance with IAS 27 Amended. Goodwill is accounted for in the functional currency of the acquired entity and is converted in the consolidated financial statements according to the rules of conversion as previously defined.

Upon the sale of a subsidiary, the amount of goodwill attributable to the company sold is included in the calculation of the gain or loss on disposal.

2. Impairment testing of goodwill

Goodwill is not amortized, but is subject to impairment tests annually or more frequently if there is any indication of identified impairment in value. Besides external indicators that measure any loss in value related to the economic climate, the Group mainly uses changes in the following internal indicators: Gross Gaming Revenue, revenue and EBITDA.

For the purposes of carrying out impairment testing, each goodwill item is allocated to a cash generating unit (CGU) representing the lowest level at which goodwill is monitored for the purposes of monitoring for internal management purposes.

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

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

As mentioned in the section on the change in accounting estimates introduced in 2010, the method for calculating the fair value had to be revised for the impairment tests conducted in 2010. Fair value had previously been determined on the basis of recent market transactions in similar assets, which, in this case, meant casinos (representing around 90% of the Group's recorded goodwill), through the use of a multiple of Gross Gaming Revenue, the main performance indicator for the casino gaming sector. Due to the lack of comparable transactions that are sufficiently recent to justify the use of this multiple, the multiple became increasingly difficult to corroborate. To conduct impairment tests, the Group therefore decided no longer to base its estimates on the fair value method (which uses comparable multiples), but instead only to use the value in use method, which is based on discounted future cash flows.

The value in use of a CGU is determined by discounting the future cash flows generated by its assets. The data used for the value in use method is extracted from the annual budgets and multi-annual plans drawn up by management for a period of five years. Beyond this period, a terminal value is added corresponding to the capitalisation, for an unlimited time, of cash flows from the final year of the plan. Their use leads to calculating values that are incorporated within the yield, which is estimated at between 2% and 2.5%, depending on the sector of activity concerned and the risk premium specific to these activities. The discount rate used is the weighted average cost of capital (WACC).

Should the tests, once performed, yield a loss in value, the impairment is deducted from goodwill. It is charged to "Impairment of non-current assets" under current operating profit. Under IFRS as adopted by the European Union, a recorded impairment of goodwill can never be reversed.

3. Impairment sensitivity tests

For each CGU, the Group performs impairment sensitivity tests on goodwill, referring to the following two parameters:

- the discount rate;
- the growth rate to infinity used in cash flow forecasts.

PROPERTY AND EQUIPMENT

1. Evaluation

The Group's property and equipment is recognised at acquisition cost (acquisition price and acquisition costs of the fixed assets) or at their production cost.

Borrowing costs directly attributable to the acquisition, construction or production of certain assets until the date on which they are brought into service are recognised in addition to the value of the corresponding asset.

Property and equipment is valued at each balance sheet date, based on the amortised cost model: at cost less depreciation and any impairment losses.

Assets under construction correspond to fixed assets for which the acquisition or production is not yet complete, with the result being that the expected initial return has yet to be realised.

2. Depreciation method and period

The main depreciation method used by the Group is the straight-line method.

Land is not depreciated. Depreciation is applied based onthe expected useful life of the assets. The main useful livesfall within the following ranges:

Buildings - structures	20 to 50 years
Buildings - fluids	15 to 20 years
Buildings - fittings	8 to 15 years
Equipment, fixtures and fittings	5 to 10 years
Other fixed assets	3 to 7 years

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

The residual values and useful lives of the assets are reviewed and, where applicable, are adjusted at the balance sheet date. The carrying amount of an asset is immediately impaired to bring it in line with its net realisable value when the carrying amount of the asset is higher than its estimated net realisable value.

Gains and losses on disposal are determined by comparing the proceeds on sale with the carrying amount of the asset sold. They are recognised in the income statement under "other current operating income and expenses", or "other non-current operating income and expenses" based on the principles described above.

INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

Companies, over which the Group exerts significant influence, whether in relation to management or financial policy, are accounted for using the equity method.

Investments in associates accounted for using the equity method are presented under this caption. In accordance with this method, the investment is initially recognized at cost. The carrying amount is thus increased or decreased to recognize the portion attributable to the investor in the earnings of the entity owned after the acquisition date.

Goodwill relating to these entities is included in the carrying amount of the investment.

FINANCIAL ASSETS

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale financial assets. The classification depends on the reasons underlying the acquisition of the financial assets. Management determines the classification of its financial assets on their initial recognition and reviews it at each accounting close.

1. Financial assets and liabilities at fair value through profit or loss

A financial asset is classified in this category if it is acquired primarily for the purpose of being sold in the near term or has been designated as such by Management. Derivatives are designated as held for trading, except where they are qualified hedge accounting transactions. All of the derivatives held by the Group are designated as hedges. Assets attached to this category are classified under current assets when they are held for trading, or where they are expected to be realised within twelve months following the accounting close.

2. Assets held to maturity

Assets held to maturity are non derivative financial assets other than loans and receivables having a fixed settlement term, whose payments are determined or determinable and which the Group plans and has the capacity to hold until maturity. These assets are initially recognised at fair value and then at amortised cost in accordance with the effective interest rate method. They are subject to impairment tests where there is an indication of losses of value. An impairment loss is recognised if the carrying amount is higher than the estimated realisable value.

3. Loans, receivables and debt issued by the company

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in

an active market. They are included under current assets, except those falling due within more than twelve months after the balance sheet date, which are classified under "Other non-current financial assets".

4. Other available for sale financial assets

Available for sale financial assets are derivates attached to this category or those which do not fall within another category. They are included under non-current assets unless Management intends to sell such assets within 12 months following the balance sheet date.

Investments in equity instruments in which the Company owns less than 20% of the shares in circulation or the voting rights of the issuing entity, and which are neither controlled by, nor under the significant influence of the Company, are classified as available for sale financial assets and are recognised under "Other non-current financial assets" within non-current assets. Quoted instruments are measured at fair value and changes in fair value taken directly to equity. Non-quoted instruments are recognised as follows:

- if the fair value of the unquoted instruments is determinable by valuation techniques that are appropriate to the type of security, they are recognised at fair value and the changes in fair value are taken directly to equity,
- if the fair value cannot be determined reliably, the instruments are measured at cost.

Gains and losses recognised on the sale of equity investments are recognised in the consolidated income statement. Any impairment loss representing a non-permanent impairment loss is recognised in the period in which such a loss of value arose. At each balance sheet date, the Group measures the impairment in value of a financial asset or a group of financial assets if there is an indication of a loss of value of a financial asset or a group of financial assets.

INVENTORIES

Inventories are stated at their acquisition cost. The costs of inventories sold are determined on the basis of the first-in-first-out method. An impairment loss is recognised when the carrying amount of inventories is higher than their net realisable value.

RECEIVABLES AND OTHER DEBTORS

Receivables are recognised at their face value. An impairment provision is set aside whenever their fair value, based on the likelihood of their being recovered, is less than their book value.

DEFERRED TAX

The Group calculates its taxes in accordance with the tax legislation in force in the countries where the income is taxable.

Deferred taxes are determined each year for each tax entity using the liability method based on each company's tax position or on the income of all the companies that are included in the tax consolidation groups.

Deferred tax is calculated by applying the most recent tax rate enacted at the balance sheet date applicable to the period in which temporary differences reverse.

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

All deferred tax liabilities are recognised unless the tax results from the initial recognition of goodwill.

In accordance with paragraph 12 of IAS 39, the Group did not recognise a deferred tax liability relating to the difference between the book value of equity-accounted investments and their tax bases.

Deferred taxes are classified as non-current assets and liabilities.

CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" includes cash at bank and in hand as well as all immediately available short-term investments.

These investments are made in SICAV-type or FCP-type mutual fund units, the value of which is not subject to changes in stock market prices and which can be converted easily into a cash amount subject to negligible risk of change in value.

Cash and cash equivalents are financial assets held for trading and are valued at their fair value. Changes in value are recorded as results from financial items.

Cash presented in the consolidated cash flow statement includes cash and cash equivalents such as defined above, net of current bank overdrafts, which are an integral part of the Group's cash management.

DISCONTINUED OR DISCONTINUING OPERATIONS

An operation is considered to be discontinued or discontinuing when it represents a significant, distinct operation for the Group and when its sale is considered to be highly probable. Discontinued or discontinuing operations are presented on a single line of the income statement, comprising the net profit after tax until the date of sale.

Similarly, cash flows generated by discontinued or discontinuing operations are presented on a distinct line for each cash flow category in the consolidated cash flow statement.

FINANCIAL DEBT

Financial debt is recognised at face value, net of related issuing costs and premiums. Subsequently, these borrowings are recognised at amortised cost using the effective interest-rate method, the difference between cost and repayment value being recognised in the income statement over the term of the borrowings.

The cost of net financial debt includes interest payable on borrowings calculated using the effective interest-rate method, interest receivable on investments, and income from other dividends.

Income from interest is recognised in the income statement when it is acquired, using the effective interest-rate method.

Income from dividends is recognised in the income statement when the Group acquires the right to collect the payments.

Financial debt is classified under current liabilities unless the Group has the unconditional right to defer the settlement of the debt at least twelve months after the balance sheet date, in which case these borrowings are classified as non-current liabilities.

PROVISIONS

A provision is established when, at the closing date, the Group has an obligation resulting from a past event that is likely to result in an outflow of resources representing future economic benefits, the amount of which may be estimated reliably.

The obligation may arise from an agreement or from legal or regulatory provisions or from any established legal precedent, or it may be implicit since, through its past practices, its stated policy or a recent, sufficiently explicit statement, the Group created a reasonable expectation among third parties that it will assume this liability.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the closing date. If the amount of the obligation cannot be evaluated with sufficient reliability, no provision is recognised.

If the effect of discounting is significant, the amount of the provision recognised relates to the discounted value of the expenditures that the Group expects to have to incur to settle the corresponding obligation.

In determining the possible outcomes of tax risks and litigation, Management uses as its basis the assessment performed by external consultants who have knowledge of each of the related issues and jurisprudence.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised at their fair value. They are then re-evaluated at their fair value. The method of accounting for the related profit or loss depends on whether the derivative is designated as a hedging instrument and, as applicable, the nature of the hedged item.

The Group designates certain derivatives as:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a specific risk associated with a recognised asset or liability or with a highly probable future transaction (cash flow hedge);
- hedges of a net investment in a foreign operation (net investment hedge).

The Group uses cash flow hedges to manage risks on financial flows related to floating-rate borrowings.

According to IAS 39, the application of hedge accounting requires the company to demonstrate and document the effectiveness of the hedging relationship upon its establishment and throughout its life. The effectiveness of the hedge with respect to accounting is verified by the relationship among changes in value of the derivative and of the underlying hedged asset.

Derivative instruments are recognised in the balance sheet for their market value at the closing date. The market value is established by reference to market data and according to commonly used models.

In the case of hedging future interest expense, the hedged financial debt continues to be recognised at amortised cost, with the change in value of the effective portion of the hedging instrument being recorded in equity within "Consolidated reserves".

The change in value of the ineffective portion of hedging instruments is recorded in the result from financial items.

The development of the financial instruments is backed up by two independent valuations.

EMPLOYEE BENEFITS

1. Retirement plans

The Group has set up various defined-contribution or defined-benefit retirement plans.

The provision recognised in the balance sheet for defined benefit plans relates to the discounted value of the commitment for defined benefits at the closing date, less the fair value of the plan's assets at that date, adjusted for unrecognised actuarial gains or losses, and less the cost of past service. The provision relating to defined-benefit plans is calculated annually according to the projected unit of credit method. The discounted value of commitments under defined-benefit plans is determined by discounting future disbursements with a market rate at the closing date based on first-class corporate bonds, corresponding to the currency and to the estimated schedule of benefit payments.

For defined-contribution plans, the Group pays contributions to private or public insurance companies on a mandatory, contractual or voluntary basis. The Group's commitments are limited to contributions paid. Contributions are recorded in expenses when they are due. Contributions paid in advance are deferred to assets insofar as the payment in advance will result in a decrease in future payments or a cash reimbursement.

2. Other post-employment benefit plans

Nearly all employees of the Company are covered by health insurance plans and life insurance plans financed by the government. Consequently, the Company has no significant commitment in respect of its employees in terms of post-employment benefits other than retirement benefits; as a result, no provision has been established to this effect.

3. Termination benefits

Termination benefits are employee benefits payable as a result of either the Group's decision to terminate an employee before the normal retirement date or an employee's decision to accept benefits in connection with a voluntary redundancy. The Group recognises these termination benefits when, and only when, it is demonstrably committed either to terminate the employment contract of a staff member in accordance with a detailed official plan without any real possibility of withdrawal or to grant termination benefits as a result of an offer made to encourage voluntary redundancy.

INCOME FROM ORDINARY ACTIVITIES

Consolidated turnover recognised for the Group corresponding to income from ordinary activities as defined under IAS 18 mainly includes income generated by the following activities:

- Net gaming revenue;
- Sales of services

Turnover is recognised on the accrual basis for net gaming revenue or in relation to the degree of completion for sales of services and lease agreements, provided that a contract exists between the parties, that the price is fixed or may be determined and that the corresponding receivable is likely to be recovered. Turnover is measured at the fair value of the consideration received or to be received.

1. Net gaming revenue

This item corresponds to gross gaming revenue, less the corresponding gaming levies, in accordance with the chart of accounts for casinos. Net gaming revenue (the net win from gaming less gaming levies) is known and recognized when the service is performed.

2. Sales of services

Turnover generated by sales of services includes proceeds arising from restaurant, hotel and entertainment activities constituting the full range of leisure services provided to the clientele of the Group's establishments in addition to gaming activities.

LEASE AGREEMENTS

The lease agreements referenced at the level of the Group as a whole are in large part operating leases under which the lesser retains a significant portion of the risks and benefits inherent in ownership of the asset under lease. Payments made under these leases are recognised in expenses on a straight-line basis over the term of the leases. Only significant finance-lease agreements for fixed assets are restated. They give rise to recognition of an asset, the leased property, and a liability, the financial debt. These assets are depreciated in accordance with the schedule defined by the Group in respect of the fixed assets concerned.

OPERATING PROFIT

In order to aid in the understanding of its financial performance, the Group considers that it is pertinent to divide its operating profit into two components on its income statement: current operating profit and non-current operating profit.

1. Current operating profit (COP)

Current operating profit combines all of the income and expenses directly related to the Group's businesses to the extent that these items are recurring, usual items of the operating cycle or that they result from ad hoc events or decisions related to the Group's operations. This indicator used by the Group allows for the presentation of a level of operating performance able to facilitate a forward-looking approach to recurring performance. This aggregate is the operating profit before impairment of goodwill and other non-recurring operating income and expenses defined as follows: net gains/losses from the disposal of assets and exceptional items, income and expenses which are unusual in their frequency, nature or amount.

2. Non-current operating profit (NCOP)

Non-current operating profit comprises all non-current events that are not usually part of the operating cycle: it therefore comprises impairments of fixed assets, the net gain or loss from the sale of consolidated investments, the net gain or loss on the sale of assets or other non-current operating income and expenses that are not related to the normal operating cycle.

COVENANTS: CONSOLIDATED EBITDA

Under the terms of the memorandum of understanding relating to the restructuring of the loan in the second half of the year 2009, the covenants were redefined and are now prepared based on IFRS financial statements using a new accounting caption: consolidated EBITDA, presented in the note to the financial statements relating to financial debt.

This caption comprises the income and expense items constituting Current Operating Profit (as defined in the interim and annual financial statements of Groupe Partouche), excluding depreciation and amortisation (allocations and reversals) and provisions (allocations and reversals) relating to the operating cycle and one-off items relating to the Group's activities that are included under Current Operating Profit but are excluded from EBITDA given their exceptional nature.

Note 21 shows the transition from current operating profit to EBITDA.

SEGMENT INFORMATION

Considering its internal reporting, the Group believes that its operating companies have a unique activity contributing to a global service offering for its customers. In fact, several restrictions are attached to the operation of casinos, which, according to gaming regulations, are establishments, comprising three distinct activities: gaming, entertainment and food services, together under a single management structure. The specifications to be followed therefore include ancillary services necessarily incidental to the main activity, gaming. However, calls for tenders from local governments more and more often include the obligation to provide hotel services.

The segments determined by the Group consist of a grouping by company based on a common activity, as follows:

- Casinos
- Hotels
- Interactive
- Other activities

This representation is used with respect to the application of IFRS 8 Operating Segments, as of 1 November 2009.

Geographic segment information in the notes is based on a breakdown of turnover by geographic regions in which the Group operates.

- France
- Europe excluding France.
- Rest of the world

SPECIFICITIES OF THE GROUP'S ACCOUNTING RULES

1. The chart of accounts for casinos (Order of 27 February 1984) involves the application of particular rules with respect to capital subsidies arising from the applicable levy.

The applicable levy relates to the additional revenue earned by the casinos using the new progressive levy scale (26 August 2009), 50% of which must be earmarked for capital investment designed to improve tourist facilities, as provided by Decree. The capital subsidies appearing in equity of the subsidiaries' individual company financial statements are, depending on their scheduled due date, recorded in the line item "Other current liabilities" or in the line item "Other non-current assets" in the consolidated balance sheet.

2. Groupe Partouche sets aside provisions for progressive jackpots at the end of the financial year. This provision is recognised in the line item "Current provisions" in the consolidated balance sheet. The jackpot provision is calculated at the closing date on the basis of the jackpot amount displayed on all progressive slot machines, minus the amounts at the start of the period for each of these jackpots in addition to the amount saved in levies relating to the jackpot payout.

3. Since 31 October 1997, and in order to comply with an interpretation of the chart of accounts applicable to spa resort casinos, Groupe Partouche casinos has not accounted for the inventory face values of coins and chips under cash at bank and in hand and other liabilities. Only coins and chips in circulation are recorded under "Trade and other accounts payable" in the consolidated balance sheet.

NOTE 3. CHANGES IN THE SCOPE OF CONSOLIDATION

Groupe Partouche SA's consolidated financial statements, prepared at 31 October 2010, include the financial statements of the companies listed in Note 34.

The table below summarises the number of entities consolidated by the full consolidation, proportional consolidation and equity methods.

	2010			2009			2008		
Number of companies	FRANCE	EURO AREA (EXCLUDING FRANCE)	ABROAD	FRANCE	EURO AREA (EXCLUDING FRANCE)	ABROAD	FRANCE	EURO AREA (EXCLUDING FRANCE)	OTHER COUNTRIES
Fully consolidated companies	96	14	8	100	14	8	101	13	11
Proportionally consolidated companies	2	-	-	2	-	-	2	-	-
Equity-method companies	-	-	1	1	-	1	4	-	1
TOTAL	**98**	**14**	**9**	103	14	9	107	13	12

The companies Casino de Beaulieu (loss of control) and Casino de Saint Honoré les Bains (disposal during the period) were deconsolidated as of 31 October 2010; the companies Casino de Saint Nectaire and Casino Sluis NV were accounted for under IFRS 5 Assets - Liabilities Held for Sale.

The main changes in the scope of consolidation during the financial year were as follows:

ADDITIONS TO THE SCOPE OF CONSOLIDATION

€000 AT 31 OCTOBER	CONSOLIDATION METHOD	GOODWILL (NOTE 5)	ACQUISITION PRICE	TURNOVER	OPERATING INCOME	NET INCOME
Partouche Gaming France (*)	FC	-	-	841	(1 185)	(1 184)
Systèmes Intelligents Casinos (*)	FC	-	-	-	(3)	(3)
International Gambling Systems	FC	-	-	-	(65)	(65)

(*) These two companies which were set up in April are respectively held 100% by Partouche Interactive and Partouche Technologies.

FC : Full consolidation method

CHANGE IN PERCENTAGE INTEREST AND CONTROL

COMPANIES	CONTROL 2010	INTEREST 2010	CONTROL 2009	INTEREST 2009	CONTROL 2008	INTEREST 2008
PARTOUCHE INTERACTIVE DIVISION						
QUARISMA	95,07	91,26	80,13	76,93	80,13	62,50
FAIRPLAYERS	-	-	20	19,20	20	15,60
PARTOUCHE GAMMING FRANCE	100,00	96,00	-	-	-	-
SYSTEMES INTELLIGENTS CASINOS	100,00	96,00	-	-	-	-
INTERNATIONAL GAMBLING SYSTEMS	19,00	19,00	-	-	-	-
OTHER MOVEMENTS						
FORGES THERMAL	59,49	59,49	59,25	59,25	58,75	58,75
ELYSÉE PALACE HÔTEL	99,80	91,70	99,80	91,65	99,80	91,55
SIKB Belgique	100,00	100,00	100,00	99,90	100,00	99,90
CAFÉ CARMEN	-	-	99,95	99,95	99,95	99,95
VILLA DU HAVRE	-	-	100,00	99,99	100,00	100,00
CASINO DE CHAUDFONTAINE	100,00	99,90	100,00	99,98	100,00	99,98
CASINO VICHY 4 CHEMINS	99,93	91,83	99,93	91,78	99,93	91,68
CASINO DE DJERBA	100,00	99,90	85,00	84,91	85,00	84,91
CASINO ARCACHON	98,70	98,70	98,65	98,65	98,65	98,65
CASINO DE SAINT-HONORÉ	-	-	97,22	97,22	97,22	97,22
CASINO INTERNATIONAL CASINO OF MADRID	30,00	17,85	30,00	17,63	30,00	17,63
CASINO TABARKA	99,99	99,89	99,99	84,90	99,99	84,90
ELYSÉE PALACE EXPANSION	99,76	91,66	99,76	91,61	99,80	91,55
CHM	93,87	86,89	93,87	86,84	93,87	86,76
ELYSÉE PALACE SA	99,97	91,63	99,97	91,59	99,97	91,52
SCI MIAMI	-	-	100,00	99,78	100,00	99,78
SCI LERICHE ROSTAGNE	-	-	100,00	100,00	100,00	100,00
SCI DE L'ARVE	100,00	99,89	100,00	99,88	100,00	99,88
THERMES CONTREXÉVILLE	-	-	100,00	100,00	100,00	100,00
CASINO DE BEAULIEU	-	-	100,00	100,00	100,00	100,00
CINEMA ELYSÉE PALACE	96,00	88,15	96,00	88,11	96,00	88,01
CASINO D'ANNEMASSE	99,89	99,89	99,88	99,88	99,88	99,88
CASINO DE KNOKKE	100,00	100,00	100,00	99,90	100,00	99,90

TRANSMISSION UNIVERSELLE DE PATRIMOINE

During the financial year, the group undertook 4 dissolutions via a transfer of all assets and liabilities (Transmission Universelle de Patrimoine or TUP); the companies concerned are:

- Absorbing company – Casino d'Andernos – Absorbed company: SCI MIAMI (Andernos)
- Absorbing company CEC (Compagnie Européenne de Casinos) – Absorbed company: SCI Leriche Rostagne
- Absorbing company – Casino du Havre – Absorbed company: Villa du Havre
- Absorbing company COSMOS Hotel – Absorbed company: Thermes de Contrexéville

DECONSOLIDATION

In the first half of the financial year, Partouche Interactive sold its interest in Fairplayers. This company had been accounted for under the equity method in the consolidated financial statements; its deconsolidation had no material impact.

The second half was marked by the disposal of Casino de Saint Honoré, at the end of the financial year. Due to its court-ordered liquidation, a decision handed down on 6 October 2010, Casino de Beaulieu was deconsolidated as of 31 October 2010, pursuant to IAS 27 Amended. Their results were recorded for the whole financial year, so did not effect the comparability of previous financial years.

IMPACT OF THE NICE CASINO'S FULL CONSOLIDATION ON THE PRESENTATION OF THE INCOME STATEMENT AS AT 31 OCTOBER 2010

For the record, Casino de Nice Palais casino was fully consolidated as of 31 October 2009. However, considering the date on which the additional shares were acquired, the previous year's profit of Casino de Nice Palais was accounted for using the equity method of accounting in the amount of -€1,712 thousand at 31 October 2008 and -€2,060 thousand at 31 October 2009.

The impact of the Nice Casino's full consolidation on the financial year 2010 is detailed as follows:

€000 AT 31 OCTOBER	31 OCTOBER 2010
Turnover	**8 941**
Other purchases and external charges	(4 241)
Tax	(660)
Personnel expenses	(4 563)
Depreciation, amortisation and impairment of fixed assets	(949)
Other current operating revenues and expenses	(924)
Current operating income	**(2 397)**
Non-current operating income	**-**
Operating income	**(2 397)**
Financial income	**(12)**
Income before tax	**(2 409)**
Tax	14
Income after tax	**(2 395)**

NOTE 4. INTANGIBLE ASSETS

€000 AT 31 OCTOBER	CONCESSIONS, PATENTS, BRANDS	INTERNALLY-GENERATED GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL
Gross value at 31 October 2008	**3 649**	**13 016**	**7 149**	**23 814**
Accumulated amortization and impairment losses at 31 October 2008	(1 756)	(6 100)	(4 273)	(12 130)
Net value at 31 October 2008	**1 893**	**6 916**	**2 875**	**11 684**
Acquisitions	762	-	881	1 643
Disposals	(101)	(27)	(106)	(235)
Additions to the consolidation scope	-	-	-	-
Removals from the consolidation scope	-	-	-	-
Translation difference	(207)	-	(110)	(317)
Change of the method of integration	88	-	7	96
Assets transferred and scrapped	571	-	(549)	23
Change in depreciations	(617)	(157)	(532)	(1 306)
Change in the method of integration	(14)	-	(1)	(16)
Sub-total Gross value at 31 October 2009	**4 762**	**12 989**	**7 272**	**25 023**
Accumulated amortization and impairment losses at 31 October 2009	(2 387)	(6 258)	(4 807)	(13 451)
Net value at 31 October 2009	**2 375**	**6 731**	**2 466**	**11 572**
Acquisitions	1 394	1	416	1 811
Disposals	-	-	(128)	(128)
Additions to the consolidation scope	-	-	-	-
Removals from the consolidation scope	(68)	(153)	(4)	(226)
Translation difference	-	-	35	35
Assets transferred and scrapped	37	-	(112)	(75)
Change in depreciations	(1 088)	(118)	(424)	(1 630)
Sub-total Gross value at 31 October 2010	**6 125**	**12 837**	**7 479**	**26 441**
Accumulated amortization and impairment losses at 31 October 2010	(3 475)	(6 376)	(5 230)	(15 081)
Net value at 31 October 2010	**2 650**	**6 460**	**2 249**	**11 359**

NOTE 5. GOODWILL

€000 AT 31 OCTOBER	2010	2009	2008
Net goodwill, excluding impairment for the financial year	408 103	420 809	418 019
Impairment for the financial year	(71 149)	(8 686)	(3 905)
TOTAL	**336 954**	**412 123**	**414 114**

The €71.1m impairment of goodwill recorded for the 2010 financial year, in particular accounts for the change in the accounting estimate shown in Note 2, the impact of which was valued at €46.8m (casino sector CGUs), the difference accounts for the continued application of the method used in previous financial years. For financial year 2010, for the casino CGUs, the impairment of goodwill, which was determined through the value in use method, amounted to €57.9m, whereas it would have been €11.2m, if based on the recoverable amount, determined as the higher of value in use and fair value.

BREAKDOWN OF CHANGES IN GOODWILL BY ACTIVITY

€000 AT 31 OCTOBER	2010	2009	2008
Casinos	308 186	356 373	355 366
Hotels	6 553	9 024	9 024
Interactive	8 436	21 615	14 248
Other	13 778	25 112	35 476
TOTAL	**336 954**	**412 123**	**414 114**

BREAKDOWN OF CHANGES

NET VALUE AT 31 OCTOBER 2009	**412 123**
Decreases	(4 021)
Impairments	(71 149)
NET VALUE AT 31 OCTOBER 2010	**336 954**
Decreases (net of depreciation)	**(4 021)**
CASINO DE SAINT-HONORÉ	(3 658)
CASINO DE SAINT NECTAIRE	(353)
OTHER	(10)
Depreciation (*)	**(71 149)**
CANNES BALNÉAIRE	(11 061)
CASINO ARCACHON	(5 825)
PARTOUCHE IMAGES	(5 199)
CASINO DIVONNE	(5 171)
CASINO LA GRANDE MOTTE	(5 053)
CASINO CONTREXÉVILLE	(4 813)
CASINO BANDOL	(3 698)
CASINO SAINT-NECTAIRE	(3 255)
CASINO HYÈRES	(2 984)
CASINO JUAN-LES-PINS	(2 910)
CASINO HAUTEVILLE	(2 691)
PARTOUCHE INTERACTIVE	(2 647)
HÔTEL CANNES 3.14	(2 468)
CASINO CANNES PALM BEACH	(2 239)
PI GIBRALTAR	(2 065)
CASINO ANDERNOS	(1 822)
CASINO SAN ROQUE	(1 500)
CASINO SALIES	(1 460)
PARTOUCHE BETTING LTD	(1 434)
PARTOUCHE TECHNOLOGIES	(1 374)
CASINO GRASSE	(509)
PARTOUCHE TOURNOIS	(259)
CASINO LA TRINITÉ	(245)
WS BACKGAMMON	(191)
CASINO CHAUDFONTAINE	(156)
SCI DE GRASSE	(115)
OTHER	(3)
NET VALUE AT 31 OCTOBER 2010	**336 954**

** Impairment losses were for €71,149k recognised under the heading "Impairment of non-current assets" within the aggregate "Non-current operating profit"*

IMPAIRMENT OF GOODWILL BY THE OWNING COMPANIES

The breakdown of accumulated net goodwill above €10m, as at 31 October 2010 is as follows:

€000 AT 31 OCTOBER	2010	2009
Casino La Grande Motte	33,2	38,3
Casino Divonne	30,7	35,9
Casino Bandol	30,6	34,4
Casino Pornichet	30,1	30,1
Casino Annemasse	27,2	27,2
Casino Hyères	26,4	29,4
Casino Pornic	19,3	19,3
Casino Roche-Posay	16,9	16,9
Casino Oostende	15,3	15,3
Casino Plouescat	12,9	12,9
Sub-total	**243**	**260**
Other entities (Aggregate)	94	152
TOTAL NET GOODWILL	**337**	**412**

INFORMATION ON IMPAIRMENT TESTS

The tests performed by the Group were based on the discounted cash flow method, using estimated future cash flows based on 2011 budget data and the most recent forecasts drawn up by the operating segments. These forecasts are drawn up by each operating segment, drawing on their financial targets and assumptions on the following factors: discount rate, the long-term growth rate used to calculate the terminal value, EBITDA, investment expenditure, competition environment, regulatory environment, changes in technology and level of marketing and selling costs.

The main assumptions used are shown below:

OPERATING SEGMENTS	DISCOUNT RATE	GROWTH RATE LONG TERM	WEIGHTED SEGMENT BETA	MARKET PREMIUM
Casinos	7,1 %	2 %	0,93	5 %
Hotels	9,8 %	2 %	1	5 %
Interactive	10,1 %	2,5 %	0,85	5 %

NOTE 6. PROPERTY AND EQUIPMENT

€000 AT 31 OCTOBER	LAND	BUILDINGS	TECHNICAL INSTALLATIONS	OTHER TANGIBLE FIXED ASSETS	TOTAL
Gross value at 31 October 2008	**38 438**	**491 478**	**182 852**	**101 564**	**814 332**
Accumulated depreciation and amortization at 31 October 2008	(4 784)	(190 270)	(132 877)	(73 240)	(401 171)
Accumulated impairment losses at 31 October 2008	-	-	-	-	-
Net value at 31 October 2008	**33 654**	**301 208**	**49 975**	**28 323**	**413 161**
Acquisitions	360	3 359	7 868	5 806	17 394
Disposals	(227)	(2 576)	(3 654)	(2 172)	(8 629)
Additions to the consolidation scope	-	-	-	-	-
Removals from the consolidation scope	-	-	-	(133)	(133)
Translation difference	(122)	(939)	(570)	(346)	(1 977)
Assets transferred and scrapped	67	161	94	(364)	(42)
Change in the method of integration	-	382	5 911	1 524	7 816
Change in depreciations (*)	(530)	(20 114)	(11 691)	(3 548)	(35 883)
Impairment losses for the period (*)	-	-	-	-	-
Change in the method of integration	-	(144)	(4 194)	(1 007)	(5 345)
Sub-total Gross value at 31 October 2009	**38 516**	**491 865**	**192 501**	**105 879**	**828 760**
Accumulated depreciation and amortization at 31 October 2009	(5 314)	(210 527)	(148 762)	(77 796)	(442 399)
Accumulated impairment losses at 31 October 2009	-	-	-	-	-
Net value at 31 October 2009	**33 202**	**281 338**	**43 739**	**28 083**	**386 362**
Acquisitions	72	4 702	12 216	5 207	22 197
Disposals	(1)	(1 261)	(3 636)	(1 927)	(6 824)
Additions to the consolidation scope	-	-	-	-	-
Removals from the consolidation scope	(333)	(4 703)	(2 523)	(891)	(8 450)
Translation difference	29	685	1 320	330	2 364
Assets transferred and scrapped	158	383	(1 702)	(1 775)	(2 939)
Change in depreciations (*)	(525)	(19 367)	(9 474)	(3 169)	(32 536)
Impairment losses for the period (*)	-	-	-	-	-
Gross value at 31 October 2010	**38 440**	**491 672**	**198 176**	**106 823**	**835 111**
Accumulated depreciation and amortization at 31 October 2010	(5 839)	(229 895)	(158 236)	(80 965)	(474 935)
Accumulated impairment losses at 31 October 2010	-	-	-	-	-
Net value at 31 October 2010	**32 601**	**261 777**	**39 940**	**25 858**	**360 176**

(*) The impairments in value were recorded in "Impairment of fixed assets" under current operating profit.

Buildings:

The main change in the entry concerns renovation and fixtures and fittings that the Group's establishments had installed, mainly accounted for by: Casino du Val André for €1,226 thousand, Casino Palm Beach for €627 thousand, Casino de Meyrin for €482 thousand and Hotel 3.14 for €352 thousand.

Technical equipment:

The main changes in the acquisition item concerns slot machines, representing an investment of €8,649 thousand apportioned across the whole Group.

Other tangible fixed assets:

The acquisition of other tangible fixed assets in the amount of €1,147 thousand concern an increase in assets under construction, mainly regarding Partouche Immobilier in the amount of €557 thousand. The other acquisitions mainly comprise the Casino de Juan les Pins for €445 thousand, Casino du Val André for €556 thousand and Casino de Dieppe for €276 thousand.

ASSETS UNDER CONSTRUCTION

The line item "Other tangible fixed assets" includes assets under construction in the net amount of €3,745k at the balance sheet date, which involved works carried out mainly at Partouche Immobilier for €2,745k and Casino Royat for €315k.

NOTE 7. INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

The Group's investments in equity-accounted associates and the percentage ownership interest are presented in the note relating to the scope of consolidation. The financial information relating to the Group's equity accounted associates are summarised below:

Balances relating to investments in companies accounted for under the equity method

€000 AT 31 OCTOBER	2008	2009	SHARE IN PROFIT	TRANSLATION DIFFERENCE	CHANGE IN SCOPE	2010
Investments in equity-accounted associates	5 665	3	(35)	(3)	36	-
Provision for share of negative equity (*)	(9 805)	(467)	-	-	(43)	**(510)**
TOTAL	**(4 140)**	**(464)**	**(35)**	**(3)**	**(8)**	**(510)**
Of which, goodwill relating to equity-accounted associates	**594**	**-**	**-**	**-**	**-**	**-**

(*) The change in this account is disclosed in Note 16.

Balance sheet of equity-accounted associates

€000 AT 31 OCTOBER	2010	2009	2008
Total assets	869	8 307	164 020
Total debt	2 570	7 483	182 691
TOTAL NET ASSETS	**(1 701)**	**824**	**(18 671)**

Income statement of equity-accounted associates

€000 AT 31 OCTOBER	2010	2009	2008
Total revenue	327	34 812	40 281
Total net profit or loss	(118)	804	(11 817)

Information related to equity-accounted associates

€000 AT 31 OCTOBER	% OWNED 2010	NET ASSETS 2010	NET INCOME 2010	NET ASSETS 2009	NET INCOME 2009	NET ASSETS 2008	NET INCOME 2008
Casino international of Madrid	**17,63 %**	**(1 701)**	**(118)**	(1 574)	(300)	(1 474)	(222)
Palais de la Méditerranée (Nice) ❖	**100 %**	**-**	**-**	2 385	(8 227)	(17 746)	(6 815)
Fairplayers	**0% Removal 2010**	**-**	**-**	13	4	10	2
Société Française d'Invest. Hôtel et Casino	**0% Removal 2009**	**-**	**-**	-	13 070	21 746	(1 491)
Hôtel du Palais de la Méditerranée	**0% Removal 2009**	**-**	**-**	-	(3 741)	(21 206)	(3 290)
TOTAL		**(1 701)**	**(118)**	**824**	**(804)**	**(18 671)**	**(11 817)**

❖ *Casino du Palais de la Méditerranée was fully consolidated for the first time in the period under review, with effect from 31 October 2009. It was accounted for using the equity method until that date. Consequently, the share in the profit or loss of this entity for the period ending 31 October 2009 was accounted for using the equity method and its assets and liabilities were fully consolidated with effect from 31 October 2009.*

NOTE 8. OTHER NON-CURRENT FINANCIAL ASSETS

€000 AT 31 OCTOBER	2010	2009	2008
Non-consolidated investments	**2 711**	506	1 501
Other financial assets	**1 873**	2 505	2 660
Other non-current financial assets	**4 584**	**3 011**	**4 161**

During the financial year, Groupe Partouche acquired an 18% stake in Casino de Saint-Julien for €2,224 thousand.

Non-consolidated investment securities

€000 AT 31 OCTOBER	GROSS VALUE 2010	IMPAIRMENT 2010	NET VALUE 2010	NET VALUE 2009	NET VALUE 2008
Non-consolidated companies owned > 50%	406	(406)	-	8	31
Non-consolidated companies owned 20 to 50%	167	(142)	24	24	27
Non-consolidated companie-sowned less than 20%	3 745	(1 058)	2 687	474	1 443
TOTAL	**4 317**	**(1 606)**	**2 711**	**506**	**1 501**

Due dates of other non-current financial assets

€000 AT 31 OCTOBER 2010	AMOUNT	1 TO 5 YRS	+ 5 YRS
Non-current investment securities	37	-	37
Employee loans	104	104	-
Loans, guarantees and other receivables	2 048	1 637	410
Receivables attached to investments	351	351	-
GROSS AMOUNT	**2 539**	**2 092**	**447**
Provision	(666)	(351)	(316)
NET AMOUNT	**1 873**	**1 741**	**132**

NOTE 9. OTHER NON-CURRENT ASSETS

€000 AT 31 OCTOBER	2010	2009	2008
Receivables from the French State (1)	7 767	9 012	4 620
Other non-current receivables (2)	1 980	5 871	5 360
OTHER NON-CURRENT ASSETS	**9 747**	**14 883**	**9 980**

(1) The account Receivables from the French State includes €4.1m relating to a carry back observed by Groupe Partouche and €3.7m from the state for the Vichy cinema, corresponding to the state's financial support for the film industry. These receivables are payable and the total amount attributed breaks down according to the schedule below:

€000 AT 31 OCTOBER 2010	1 TO 5 YRS	+ 5 YRS	TOTAL
Breakdown of carry back Groupe Partouche	4 101	-	4 101
Breakdown receivable Vichy cinema	400	3 266	3 666
TOTAL	**4 501**	**3 266**	**7 767**

(2) Other non-current receivables includes the assignment of the Société Française de Casinos (SFC) receivable in the amount of €566k related to the divestment of SFC to the company Tête Dans Les Nuages (TDN) and the assignment of the Casino de Saint Honoré Les Bains receivable in the amount of €900k related it its divestment. The portion falling due in less than one year amounting to €1,134 thousand was recorded in "Trade receivables and other debtors". *(See note 11)*

NOTE 10. INVENTORIES AND SEMI-FINISHED GOODS

€000 AT 31 OCTOBER	2010	2009	2008
Inventories – Solids	723	727	822
Inventories – Liquids	2 004	1 925	2 072
Inventories – Other consumed purchases	214	226	325
Inventories – Production in progress	87	85	54
Inventories – Finished and semi-finished products	50	-	-
Inventories – Merchandise inventories	859	738	995
GROSS AMOUNT	**3 937**	**3 701**	**4 269**
Provision	(97)	(129)	(217)
NET AMOUNT	**3 840**	**3 572**	**4 052**

NOTE 11. TRADE RECEIVABLES AND OTHER DEBTORS

€000 AT 31 OCTOBER	2010	2009	2008
Trade receivables	22 065	22 372	18 019
Provisions for trade accounts receivables	(8 538)	(8 043)	(8 547)
Other debtors	36 314	28 061	28 596
Provision for other debtors	(22 458)	(12 282)	(12 636)
TOTAL TRADE ACCOUNTS RECEIVABLE AND OTHER DEBTORS	**27 383**	**30 108**	**25 432**

BREAKDOWN OF OTHER DEBTORS

€000 AT 31 OCTOBER	2010	2009	2008
Trade accounts payable, advances and down payments	1 220	867	490
Receivables from personnel – advances and downpayments	91	113	134
Receivables from social security organisations	512	547	595
Tax receivables – excluding corporate income tax and VAT	4 846	5 904	5 103
Current accounts – assets	15 032	7 069	3 671
Receivalbes in respect of sales of property, plant and equipment	-	-	2 043
Receivables in respect of sales of securities	1 134	1 067	2 400
Other receivables	11 599	10 476	11 748
Other income receivable	1 881	2 018	2 412
Total of other debtors	**36 314**	**28 061**	**28 596**

At 31 October 2010, current receivables from disposals of securities correspond in their entirety to a single receivable in the amount of €1,134k representing the current balance receivable in connection with the divestment of the SFC unit *(total net receivable is €1,700k – see Note 9)*.

In 2008, receivables in respect of sales of property and equipment corresponded in their entirety to the balance receivable in connection with the sale of the Saxon casino premises. This company was liquidated in the course of the preceding financial year.

Other receivables include in particular €6.8m from a third party that has yet to deliver a property title acquired under contract and against which proceedings have been filed. This receivable is provided for in full.

Provisions in respect of other debtors also include the provision recognised by Compagnie Européenne de Casinos in the amount of €2.3m for a foreign company, and the provision made in respect of Groupe Partouche SA's current account in respect of Casino de Beaulieu, which was deconsolidated as of 31 October 2010.

NOTE 12. OTHER CURRENT ASSETS

€000 AT 31 OCTOBER	2008	2009	INCREASE	DECREASE	2010
Accrued interest/receivables and loans	25	36	8	-	44
Employee loans	164	194	270	(289)	175
Loans, guarantees	727	699	205	(313)	591
Tax receivables	4 040	5 899	35	(1 199)	4 735
Prepaid expenses	8 627	8 016	24	(781)	7 258
TOTAL GROSS VALUE	**13 583**	**14 844**	**541**	**(2 582)**	**12 803**
Provision/Impairment	(7)	0	(44)	-	(44)
NET VALUE	**13 576**	**14 844**	**497**	**(2 582)**	**12 759**

NOTE 13. CASH AND CASH EQUIVALENTS

€000 AT 31 OCTOBER	2010	2009	2008
Financial management and highly liquid cash assets	2 797	2 131	7 493
Cash	104 814	76 735	61 479
Cash and cash equivalents	**107 611**	**78 866**	**68 972**

The Group's cash position reflects the fact that casinos are required, at the close of each monthly period, to have on deposit in a specific bank account an amount equivalent to the gaming levies (see Note 20 Current tax liabilities).

€000 AT 31 OCTOBER	2010	2009	2008
Cash and cash equivalents (assets)	107 611	78 866	68 972
Cash (liabilities)	(26)	(21)	(226)
Neutralisation of impairment provision	11	11	13
Cash position per consolidated financial statements	**107 596**	**78 856**	**68 759**

BREAKDOWN OF FINANCIAL MANAGEMENT CASH ASSETS

€000 AT 31 OCTOBER	2010	2009	2008
SICAV-type mutual fund units	2 739	2 061	1 234
FCP-type mutual fund units	69	79	6 265
Accrued interest / SICAV & FCP	-	2	7
Provision for impairment	(11)	(11)	(13)
Financial management cash assets	**2 797**	**2 131**	**7 493**

BREAKDOWN OF POSITIVE CASH BALANCES

€000 AT 31 OCTOBER	2010	2009	2008
Bank	93 023	65 353	51 857
Cash	11 771	11 364	9 554
Interest receivable	20	18	68
Positive cash balances	**104 814**	**76 735**	**61 479**

NOTE 14. EQUITY

CAPITAL – SHARES IN CIRCULATION

SHARE CAPITAL AT 31 OCTOBER	2010	2009	2008
Amount of share capital	163 640 414 €	86 194 836 €	86 194 836 €
Shares issued, fully paid up	81 820 207	43 097 418	43 097 418
Nominal value	2 €	2 €	2 €

On 19 July 2010, Groupe Partouche initiated a capital increase; the pre-emptive right to subscribe to shares for an amount of up to €77,444,578 was maintained. The company's reference shareholder, Financière Partouche, participated in this operation by offsetting a portion of the shareholder receivable that it held with respect to Groupe Partouche SA. On completion of the operation, on 13 August 2010, Financière Partouche held 80.83% of the share capital of Groupe Partouche compared with 66.92% previously.

The share capital is fully paid up at 31 October 2010. Shares may be in registered or bearer form, based on the choice of the shareholder. In accordance with the Articles of Association, all of the shares have one voting right.

TREASURY SHARES

€000 AT 31 OCTOBER	2010	2009	2008
Treasury shares at historic cost	168 767	168 767	168 767
Provision	(131 776)	(109 352)	(90 186)
Total treasury shares	**36 991**	**59 415**	**78 581**
Number of treasury shares held	19 166	19 166	19 166

The Ordinary Shareholders' Meeting of 4 April 2000 authorised the Executive Board, pursuant to the provisions of Article 217-2 of the Law of 24 July 1966, to acquire more than 10% of the number of shares comprising the share capital. This authorisation led to the purchase of 19,166 shares, representing 0.04% of the total share capital of Groupe Partouche SA, for a total amount of €168,767.

At 31 October 2009, Groupe Partouche SA recognised in its individual company financial statements a provision in respect of treasury shares in the amount of €132k, as the stock market value of shares held was lower than the purchase cost. In the consolidated financial statements, treasury shares are recorded as a reduction of consolidation reserves.

CONSOLIDATED RESERVES

€000 AS AT 31 OCTOBER	2010	2009	2008
Revaluation reserves	(42 663)	(42 663)	(42 663)
Other reserves and retained earnings	235 201	236 067	214 005
Legal reserve	8 620	8 620	8 620
Group consolidation reserves	(17 002)	911	15 364
Other Group reserves	13 657	13 655	13 651
Consolidated reserves	**197 812**	**216 590**	**208 977**

The change in consolidated reserves includes the appropriation of N-1 Group net profit of -€16.7m and -€2.1m following the acquisition of minority interests.

MINORITY INTERESTS

€000 AT 31 OCTOBER	2010	2009	2008
Non-group reserves	20 806	19 254	24 440
Non-group translation reserves	1 143	(199)	741
Non-group earnings	8 013	9 863	4 019
Minority interests	**29 961**	**28 917**	**29 200**

NOTE 15. EMPLOYEE COMMITMENTS

These commitments were subject to an actuarial valuation based on the prospective method. The entire expense corresponding to rights acquired by the employees is determined based on the agreements in force at each company.

Provisions are calculated taking into account the probabilities of employees remaining at the Group until retirement (65 years), mortality based on gender, voluntary redundancy by the employee at retirement and on the following bases:

AT 31 OCTOBER	2010	2009	2008
Discount rate	2,7 %	3,5 %	4,4 %
Salary inflation rate	1,5 %	1,5 %	1,5 %
Social charge provision rate	42 %	42 %	42 %

€000 AT 31 OCTOBER	2010	2009	2008
Provision at the beginning of the financial year	8 371	6 748	6 035
Net charge for the financial year	1 889	1 721	1 020
Use	(260)	(98)	(299)
Change in the scope of consolidation	(86)	-	(8)
Total employee commitments	**9 913**	**8 371**	**6 748**
Including non-current provision	9 889	8 285	6 670
Including current provision (*)	24	86	78

(*) The current portion of the provision is included in the line item "Other current provisions" in the consolidated financial statements.

NOTE 16. OTHER CURRENT AND NON-CURRENT PROVISIONS

NON-CURRENT PROVISIONS

€000 AT 31 OCTOBER	2008	2009	CHARGES	REVERSALS NOT USED	REVERSALS USED	TRANSLATION DIFFERENCE	RE-CLASS	REMOVALS FROM CONSOLIDATION SCOPE	2010
Provisions for lawsuits	1 925	3 282	268	-	(582)	2	(49)	(10)	**2 911**
Provisions for tax risk	1 542	-	-	(16)	9	-	-	-	**(7)**
Provisions for net equity of companies accounted for under the equity method (*)	9 805	467	-	-	-	-	43	-	**510**
Other non-current provisions	1 786	1 724	390	(72)	(1 037)	12	(36)	(16)	**965**
TOTAL	**15 058**	**5 473**	**659**	**(88)**	**(1 611)**	**14**	**(42)**	**(26)**	**4 377**

(*) Detailed information on companies accounted for using the equity method is provided in Note 7.

CURRENT PROVISIONS

€000 AT 31 OCTOBER	2008	2009	CHARGES	REVERSALS NOT USED	REVERSALS USED	TRANSLATION DIFFERENCE	RECLASS.	CHANGE IN THE SCOPE OF CONSOLIDATION	2010
Jackpot provisions	698	1 510	517	-	(1 412)	-	(3)	(2)	**611**
Other current provisions	1 851	3 101	833	-	(2 064)	(2)	77	(571)	**1 375**
TOTAL	**2 549**	**4 611**	**1 350**	**-**	**(3 475)**	**(2)**	**74**	**(573)**	**1 985**

(*) "Other non-current provisions" include for €24k the provision in respect of personnel commitments for less than one year.

NOTE 17. CURRENT AND NON-CURRENT BORROWINGS

Please refer to § 4.1 Financial risks.

BREAKDOWN OF BORROWINGS

€000 AT 31 OCTOBER	CURRENT PORTION 2010	NON-CURRENT PORTION 2010	TOTAL 2010	CURRENT PORTION 2009	NON-CURRENT PORTION 2009	TOTAL 2009	CURRENT PORTION 2008	NON-CURRENT PORTION 2008	TOTAL 2008
Bank borrowings	140 066	158 847	298 913	7 661	298 621	306 282	300 490	7 935	308 425
Accrued interest / loans	8	-	8	12	-	12	42	-	42
Restated capital lease	-	-	-	701	-	701	1 008	709	1 717
Bank overdrafts	26	-	26	24	-	24	184	-	184
Sub-total bank borrowings	**140 100**	**158 847**	**298 947**	**8 398**	**298 621**	**307 019**	**301 724**	**8 644**	**310 368**

€000 AT 31 OCTOBER	CURRENT PORTION 2010	NON-CURRENT PORTION 2010	TOTAL 2010	CURRENT PORTION 2009	NON-CURRENT PORTION 2009	TOTAL 2009	CURRENT PORTION 2008	NON-CURRENT PORTION 2008	TOTAL 2008
Other borrowings	-	25 408	25 408	-	100 281	100 281	-	100 285	100 285
Employee profit-sharing	855	4 965	5 820	600	6 195	6 795	677	6 554	7 231
Deposits and guarantees	5	246	251	-	405	405	1	533	534
Liabilities in respect of shareholdings in associated entities	-	963	963	-	963	963	-	963	963
Valuation of rate hedging instruments	3 075	2 139	5 214	3 115	3342	6 457	2 407	-	2 407
TOTAL	**144 035**	**192 568**	**336 603**	**12 113**	**409 807**	**421 920**	**304 809**	**116 979**	**421 788**

A syndicated loan of €293m constitutes the most significant portion of the Group's bank loans.

The current portion of loans presented here includes the portion of the net cash inflow allocated to the early reimbursement of the loan, i.e. €17.4m for which the loan contract provides; it should be noted that, following an endorsement dated 25 January 2011, this amount was ultimately reduced *(see Note 32 Events subsequent to year-end and transactions in progress, which shows the changes made to the syndicated loan contract under the endorsement signed on 25 January 2011 and Section 5.2 Financial risks).*

The line item "Other borrowings" includes a €25.4m advance from Financière Partouche to Groupe Partouche SA. In the previous two financial years, this receivable had been for €100m, in accordance with the shareholder advance agreement signed on 29 August 2003 and the modified agreements signed on 30 September 2005 and 30 December 2009. The €74.6m change in the shareholder advance corresponds to Financière Partouche's subscription to the capital increase that was undertaken by Groupe Partouche in July 2010.

MATURITY DATES OF FINANCIAL DEBT

€000 AT 31 OCTOBER 2010	TOTAL	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Bank borrowings	298 913	140 066	158 847	-
Accrued interest / loans	8	8	-	-
Restated capital leases	-	-	-	-
Bank overdrafts	26	26	-	-
Other borrowings	25 408	-	-	25 408
Employee profit-sharing	5 820	855	4 850	115
Deposits and guarantees	251	5	164	82
Liabilities in respect of investments in associates	963	-	963	-
Valuation of rate hedging instruments	5 214	3 075	2 139	-
TOTAL	**336 603**	**144 035**	**166 963**	**25 605**

The only debt denominated in a foreign currency was the equity participation denominated in pounds sterling in the amount of €963 thousand.

The syndicated loan's Tranche A debt of €100.1m, which falls due on 31 October 2011, accounted for the high level of bank loans with maturities of less than one year.

Please refer to Note 32 "Events subsequent to year-end and operations in progress" which shows the changes made to the syndicated loan contract under the endorsement signed on 25 January 2011.

CHANGE IN BANK LOANS

€000 AT 31 OCTOBER	2008	2009	CHANGE IN THE SCOPE OF CONSOLIDATION	INCREASE	DECREASE	2010
Bank borrowings	308 425	306 282	-	500	**7 869**	**298 913**

A syndicated loan of €293m constitutes most of the Group's bank loans. Modifications were made on 25 January 2011 via an endorsement to the contract, as described in Section 4.1.1 Liquidity risks and in Note 32 Events subsequent to year-end and transactions in progress. The main characteristics of the loan at the balance sheet date, before the abovementioned modifications, are as follows:

- **Original loan amount:** €431,000,000;
- **Principal amount outstanding at period-end:** €293,083,000;
- **New repayment terms and conditions:** The outstanding principal, in the amount of €293.1m, is divided in three tranches.

Tranche A debt, €100.1m: amortised as assets are divested. It expires on 31 October 2011.

The applicable annual interest rate is equal to Euribor for the period plus the bank interest margin. The margin for Tranche A debt is 5% per year, falling to 4% once €50m has been amortised, and to 3.5% once €75m has been amortised.

For the purpose of repaying the loan, the Group has committed to generate net proceeds of €100.1m by 31 October 2011 by divesting assets in accordance with the clauses stated below.

To reach this amount, repayment can be deferred one year (i.e. until 31 October 2012) as long as the €50m threshold has been achieved by 31 October 2011. As part of this deferment, the applicable bank interest margin will increase to 5%. The total net proceeds from committed asset disposals may increase to €120m if EBITDA recorded on 30 April 2011 is lower than EBITDA specified in the memorandum of understanding.

Tranche B debt, €100.0m: amortised in 10 half-yearly instalments in the amount of €10m.

The applicable annual interest rate is equal to Euribor for the period plus the bank interest margin. The margin for Tranche B debt is:

- 3.25% per year until 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011);
- 4.00% per year for the financial year beginning 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011). This rate ceases to apply as of 31 October 2013;
- 5.50% per year from 31 October 2013.

Tranche C debt, €93.0m: due on maturity, i.e. 31 October 2015. If Tranche A debt is fully reimbursed, any additional disposals will serve to reimburse Tranche C debt.

The applicable annual interest rate is equal to Euribor for the period plus the bank interest margin. The margin for Tranche C debt is:

- 3.50% per year until 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011);
- 4.25% per year for the financial year beginning 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011). This rate ceases to apply as of 31 October 2013;
- 5.75% per year from 31 October 2013.

- **Guarantees**

1. Covenants

Groupe Partouche is required to respect coverage ratios for its financial expenses, fixed costs and debt on a half-yearly basis with a 12-month sliding scale. In accordance with the terms of the contract, the limits of the financial covenants were adjusted following the introduction of the separation of levy scales in financial year 2010.

R1 financial expense coverage:

The ratio of restated consolidated EBITDA to consolidated net financial expenses must be greater than or equal to:

- 2.4x at 31 October 1010
- 2.5x at 30 April 2011
- 2.6x at 31 October 2011

Restated consolidated EBITDA is consolidated EBITDA less the EBITDA attributable to Forges Thermal, Casino Lac Meyrin and Casino Crans Montana which is allocated to minority shareholders of these companies.

Consolidated net financial expenses are the net interest payments on all financial and bank debt.

R2 fixed cost coverage:

The ratio of consolidated available cash flow to consolidated debt servicing costs must be greater than or equal to:

- 1x at 31 October 2010
- 1x at 30 April 2011
- 1x at 31 October 2011

Consolidated available cash flow represents the net cash flow (as disclosed in the consolidated cash flow statement in the Group's half-yearly and annual financial statements), adjusted for consolidated debt servicing costs.

Consolidated debt servicing cost is the sum of (a) debt-related consolidated net financial expenses and (b) net amortisation of debt.

R3 gearing:

The ratio of consolidated net gearing to restated consolidated EBITDA must be less than or equal to:

- 4.2x at 31 October 2010
- 3.8x at 30 April 2011
- 2.8x at 31 October 2011

Consolidated net debt represents the Group's debt after offsetting its available net cash flow.

Debt is defined as the Group's borrowings plus any accrued interest, restated capital leases, bank overdrafts, i.e. bank debt as defined in Groupe Partouche's annual and half-yearly financial statements less the share of debt attributable to minority shareholders of Forges Thermal, Casino Lac Meyrin and Casino Crans Montana as of this date.

Available net cash is defined as the Group's consolidated net cash, less the net cash of Casino Lac Meyrin and Casino Crans Montana and the physical cash position (i.e. the amount in the float of casinos as disclosed in the Group's half-yearly and annual financial statements).

Net cash is defined as the cash and cash equivalents item which appears on the asset side of the Group's consolidated balance sheet, less the "gaming levies" classified under current tax liabilities of the Group's consolidated balance sheet.

Non-compliance with these financial covenants triggers mandatory early repayment of the loan.

2. Financial indicator commitments

As part of the bank reporting procedure, variances (12% for financial year 2010) with respect to the business plan figures in quarterly business activity indicators (Gross Gaming Revenue in France) and profitability (EBITDA of casinos and hotels) are likely to be referred to a mediator resulting in a waiver request or mandatory early repayment.

3. Investment limits

The upper limit for annual investments from operating activities has been revised downward to €30m, versus €37m net of disposals under the initial contract and €20m gross following the waiver of 31 October 2008.

External financing is authorised for the purpose of carrying out certain property acquisitions subject to the following debt limits:

- €323m at 31 October 2010.
- €320m at 30 April 2011
- €268m at 31 October 2011.

Non-compliance with these investment ceilings triggers mandatory early repayment of the loan.

Repayment of surplus cash flow

In order to reduce its debt more quickly, Group Partouche has to allocate part of its surplus consolidated cash flow to reimbursing its debt.

Surplus consolidated cash flow will be broken down as follows:

A specific proportion, i.e. 30% in 2010 and 2011, then 20% over subsequent years is retained by Groupe Partouche.

The balance is allocated as follows:

- 80% are allocated to reimbursing Tranche C and then Tranche B of the syndicated loan;
- 20% are used to cover interest payments accruing on the shareholder advance from Financière Partouche.

Consolidated Surplus Cash Flow is defined as any sum over a €15,000,000 threshold of Available Net Cash Flow, less bank overdrafts (as recorded in the Group's half-yearly and annual financial statements).

ANALYSIS OF BANK LOANS BY INTEREST RATE AT THE PERIOD-END

Please refer to § 4.1.2 « Interest Rate Risk ».

€000 AT 31 OCTOBER	BEFORE INTEREST RATE HEDGING 2010	AFTER INTEREST RATE HEDGING 2010	BEFORE INTEREST RATE HEDGING 2009	AFTER INTEREST RATE HEDGING 2009	BEFORE INTEREST RATE HEDGING 2008	AFTER INTEREST RATE HEDGING 2008
Fixed-rate loans	343	100 343	391	100 391	215	100 215
Variable-rate loans	298 570	198 570	305 892	205 892	308 210	208 210
Bank loans at the period-end	**298 913**	**298 913**	**306 282**	**306 282**	**308 425**	**308 425**
Average interest rate –fixed	3,41 %	7,49 %	4,15 %	7,49 %	4,32 %	5,67 %
Average interest rate –variable	4,91 %	5,22 %	4,56 %	4,85 %	6,73 %	6,71%
Weighted average interest rate at the period-end	**4,91 %**	**5,98 %**	**4,56 %**	**5,68 %**	**6,72 %**	**6,38 %**

At the financial period-end, the amount outstanding on variable-rate loans represents more than 99% of total loans.

Given the significant exposure to rate variability, and in order to hedge against rate increases, Groupe Partouche entered into a cancellable swap in May 2007 matched against a repayment amount of €100m fixing the interest payments at 4.25% and with a potential maturity of July 2012. Although the swap worked in Groupe Partouche's favour until January 2009, since then it has been less beneficial due to the steep decline in market rates.

NET FINANCIAL DEBT AT THE PERIOD-END

€000 AT 31 OCTOBER	2010	2009	2008
Bank loans and restated capital leases	**298 913**	**306 983**	**310 142**
Accrued interest	8	12	42
Other borrowings	25 408	108 444	109 013
Economic financial debt (1)	**324 329**	**415 439**	**419 197**
Financial instruments – assets	-	-	333
Financial instruments – liabilities	(5 214)	(6 457)	(2 407)
Hedges (2)	**(5 214)**	**(6 457)**	**(2 074)**
Cash and cash equivalents	107 611	78 866	68 972
Bank overdrafts	(26)	(24)	(184)
Net cash position (3)	**107 585**	**78 842**	**68 788**
Options held by minority interests (4)	-	-	-
Net financial debt (1-2-3+4)	**221 958**	**343 054**	**352 483**

NOTE 18. OTHER CURRENT AND NON-CURRENT LIABILITIES

€000 AT 31 OCTOBER	2010	2009	2008
Liabilities to suppliers of fixed assets	2	653	589
Tax liabilities	1 021	1 363	1 571
Other liabilities	650	570	744
Deferred income – non-current portion	8 398	8 474	9 344
Total other non-current liabilities	**10 071**	**11 060**	**12 247**
Deferred income – current portion	1 821	1 971	1 544
Total other current liabilities	**1 821**	**1 971**	**1 544**

NOTE 19. TRADE ACCOUNTS PAYABLE AND OTHER CREDITORS

€000 AT 31 OCTOBER	2010	2009	2008
Customers, advances and down payments received	6 893	6 697	3 594
Trade accounts payable	21 059	27 938	32 615
Liabilities in respect of fixed asset acquisitions	5 152	3 785	7 781
Personnel	5 874	5 916	5 717
Employee profit-sharing	6 096	4 256	5 081
Social security organisations	8 381	7 819	9 327
Paid vacation	18 199	18 077	18 436
Applicable levy	4 093	3 431	2 861
Current account liabilities and partners	6 202	5 966	5 429
State – VAT	3 216	3 694	2 711
State – expenses payable	8 891	11 989	11 607
Other	10 974	12 964	13 511
TOTAL	**105 030**	**112 532**	**118 671**

NOTE 20. CURRENT TAX LIABILITIES

€000 AT 31 OCTOBER	2010	2009	2008
State – gaming levies	32 929	36 104	38 809
State – Corporate income tax	1 203	515	2 116
TOTAL	**34 132**	**36 619**	**40 925**

NOTE 21. TRANSFER CURRENT OPERATING PROFIT TO EBITDA

TRANSFER FROM CURRENT OPERATING PROFIT TO EBITDA AT 31 OCTOBER 2010

€000 AT 31 OCTOBER	COP 2010.10	RESTATEMENT RECLASSIFICATION	EBITDA 2010.10
Turnover	478 126	-	478 126
Purchases and external charges	(146 410)	118	(146 292)
Taxes and levies	(23 750)	(27)	(23 777)
Personnel costs	(206 384)	3 040	(203 344)
Depreciation, amortisation and impairment of fixed assets	(47 140)	47 140	-
Other current operating income and expenses	(6 620)	(2 607)	(9 227)
Transfer from COP to EBITDA	**47 821**	**47 665**	**95 486**

Charges to and reversals of provisions for retirement benefit commitments accounted for €1.5m of the restatement on personnel expenses; exceptional items relating to personnel expenses (settlement agreements and other exceptional adjustments relating to social security contributions) accounted for €1.5m of the restatement of personnel expenses.

TRANSFER FROM CURRENT OPERATING PROFIT TO EBITDA AT 31 OCTOBER 2009

€000 AT 31 OCTOBER	COP 2009.10	RESTATEMENT RECLASSIFICATION	EBITDA 2009.10
Turnover	452 993	-	452 993
Purchases and external charges	(140 731)	275	(140 455)
Taxes and levies	(26 014)	(199)	(26 213)
Personnel costs	(200 373)	2 262	(198 111)
Depreciation and amortisation on fixed assets	(45 565)	45 565	-
Other current operating income and expenses	(11 274)	54	(11 220)
Transfer from COP to EBITDA	**29 036**	**47 957**	**76 992**

Charges to and reversals of provisions for retirement benefit commitments accounted for €1.34m of the restatement of personnel expenses; exceptional items relating to personnel expenses (settlement agreements and other exceptional adjustments relating to social security contributions accounted for €0.92m of the restatement of personnel expenses.

NOTE 22. SEGMENT REPORTING

Under IFRS 8 Operating Segments, the divisions shown are based on the internal reporting used by management to assess the performance of the Group's different divisions. The Group comprises four divisions:

- the Casino division, which comprises the gaming, catering and entertainment,
- the Hotel division, which comprises the services of accommodation,
- the Interactive gaming division, comprising all the activities contributing to organising and operating gaming in which participants use remote communication (TV, internet, etc.).
- the Group's other activities, mainly comprise the business of Groupe Partouche SA, the Group's parent company, and all the other secondary businesses.

The benchmark division performance indicator is current operating profit. Each of the columns of the table below shows the revenue of each division, which are treated as separate entities.

PROFIT (LOSS) FROM RECURRING OPERATIONS BY DIVISION

€'000	CASINOS	HOTELS	INTERACTIVE	OTHER	TOTAL
	2010	2010	2010	2010	2010
Revenue	431 557	31 917	7 529	7 123	478 126
Other purchases and expenses	(109 305)	(11 533)	(11 194)	(14 379)	(146 410)
Taxes and related expenses	(20 206)	(1 884)	(527)	(1 132)	(23 750)
Personnel expenses	(177 093)	(15 347)	(6 387)	(7 557)	(206 384)
Depreciation, amortisation and impairment of fixed assets	(37 655)	(3 601)	(1 718)	(4 166)	(47 140)
Other current operating revenues and expenses	(7 552)	551	2 704	(2 322)	(6 620)
Current operating profit (loss)	**79 745**	**102**	**(9 593)**	**(22 433)**	**47 821**

€'000	CASINOS		HOTELS		INTERACTIVE		OTHER		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	406 071	430 915	32 594	39 840	7 498	2 981	6 830	7 941	452 993	481 678
Other purchases and expenses	(102 783)	(114 017)	(11 522)	(13 929)	(9 201)	(12 115)	(17 224)	(14 263)	(140 731)	(154 324)
Taxes and related expenses	(22 417)	(25 411)	(1 971)	(2 128)	(217)	(457)	(1 408)	(1 375)	(26 014)	(29 371)
Personnel expenses	(172 254)	(180 221)	(14 026)	(16 425)	(6 582)	(5 861)	(7 511)	(8 736)	(200 373)	(211 243)
Depreciation, amortisation and impairment of fixed assets	(35 439)	(37 394)	(4 183)	(4 452)	(1 404)	(534)	(4 539)	(4 628)	(45 565)	(47 009)
Other current operating revenues and expenses	(13 684)	(10 825)	(449)	(732)	1 741	1 423	1 117	568	(11 274)	(9 566)
Current operating profit (loss)	**59 494**	**63 047**	**443**	**2 174**	**(8 165)**	**(14 563)**	**(22 735)**	**(20 493)**	**29 036**	**30 165**

BALANCE SHEET ITEMS BROKEN DOWN BY DIVISION

€000 AT 31 OCTOBER	SEGMENT ASSETS		OF WHICH EQUITY-ACCOUNTED	
	2010	2009	2010	2009
CASINOS	694 225	753 203	-	-
HOTELS	53 325	57 788	-	-
INTERACTIVE	19 640	34 023	-	2 615
OTHER	114 056	116 932	-	-
TOTAL	**881 246**	**961 946**	**-**	**2 615**

€000 AT 31 OCTOBER	SEGMENT LIABILITIES	
	2010	2009
CASINOS	165 371	170 388
HOTELS	12 018	16 020
INTERACTIVE	6 131	5 622
OTHER	352 863	443 622
TOTAL	**536 383**	**635 652**

FINANCIAL STATEMENT RECONCILIATION OF DIVISION LIABILITIES

€000 AT 31 OCTOBER	2010	2009
Segment liabilities	536 383	635 652
Equity	344 863	326 294
TOTAL LIABILITIES AND EQUITY	**881 246**	**961 946**

CASH FLOW ITEMS BY BUSINESS DIVISION

€000 AT 31 OCTOBER	INTANGIBLE ASSET INVESTMENTS		TANGIBLE FIXED ASSET INVESTMENTS		DEPRECIATION, AMORTISATION AND PROVISIONS	
	2010	2009	2010	2009	2010	2009
CASINOS	(238)	(6 350)	(18 051)	(15 866)	79 916	46 278
HOTELS	(18)	(116)	(1 594)	(537)	5 911	4 212
INTERACTIVE	(2 285)	(1 170)	(1 063)	(1 089)	15 213	2 359
OTHER	(569)	5 993	(717)	(2 731)	15 101	3 587
TOTAL	**(3 110)**	**(1 643)**	**(21 426)**	**(20 223)**	**116 142**	**56 435**

REVENUE BY GEOGRAPHICAL AREA

€000 AT 31 OCTOBER	2010	%	2009	%	2008	%
France	406 204	85,0 %	382 290	84,4 %	422 343	87,7 %
Europe (excl. France)	69 505	14,5 %	68 530	15,1 %	57 259	11,9 %
Other countries	2 417	0,5 %	2 172	0,5 %	2 076	0,4 %
TOTAL	**478 126**	**100,0 %**	**452 993**	**100,0 %**	**481 678**	**100,0 %**

COMMENTS ON CONSOLIDATED REVENUE

Consolidated revenue for the financial year ended 31 October 2010 was boosted by the impact of the tax measure that introduced distinct levy scales for table games and slot machines (Law N°2010-476).

This measure, the application of which is retroactive as of 1 November 2008, had a dual impact on the annual accounts of the financial year ended 31 October 2010:

- a €9.6m saving on gaming levies, on account of recording the impact of distinct levy scales in the 2010 financial statements;
- recording revenue of €9.7m in respect of 2009, on account of the Law being retroactive.

Net Gaming Revenue for the 2010 financial year was also boosted by €7.3m through the contribution from Casino de Nice Palais.

NOTE 23. OTHER PURCHASES AND EXTERNAL CHARGES

€000 AT 31 OCTOBER	2010	2009	2008
Raw materials	44 258	43 406	51 352
Lease payments on current assets	91	193	242
Fixed assets leases	12 651	12 193	10 334
Current assets leases	7 921	6 913	6 940
Maintenance	10 494	9 978	10 709
Insurance premiums	1 549	1 894	1 872
External staff	2 528	1 983	3 012
Professional fees	18 798	19 145	15 614
Advertising	24 614	23 131	28 744
Entertainment	2 837	2 409	3 869
Post and telecoms	3 643	3 765	3 489
Banking fees	3 623	3 623	3 644
Subcontracting expenses	11 707	10 847	11 988
Other	1 694	1 251	2 516
TOTAL	**146 410**	**140 731**	**154 324**

NOTE 24. PERSONNEL COSTS AND WORKFORCE PERSONNEL COSTS

PERSONNEL COSTS

€000 AT 31 OCTOBER	2010	2009	2008
Wages and salaries	143 825	142 021	151 314
Social security costs	57 013	54 629	55 365
Employee profit sharing	5 546	3 724	4 564
TOTAL	**206 384**	**200 373**	**211 243**

AVERAGE WORKFORCE

AT 31 OCTOBER	2010	2009	2008
France	4 981	5 125	5 458
Other countries	623	645	628
TOTAL	**5 604**	**5 770**	**6 086**

2,538 people work in the gaming sector.

BREAKDOWN OF WORKFORCE BY PROFESSIONAL CATEGORY

€000 AT 31 OCTOBER	2010	2009	2008
Executive staff	984	991	963
Junior executive staff	316	312	294
Other non-manual labourers	4 046	4 225	4 628
Manual labourers	257	242	200
TOTAL	**5 604**	**5 770**	**6 086**

NOTE 25. OTHER CURRENT OPERATING INCOME AND EXPENSES

OTHER CURRENT OPERATING INCOME AND EXPENSES

€000 AT 31 OCTOBER	2010	2009	2008
Net gain (loss) on asset disposals	(226)	(76)	(434)
Changes in provisions for current assets	(3 008)	(412)	(1 109)
Changes in provisions for liabilities	3 018	(2 770)	(261)
Sundry current operating income and expenses	(6 404)	(8 016)	(7 762)
TOTAL	**(6 620)**	**(11 274)**	**(9 566)**

In respect of 2010, the line item "Sundry current operating income and expenses" includes in particular:

€000 AT 31 OCTOBER	2010
Charges related to specifications	(11 282)
Tax relief for manifestations artistiques de qualité (high-quality artistic productions)	1 155
Investments subsidies taken to income for the period	2 052
Other income and expenses	1 672
TOTAL "Sundry current operating income and expenses"	**(6 404)**

OTHER NON-CURRENT OPERATING REVENUES AND EXPENSES

€000 ON 31 OCTOBER	2010	2009	2008
Net gain (loss) on asset disposals	-	3 371	6 852
Sundry operating income and expenses	(283)	(1 854)	1 464
TOTAL	**(283)**	**1 517**	**8 317**

NOTE 26. FINANCIAL INCOME

€000 AT 31 OCTOBER	2010	2009	2008
Cost of debt	(17 361)	(19 209)	(28 579)
Cost of interest rate hedging	(3 564)	(1 587)	2 956
Investment income	550	1 150	3 320
Net financial income (expenses)	**(20 374)**	**(19 646)**	**(22 303)**
Expenses related to hedges evaluation	1 243	(4 383)	(3 192)
Cost of financial debt (a)	**(19 131)**	**(24 029)**	**(25 495)**
Foreign exchange gains	3 055	2 094	3 024
Foreign exchange losses	(384)	(2 072)	(960)
Other	(513)	(1)	510
Financial provision charges and reversals	(1 351)	(948)	(153)
Other financial income and expenses (b)	**807**	**(927)**	**2 421**
NET FINANCIAL INCOME (a + b)	**(18 324)**	**(24 956)**	**(23 074)**

The cost of debt, which in part comprises fixed rate borrowings, was little changed, despite the increase in margins applied by the syndicated loan, following the memorandum of understanding of 26 October 2009, due to the reduction in debt following the capital increase. The slight increase in net financial expenses, was due to the €0.6m decrease in income from marketable securities.

The valuation of the interest rate hedging generated income of €1.2m, due to the shortening of the hedging period, with the maturity date of 31 July 2012.

The beneficial change in foreign exchange gains and losses was mainly due to the rise in the value of the Swiss franc.

NOTE 27. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES

Cash from operating activities jumped in financial year 2010 to reach €66.5m, compared with €35.0m in 2009; this was mainly due to:

- an improvement in EBITDA, which amounted to €95.5m in 2010, compared with €77m for the previous financial year;
- a marginal change in working capital requirement (WCR) of -€0.7m, whereas in 2009 it was -€12.6m;
- a fall in the amount of interest paid, mainly due to the termination of the interest payments on the shareholder advance from Financière Partouche;
- a €1.9m reduction in the amount of tax paid.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities represented a net cash outflow of €24.8m, an increase compared with 2009 in which €7.0m was recorded from the disposal of assets. Investments for financial year 2010 comprised:

- €21.4m for the acquisition of property and equipment, which mainly constitutes maintenance costs and are apportioned across the whole Group. By way of illustration, the biggest payment concerned the work to extend Casino de Val André for €1.9m and work carried out at Meyrin for €1.2m.
- For the remainder, that is, €1.8m, the acquisition of intangible assets: these investments concern the interactive division for €1.2m (for PI Gibraltar concerns the development of websites and the games proposed on them);
- €2.6m of the stake of minorities interests (of which mainly €2.5m Djerba Casino).

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities represented a net cash outflow of €13.9m compared with an outflow of €11.1m in 2009. It included €9.6m for the reimbursement of loans (compared with €4.8m in the prior financial year), comprising the resumption of repayments for the syndicated loan and the proceeds from the capital increase subscribed by minority shareholders for €2.9m; dividends paid to minorities changed little at €7.6m.

The sum of these cash flows recorded in the financial year led to a net increase in the cash position of €28.7m.

CORPORATE INCOME TAX

ANALYSIS OF THE TAX EXPENSE

€000 AT 31 OCTOBER	2010	2009	2008
Profit before tax	(44 269)	(3 726)	11 085
Current tax expense	(9 226)	(3 774)	10 931
Change in deferred tax	3 489	2 606	2 901
Total tax expense	**(5 737)**	**(1 169)**	**13 832**
Effective tax rate	12,96 %	31,37 %	124,78 %

RATIONALISATION OF THE EFFECTIVE TAX RATE - TAX PROOF

€000 AT 31 OCTOBER	2010	2009	2008
Net income before tax	**(44 269)**	**(3 726)**	**11 085**
French corporate income tax rate	33,33 %	33,33 %	33,33 %
Profit taxable at the current corporate income tax rate	**14 756**	**1 242**	**(3 695)**
Temporary timing differences	720	(741)	(770)
Permanent differences	10 443	19 219	24 860
Net effect of consolidation operations	(10 207)	(18 311)	(22 519)
Tax losses generated by Group companies during the year	(32 881)	(24 112)	(23 373)
Impact of tax consolidation	16 565	19 189	14 858
Income taxed at the reduced tax rate and impact of differences in foreign companies' tax rates	(11 783)	1 814	(4 121)
Use of unrecognised tax loss carried forwards	6 706	430	648
Tax credit and other	(57)	102	280
Group tax charge	**(5 737)**	**(1 169)**	**(13 832)**
Reconstituted Group tax rate	**12,96 %**	**31,37 %**	**124,78 %**

In France, Groupe Partouche has set up two tax consolidation groups with the following sub-consolidation group heads:

- Groupe Partouche SA : (Groupe Partouche SA, Baratem, C.D.T.H, Cannes Balnéaires, Casino d'Evaux-les-Bains, Casino de Contrexéville, Casino de Gréoux-les-Bains, Casino de la Grande-Motte, Casino de Palavas, Casino de Salies-de-Béarn, Casino de St Amand, Casino de St Nectaire, Casino du Touquet – Les Quatre Saisons, Casino le Lion Blanc, Casino municipal d'Aix Thermal, Casino municipal de Royat, Compagnie Européenne de Casinos, Développement baie de Kernic, Casino de bourbon Lancy, Eden Beach Casino, Grand casino de Bandol, Grand casino de Beaulieu, Grands hôtels du Parc, Hôtel Cosmos, Jean Metz, Ludica, Numa, Plombinoise de casino, SACBM, Sathel, SEK, Société du casino d'Arcachon, Sté de brasserie et casino Les Flots Bleus, Holding Garden Pinède, Aquabella, Casino Palm Beach, Sci des Thermes, Thermpark, Centre de balnéothérapie d'Aix en Provence, Casino de Pornichet, Casino de Pornic, Casino d'Andernos, Casino Val André, Sinoca, Casino de Lydia investissement,Grand Casino du Havre, Grand Casino de la Trinité, S.T.T.H.Divonne, Société du Grand Casino D'Annemasse, Sci de l'Arve, Société Casino Hauteville Lompnes., Hôtel International de Lyon and grand Casino de Lyon, Partouche Spectacles & Productions, Casino de Cabourg, SCI Vittel et Contrexéville, Partouche Immobilier, Partouche Technologies*, Partouche tournois*, Partouche Interactive*, Casino du Palais de la Méditérrannée*.

** Companies having entered the Groupe Partouche SA tax consolidation group as of 1 November 2009*

- Casino de Vichy and cinema of the Casino de Vichy.

DEFERRED TAX ASSETS AND LIABILITIES

€000 AT 31 OCTOBER	2010	2009	2008
Deferred tax – Assets	4 639	2 397	855
Deferred tax – Liabilities	(31 567)	(33 180)	(34 491)
Net deferred tax	**(26 927)**	**(30 783)**	**(33 636)**

TAX LOSSES CARRIED FORWARD

Deferred tax assets related to tax loss carry-forwards are recognised and activated only once the amounts recoverable in the future have been determined.

At 31/10/2010, the total amount of non-activated tax loss carry-forwards was €29,864 thousand.

NOTE 29. COMMERCIAL AND FINANCIAL COMMITMENTS

COMMITMENTS NON INCLUDED IN THE BALANCE SHEET AND RELATED TO FINANCING

Commitments given at 31 October 2010:

€000	2010	PAYMENTS DUE PER PERIOD			2009	2008
		LESS THAN 1 YEAR	ONE TO 5 YEARS	MORE THAN 5 YEARS		
Long term liabilities (bank debts with guarantees)	298 399	139 583	158 816	0	305 525	308 040
Finance lease obligations (other than hire purchase)	476	303	173	0	599	1 015
TOTAL	**298 875**	**139 886**	**158 989**	**0**	**306 124**	**309 055**

Commitments received at 31 October 2010:

€000	2010	2009	2008
Other commitments	4 400	3 400	-
TOTAL	**4 400**	**3 400**	**-**

The commitments received in the amount of €4,400 thousand is the sum of the €3,400k debt owed by the company Tête Dans les Nuages to Groupe Partouche and the €1,000k debt owed by Casino du St Honoré les Bains.

COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET AND RELATED TO OPERATING ACTIVITIES

Commitments given at 31 October 2010:

€000	2010	PAYMENTS DUE PER PERIOD			2009	2008
		LESS THAN 1 YEAR	ONE TO 5 YEARS	MORE THAN 5 YEARS		
Operating lease contracts (leases, non-real estate lease contracts)	62 565	8 032	21 923	32 610	69 581	65 807
Other commitments (collateral or mortgages)	1 406		1 406		1 406	1 406
Other obligations (sureties and deposits)	8 114		8 114		6 890	7 086
Notes issued	707	707			577	235
Liability guarantee	-				-	-
Other financial commitments	-				-	-
Other commercial commitments	34 559	6 887	16 473	11 198	36 685	34 753
TOTAL	**107 351**	**15 626**	**47 916**	**43 808**	**115 139**	**109 287**

The delegations in respect of La Grande Motte, La Ciotat, Bandol and Palm Beach are not included in the off-balance sheet commitments (please refer § 5.2.3), being that the tenders are either under study or have not yet been called. The Company cannot yet define the amounts of such commitments.

Commitments received at 31 October 2010:

€000	2010	2009	2008
Sureties and deposits	275	275	529
Liability guarantee	-	-	17 731
TOTAL	**275**	**275**	**18 260**

To the best of our knowledge, there are no other off-balance sheet commitments.

NOTE 30. RELATED PARTIES

DIRECTORS' COMPENSATION

For the financial year ended 31 October 2010, the amount of gross compensation allocated to the management and supervisory bodies of Groupe Partouche SA amounts to €2,086,215, and no directors' fees were received by the members of the Supervisory Board for the period under review. These components of compensation are comprised uniquely of short-term benefits.

RELATED PARTY TRANSACTIONS

Transactions with Financière Partouche SA

Groupe Partouche SA rents from Financière Partouche SA the premises of its registered office. The total rent, including charges and tax, was €269,449 for financial year 2009-2010.

Groupe Partouche SA benefits from a shareholder advance of €100m from Financière Partouche SA, which was reduced by €74,591,686 following the capital increase carried out on 13 August 2010. Since that date the balance amounts to €25,408,314. This advance is remunerated at the rate of Euribor plus 2%, which represents for financial year 2009-2010, a financial charge of €2,405,765.

Groupe Partouche has a shareholder current account with Financière Partouche SA of €4,740,577 and interest of €55,885 at 31. October 2010

Services with Shal & Co

Shal & Co, controlled and chaired by Mr. Hubert Benhamou, provides assistance with the management activities of certain Groupe Partouche casinos. The corresponding remuneration received for financial year 2009-2010 was €534,700.

Services with Ispar Holding SA

Ispar Holding SA, controlled and chaired by Mr. Isidore Partouche, provides assistance and advice to the Swiss casinos. The corresponding remuneration received for financial year 2009-2010 was €340,965.

Other transactions

The other transactions in financial year 2009-2010 with related parties as part of ordinary activities are not considered significant for the Group and were carried out at market conditions.

NOTE 31. ACTIVITIES IN THE PROCESS OF BEING DIVESTED

Subsequent to the end of the 2010 financial year, Groupe Partouche disposed of two companies: Casino de Saint Nectaire and Casino Sluis (Netherlands). This resulted in the Group considering that the assets concerned were held for sale in the consolidated balance sheet at 31 October 2010. No assets were held for sale for the preceding financial year.

BALANCE SHEET ASSETS €000 AT 31 OCTOBER	2010	2009	2008
Non-current assets	(966)	NA	NA
Saint-Nectaire	(673)		
Sluis	(292)		
Current assets	(278)	NA	NA
Saint-Nectaire	(53)		
Sluis	(226)		
Total assets held for sale	**1 245**	**NA**	**NA**

BALANCE SHEET LIABILITIES AND EQUITY €000 AT 31 OCTOBER	2010	2009	2008
Non-current liabilities	(416)	NA	NA
Saint-Nectaire	(136)		
Sluis	(280)		
Current liabilities	(490)	NA	NA
Saint-Nectaire	(265)		
Sluis	(225)		
Total liabilities held for sale	**907**	**NA**	**NA**

BREAKDOWN OF NON-CURRENT ASSETS HELD FOR SALE

€000 AT 31 OCTOBER	2010	2009	2008
Intangible Assets	(360)	NA	NA
Tangible fixed assets	(606)	NA	NA
Non-current assets	**(966)**	**NA**	**NA**

NOTE 32. EVENTS SUBSEQUENT TO YEAR-END AND OPERATIONS IN PROGRESS

RESTRUCTURING OF THE GROUP'S DEBT AND CAPITAL INCREASE OF 30 MILLION EUROS UNDERWRITTEN BY BUTLER CAPITAL PARTNERS

As part of a framework agreement aiming at substantially increasing its equity and at funding its investment programme, Groupe Partouche entered into agreement with its banking pool to restructure its syndicated loan; it also called upon

Financière Partouche and Butler Capital Partners to assist in its raising funds of 30 million euros, a capital increase that will be underwritten by Butler Capital Partners (BCP) and will see BCP take an interest in Groupe Partouche.

Through an endorsement signed on 25 January 2011, positive modifications were made to syndicated loan contract.

Restructuring of the Group's debt

Amended repayment schedule of the tranche A debt to maximise the revenue from disposals of assets

In order to take into account the context that made it difficult for the Group to sell assets as it desired, the Tranche A debt of €100.1m, which had to be reimbursed as assets were sold and by 31 October 2011 at the latest, was transformed into an amortisable Tranche debt, with the following repayment schedule:

	IN EUROS	
REPAYMENTS	FORMER DUE DATES	NEW DUE DATES
31/10/2011	100 083 000	
31/10/2012		5 000 000
31/10/2013		15 000 000
31/10/2014		25 000 000
31/10/2015		55 083 000

This restructuring, which is to the Group's benefit, will enable it to carry out a thorough re-examination of its divestment programme, to maximise the revenue from its desired future selling of secondary assets.

A decrease in margins which will significantly reduce financial costs

As of the completion of the capital increase, the margins will be reduced as follows:

- the margin applicable to Tranche A will be reduced from 5.0% to 4.0% per year and will be reduced to 3.0%, once 30 million euros have been repaid, then to 2.5% once 60 million euros have been repaid;
- the margin applicable to Tranche B which was 3.25% until 31 October 2011, then 4.0% until 31 October 2013 and 5.5% thereafter, will be reduced to 3.0% until the loan has been fully repaid; its repayment schedule will not be amended until 31 October 2015.
- the margin applicable to Tranche C which was 3.5% until 31 October 2011, then 4.25% until 31 October 2013 and 5.75% thereafter, will be reduced to 3.25% until the loan has been fully repaid; its being a bullet loan, the original loan is due on maturity, on 31 October 2015.

Amendment to the surplus cash flow repayment clause to finance certain investments

In order to facilitate the financing and therefore the realisation of the investment programme concerning the building of the Pasinos of La Ciotat, La Grande Motte and Bandol, the Consolidated Surplus Cash Flow Repayment Clause (as laid down under the terms of the syndicated loan) will only apply above the ceiling of 26 million euros for the 2009/2010 and 2010/2011 financial years. Consolidated surplus cash flow generated by the Group up to this limit of 26 million euros will therefore not be concerned by this repayment clause, that is, a partial allocation of the Group's cash position for the early repayment of the syndicated loan and payment of interest on the shareholder loan advanced by the shareholder Financière Partouche.

Furthermore, Groupe Partouche and the pool of banks agreed to review the contractual definition of the Consolidated Surplus Cash Flow and the financial indicator commitments, by 30 May 2011, in order to take into account the Group's new financial position.

Application of the amendment of the Consolidated Free Cash Flow Repayment Clause

The annual accounts closed on 31 October 2010 accounted for the contractual application of the surplus cash flow clause prior to the amendment of 25 January 2011; the portion allocated to the early repayment of the syndicated loan, i.e. €17.4m (see calculation shown in Section 4.1.1 paragraph 5.2) was thus recorded under current debt. This accounting presentation should be distinguished from the new calculation adopted for the 2010 financial year, which reduces the amount allocated to the early repayment to €2.9m.

This item combined with the amended repayment schedule of Tranche A of the syndicated loan lead to a new ventilation between current and non-current shares of the post " Banks borrowings" as follows (please refer to § 4.1.1 "Liquidity Risks"):

€000 AT 31 OCTOBER	CURRENT SHARE 2010	NON-CURRENT SHARE 2010	TOTAL 2010
Banks borrowings before the endorsement of 25/01/2011	140 066	158 847	298 913
Impact of the endorsement of 25/01/2011	(114 643)	114 643	-
Banks borrowings after the endorsement of 25/01/2011	25 423	273 490	298 913

NOTE 33. MARKET RISKS AND DERIVATIVE INSTRUMENTS

Groupe Partouche could be exposed to the liquidity risks and foreign exchange risks in the line of its activity. This exposure is detailed in § 4.1.1 "Liquidity Risks", § 4.1.2 "Interest Rates Risks" and 4.1.3. "Exchange Rates Risks".

NOTE 34. CONSOLIDATION SCOPE

The following companies were consolidated by SA Groupe Partouche:

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE 2010	INTEREST PERCENTAGE 2009	INTEREST PERCENTAGE 2008	CONSOLIDATION METHOD
SA GROUPE PARTOUCHE	France				Parent company
FULLY CONSOLIDATED COMPANIES					
CASINOS					
SA CASINO DE SAINT-AMAND	France	100	100	100	FC
SA GRAND CASINO DE CABOURG	France	100	100	100	FC
SA CASINO DU GRAND CAFÉ	France	61,9	61,9	61,9	FC
SA GRAND CASINO DE BEAULIEU	France	-	100	100	FC
SA FORGES THERMAL	France	59,49	59,25	58,75	FC
SA CASINO & BAINS DE MER DE DIEPPE	France	100	100	100	FC
SA JEAN METZ	France	100	100	100	FC
SA LE TOUQUET'S	France	90,05	90,05	90,05	FC
SA CASINOS DU TOUQUET	France	99,53	99,53	99,53	FC
SA CASINOS DE VICHY	France	91,83	91,78	91,68	FC
CASINO DE CONTREXÉVILLE	France	100	100	100	FC
SA NUMA	France	100	100	100	FC
SA GRAND CASINO DE LYON	France	97	97	97	FC
PALM BEACH CASINO	France	99,99	99,99	99,99	FC
SA ECK	Belgium	99,9	99,9	99,9	FC
SA LE GRAND CASINO DE DJERBA	Tunisia	99,9	84,91	84,91	FC
CASINO NUEVO DE SAN ROQUE	Spain	98,9	98,9	98,9	FC
SA SATHEL	France	99,86	99,86	99,86	FC
SA CASINO MUNICIPAL DE ROYAT	France	99,86	99,86	99,86	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE 2010	INTEREST PERCENTAGE 2009	INTEREST PERCENTAGE 2008	CONSOLIDATION METHOD
SA CASINO LE LION BLANC	France	99,87	99,86	99,86	FC
SA EDEN BEACH CASINO	France	99,65	99,65	99,65	FC
SA CASINO MUNICIPAL D'AIX THERMAL	France	99,41	99,41	99,41	FC
SA CASINO DES FLOTS BLEUS	France	99,39	99,38	99,39	FC
SA CASINO DE PALAVAS	France	99,88	99,87	99,87	FC
CASINO DE PORNICHET	France	100	100	100	FC
CASINO DE PORNIC	France	100	100	100	FC
CASINO D'ANDERNOS	France	99,79	99,78	99,78	FC
CASINO D'ARCACHON	France	98,7	98,65	98,65	FC
CASINO DE SALIES-DE-BÉARN	France	100	100	100	FC
CASINO DE LA GRANDE MOTTE	France	99,98	99,98	99,98	FC
CASINO DE GRÉOUX	France	100	100	100	FC
CASINO DE SAINT-NECTAIRE	France	100	100	100	FC
CASINO D'EVAUX-LES-BAINS	France	100	100	100	FC
CASINO DE SAINT-HONORÉ	France	-	97,22	97,22	FC
CASINO DE PLOMBIÈRES	France	100	100	100	FC
CASINO D'OOSTENDE	Belgium	99,98	99,98	99,98	FC
CHAUDFONTAINE LOISIRS	Belgium	99,99	99,99	99,99	FC
CASINO DE LA ROCHE-POSAY	France	89,7	89,7	89,7	FC
CASINO D'AGON COUTAINVILLE	France	89,41	89,41	89,41	FC
CASINO DE HYÈRES	France	99,9	99,9	99,9	FC
CASINO DE VAL-ANDRÉ	France	100	100	100	FC
CASINO DE PLOUESCAT	France	97	97	97	FC
CASINO DE BANDOL	France	100	100	100	FC
CASINO LAC MEYRIN	Switzer-land	40	40	39,98	FC
SA LYDIA	France	97,6	97,6	97,6	FC
CASINO DU HAVRE	France	99,99	99,99	100	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE 2010	INTEREST PERCENTAGE 2009	INTEREST PERCENTAGE 2008	CONSOLIDATION METHOD
CASINO DE LA TRINITÉ	France	100	100	100	FC
CASINO DU PALAIS DE LA MÉDITERRANÉE	France	100	100	25	FC 2009-EM before
CASINO DE DIVONNE	France	98,7	98,7	98,69	FC
CASINO D'ANNEMASSE	France	99,89	99,88	99,88	FC
CASINO DE HAUTEVILLE-LOMPNES	France	100	100	100	FC
CASINO DE CRANS-MONTANA	Switzer-land	57	57	57	FC
CASINO DE LA TREMBLADE	France	69,76	69,76	69,76	FC
CASINO DE DINANT	Belgium	100	100	100	FC
CASINO TABARKA	Tunisia	99,89	84,9	84,9	FC
HOTELS					
SA ELYSÉE PALACE HÔTEL	France	91,7	91,65	91,55	FC
SA HÔTEL INTERNATIONAL DE LYON	France	97	97	97	FC
SNC GARDEN BEACH HÔTEL	France	99,66	99,65	99,65	FC
SARL AQUABELLA	France	99,79	99,79	99,79	FC
HÔTEL 3.14	France	99,99	99,99	99,99	FC
GRANDS HÔTELS DU PARC	France	100	100	100	FC
HÔTEL COSMOS	France	100	100	100	FC
HÔTEL EHC CHARBONNIÈRE (T)	France	-	-	99,86	FC
SARL SINOCA	France	100	100	100	FC
INTERACTIVE DIVISION					
PARTOUCHE INTERACTIVE	France	95,99	95,99	78	FC
QUARISMA	France	91,26	76,93	62,5	FC
PARTOUCHE PRODUCTION	France	72,42	72,42	58,84	FC
PARTOUCHE TECHNOLOGIES	France	96	96	78	FC
PARTOUCHE IMAGE	France	72,44	72,44	58,86	FC
PARTOUCHE TOURNOIS (ex Partouche Gammon)	France	96	96	66,3	FC
WORLD SERIES OF BACKGAMON	Great Britain	96	96	66,3	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE 2010	INTEREST PERCENTAGE 2009	INTEREST PERCENTAGE 2008	CONSOLIDATION METHOD
APPOLONIA FRANCE	France	67,2	67,2	54,6	FC
PARTOUCHE INTERACTIVE HOLDING	Gibraltar	96	96	78	FC
PARTOUCHE INTERACTIVE GIBRALTAR	Gibraltar	96	96	78	FC
PARTOUCHE BETTING	Malta	96	96	78	FC
PARTOUCHE INTERACTIVE MALTA (*)	Malta	96	96	-	FC
PARTOUCHE GAMING FRANCE (*)	France	96	-	-	FC
SYSTÈMES INTELLIGENTS CASINOS (*)	France	96	-	-	FC
OTHER					
SA CANNES BALNÉAIRE PALM BEACH	France	99,99	99,99	99,99	FC
SA CHM	France	86,89	86,84	86,76	FC
SA BARATEM	France	99,25	99,25	99,25	FC
SA HOLDING GARDEN PINÈDE	France	100	100	100	FC
SCI HÔTEL GARDEN PINÈDE	France	100	100	100	FC
SCI RUE ROYALE	France	99,99	99,99	99,99	FC
ELYSÉE PALACE EXPANSION	France	91,66	91,61	91,55	FC
ELYSÉE PALACE SA	France	91,63	91,59	91,53	FC
SCI LYDIA INVESTISSEMENT	France	97	97	97	FC
SCI LES THERMES	France	99,99	99,99	99,99	FC
SARL THERM'PARK	France	99,99	99,99	99,99	FC
SA GROUPE PARTOUCHE INTERNATIONAL	Belgium	99,9	99,9	99,9	FC
SA SIKB	Belgium	100	99,9	99,9	FC
SARL SEK	France	99,87	99,86	99,86	FC
SCI EDEN BEACH CASINO	France	99,87	99,86	99,86	FC
SCI PALAVAS INVESTISSEMENT	France	99,88	99,88	99,88	FC
CAFÉ CARMEN	France	-	99,95	99,95	FC
CBAP CENTRE BALNÉOTHÉRAPIE	France	99,99	99,99	99,99	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE 2010	INTEREST PERCENTAGE 2009	INTEREST PERCENTAGE 2008	CONSOLIDATION METHOD
VILLA DU HAVRE (T)	France	-	99,99	100	FC
SCI FONCIÈRE DE VITTEL ET CONTREXÉVILLE	France	100	100	100	FC
EUROPÉENNE DE CASINO HOLDING	France	100	100	100	FC
BELCASINOS	Belgium	100	100	100	FC
CASINO CHAUDFONTAINE	Belgium	99,9	99,98	99,98	FC
SCI GAFA	France	89,81	89,81	89,8	FC
SCI AZUR BANDOL (T)	France	-	-	100	FC
CASINO VIRGINIAN DE RENO	United States	100	100	100	FC
SCI MIAMI (T)	France	-	99,78	99,78	FC
SCI LES MOUETTES	France	100	100	100	FC
SCI LES JARRES	France	100	100	100	FC
HOLDING LUDICA	France	100	100	100	FC
GIE EUROP GESTION COMPANY	France	100	100	100	FC
SCI LERICHE ROSTAGNE (T)	France	-	100	100	FC
SCI JMB	France	100	100	100	FC
CASINO DE LA SEYNE-SUR-MER	France	97,65	97,65	97,65	FC
VZW	Belgium	100	100	100	FC
CIE CASINO HOLDING (L)	Switzer-land	-	-	99,96	FC
VISTALEASING (L)	Switzer-land	-	-	99,96	FC
SCI PARC DE POSAY	France	89,71	89,71	89,71	FC
SARL PARC DU CHÂTEAU	France	71,76	71,76	71,76	FC
CINÉMA ELYSÉE VICHY	France	88,15	88,11	88,01	FC
CASINO DE SAXON (L)	Switzer-land	-	-	99,96	FC
CASINO SLUIS NV	Nether-lands	59,94	59,94	59,94	FC
SCI DE L'ARVE	France	99,89	99,88	99,88	FC
SOMARG (T)	France	-	-	99,9	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE 2010	INTEREST PERCENTAGE 2009	INTEREST PERCENTAGE 2008	CONSOLIDATION METHOD
SCI LA TREMBLADE	France	70,06	70,06	70,06	FC
PARTOUCHE IMMOBILIER	France	100	100	100	FC
PARTOUCHE SPECTACLES	France	100	100	100	FC
KIOUSK	France	99,99	99,99	99,99	FC
GROUPEMENT DE MOYEN DES CASINOS	France	100	100	100	FC
GIE IMCJC (*)	France	100	100	-	FC
INTERNATIONAL GAMBLING SYSTEMS	Belgium	19	-	-	FC
ÉTABLISSEMENT THERMAL CONTREXÉVILLE (T)	France	-	100	100	FC
COMPANIES CONSOLIDATED USING THE EQUITY METHOD					
CASINOS					
INTERNATIONAL CASINO OF MADRID	Egypt	17,85	17,63	17,63	EM
OTHER					
STÉ FRANCAISE INVEST HOTEL	France	-	-	25	EM
SAS HÔTEL PALAIS DE LA MÉDITERRANÉE	France	-	-	25	EM
FAIR PLAYERS	France	-	19,2	15,6	EM
PROPORTIONALLY CONSOLIDATED COMPANIES					
CASINOS					
SA CASINO DE GRASSE	France	49,74	49,73	49,73	IP
OTHER					
SCI DU CASINO DE GRASSE	France	49,77	49,77	49,77	IP

(*) Companies added to the scope of consolidation

(T) Transmission universelle de patrimoine

(L) Dissolution 2010

20.2.2 FINANCIAL STATEMENTS OF THE COMPANY ON 31 OCTOBER 2010

BALANCE SHEET ASSETS (NET VALUES) €000 AT 31 OCTOBER	NOTES	2010	2009	2008
FIXED ASSETS				
Intangible assets	**2.1 / 2.2**			
Concession and similar rights		439	390	545
Internally generated goodwill		73 004	73 081	73 157
Deposits and down payments on fixed assets		191	18	18
Tangible fixed assets	**2.1 / 2.2**			
Land		67	67	145
Buildings		3 151	3 438	4 091
Technical equipment		-	131	158
Other tangible fixed assets		983	1 106	324
Assets under construction		15	15	736
Financial investments				
Other investments	2.3 / 2.4	538 161	565 904	555 708
Loans	2.5	50	63	68
Other financial investments	2.4 / 2.5	161	160	155
Total fixed assets		**616 221**	**644 373**	**635 106**
CURRENT ASSETS				
Merchandise		204	43	74
Advances and down payments to suppliers		319	6	6
Trade receivables	2.5	80	9	55
Other receivables	2.4 / 2.5	211 267	287 480	286 039
Marketable securities		1 025	848	857
Cash and cash equivalents		19 676	1 036	115
Prepaid expenses	2.5 / 2.10	1 595	1 475	1 580
Total current assets		**234 166**	**290 899**	**288 726**
REGULARISATION ACCOUNTS				
Capitalised expenses		1 436	2 186	2 935
Translation adjustment – asset		222	299	127
TOTAL ASSETS		**852 046**	**937 756**	**926 895**

BALANCE SHEET LIABILITIES AND EQUITY €000 AT 31 OCTOBER	NOTES	2010	2009	2008
Share capital (o/w fully paid: 163,640) (1)	2.13	163 640	86 195	86 195
Share premium, merger and contribution reserves		54 285	54 285	54 285
Legal reserve		8 619	8 619	8 619
Other reserves		14 423	14 423	14 423
Retained earnings		231 318	232 184	210 099
NET INCOME FOR THE YEAR (PROFIT OR LOSS)		(79 033)	(866)	22 085
Equity	**2.12**	**393 252**	**394 840**	**395 706**
Provisions for contingencies	2.4	301	378	203
Provisions for losses	2.4	-	-	407
Provisions for contingencies and losses		**301**	**378**	**611**
Bank loans (3)	2.6	296 280	305 470	308 104
Other borrowings	2.6	26 390	100 982	101 038
Advances and deposits on outstanding orders		-	-	-
Trade creditors	2.6	980	7 666	3 918
Tax and social security liabilities	2.6	2 892	2 809	1 815
Liabilities in respect of fixed assets	2.6	80	80	223
Other liabilities	2.6	131 850	125 511	115 457
Deferred income	2.6 / 2.11	21	20	21
TOTAL (2)		**458 493**	**542 538**	**530 575**
Translation adjustment - liability		-	-	3
TOTAL EQUITY AND LIABILITIES		**852 046**	**937 756**	**926 895**
(1) Capitalised revaluation differential		294	294	294
(2) Liabilities and deferred income falling due or to be released in less than one year		277 499	149 455	430 575
(3) Includes current account bank balances and bank overdrafts		3 197	7 387	10 021

INCOME STATEMENT €000 ON 31 OCTOBER	NOTES	2010	2009	2008
Sales of goods held for resale		111	132	31
Sales of services		14 293	13 538	14 780
Net turnover	2.14	**14 405**	**13 670**	**14 812**
Fixed services		-	876	-
Operation Subsidies		1	25	-
Reversals of depreciation, amortisation, provisions and expense transfers (7)		457	703	588
Other revenue		-	1	9
Total operating revenue (2)		**14 863**	**15 274**	**15 409**
OPERATING EXPENSES				
Purchases of goods (and custom duties)		272	101	105
Change in goods		(161)	31	(74)
Other purchases and external expenses (6bis)		10 659	14 338	11 325
Tax		402	418	478
Personnel costs		3 469	3 261	3 990
Social security expenses		1 461	1 332	1 552
Depreciation and amortisation charges and provision on fixed assets		1 641	1 688	1 520
Impairment of current assets		46	-	92
Other expenses		3	2	68
Total operating expenses		**17 793**	**21 171**	**19 056**
OPERATING INCOME		**(2 930)**	**(5 896)**	**(3 647)**
Income allocated or loss transferred		31	31	29
Loss borne or income transferred		-	1	1
Income from associates (5)	2.16	26 991	26 419	50 334
Income from other marketable securities and receivables (5)		1	1	1
Other interest income (5)		10 365	11 167	19 610
Provision reversals and expense transfers		3 286	7 416	3 106
Positive foreign exchange differences		1	-	4
Net gains on the disposal of marketable securities		4	10	692
Total financial income		**40 648**	**45 013**	**73 747**

INCOME STATEMENT €000 ON 31 OCTOBER	NOTES	2010	2009	2008
FINANCE COSTS				
Depreciation, amortisation and provision charges		70 311	32 707	28 324
Interest expense (6)		61 341	24 767	35 697
Negative foreign exchange differences		21	24	-
Total finance costs		**131 673**	**57 499**	**64 021**
FINANCIAL ITEMS		**(91 025)**	**(12 485)**	**9 726**
CURRENT INCOME BEFORE TAX		**(93 924)**	**(18 352)**	**6 107**
Exceptional income on management transactions		35	25	401
Exceptional income on capital transactions		235	2 926	1 010
Provision reversals and expense transfers		-	407	4 934
Total exceptional income		**270**	**3 358**	**6 345**
Exceptional expense on management transactions		20	1 103	4 943
Exceptional expense on capital transactions		225	3 958	282
Exceptional depreciation, amortisation and provision charges		1 700	-	-
Total exceptional expense		**1 945**	**5 061**	**5 225**
EXCEPTIONAL ITEMS	2.17	**(1 675)**	**(1 703)**	**1 120**
Employee profit-sharing		-	-	-
Corporate income tax	2.18	(16 565)	(19 189)	(14 858)
Total income		**55 812**	**63 676**	**95 530**
Total expense		**134 845**	**64 542**	**73 445**
NET PROFIT OR LOSS		**(79 033)**	**(866)**	**22 085**
(2) Includes property rental income		582	628	735
(2) Includes operating revenue relating to prior financial years		35	24	263
(4) Includes operating expense relating to prior financial years		20	979	1
(5) Includes income from associated entities		37 046	37 156	61 234
(6) Includes interest from associated entities		42 961	9 357	10 878
(6bis) Includes contributions made to organisations deemed to be in the public interests		16	1	29
(7) Includes expense transfers		457	568	588

Notes to the parent company financial statements

Notes to the balance sheet before appropriation for the financial year ending 31 October 2010 which totals €852,046k and the income statement for the financial year, presented in list format, showing total income of €55,812k and a net loss of €79,033k.

The financial year under review is the 12-month period from 1 November 2009 to 31 October 2010.

The key highlights of this financial year were as follows:

- A capital increase with shareholders' preferential right of subscription, which was launched on 19 July 2010 and completed on 13 August 2010, in the amount of €77,446 thousand.

Financière Partouche participated in the capital increase, through the conversion of a part of the shareholder receivable that it holds with respect to Groupe Partouche. Following the operation, Financière Partouche held an 80.83% interest in Groupe Partouche, compared with its previous stake of 66.92%.

- Loan write-offs totalling €38,793 thousand with a clawback provision were granted to our subsidiaries. In the financial year, loan write-offs with a clawback provision granted to Groupe Partouche totalled €5,230 thousand.

The notes and tables below are an integral part of the annual financial statements.

There were no changes of accounting policy or presentation in the parent company accounts.

1 - ACCOUNTING POLICIES AND PRESENTATION

The balance sheet and the income statement of Groupe Partouche SA are drawn up in accordance with French regulations and with accounting principles generally applied in France. Thus they have been drawn up as provided by:

- CRC Regulation 2002.10,
- The new 1999 chart of accounts adopted by the CRC on 29 April 1999 (Regulation 9903),
- Law 83-353 of 30 April 1983,
- Decree 83-1020 of 29 November 1983.

As a reminder, for the year ending 31 October 2005, the company had carried out an analysis of its buildings based on three components contributing to the net carrying value of these assets as of 31 October 2005 which breaks down as follows:

- Structures: 51%
- Fluids: 24%
- Fixtures and fittings: 25%

The main accounting policies applied are as follows:

1.1 Intangible assets

Intangible assets related to software licences are written off over a period of 1 to 4 years.

A long lease charge is written off over a period of 30 years.

1.2 Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at their historical acquisition cost (supplemented by acquisition expenses), at their production cost or at their contribution value in respect of SIHB SA fixed assets contributed as part of the merger-renunciation agreement concluded in 1994 with retroactive effect as of 1 November 1993.

We use a straight-line method of depreciation over the expected useful lives of the assets.

BUILDINGS:	Straight-line	20 TO 50 YEARS
EQUIPMENT:	Straight-line	3 TO 8 YEARS
FIXTURES AND FITTINGS:	Straight-line	5 TO 10 YEARS
EQUIPMENT USED FOR EVENTS:	Straight-line	3 YEARS
VEHICLES:	Straight-line	5 YEARS
OFFICE AND COMPUTER EQUIPMENT:	Straight-line	2 TO 5 YEARS

1.3 Long-term investments

Long-term investments are stated in the balance sheet at acquisition cost (excluding incidental expenses) or at contribution cost.

When their inventory value falls below their gross value, a provision for impairment is established for the amount of the difference.

The inventory value of investments is based on their value-in-use or fair value.

This value can notably be determined through:

- the calculation of their net asset value in the most recent financial statements of the subsidiary that owns them, adjusted for unrealised capital gains (internally generated goodwill, buildings, deferred tax, etc.),
- forward-looking data such as profitability prospects,
- stock market prices

The securities contributed by SIHB SA are valued at their contribution value at the time of the merger.

The securities contributed under the terms of the Transmission Universelle du Patrimoine in Groupe de Divonne SA , were acquired at their carrying amount.

1.4 Receivables

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

1.5 Receivables and debts denominated in foreign currencies

During the financial year, receivables in foreign currencies are translated on the basis of the exchange rate on the transaction date. At the end of the financial year, these receivables are translated on the basis of the closing rate, and the differences with respect to amounts previously accounted are recorded under "Unrealised gains or losses on foreign exchange transactions". Losses on foreign exchange are provided for under "Provisions for contingencies".

1.6 Cash and cash equivalents

Marketable securities are recorded in the balance sheet at their acquisition cost.

Where the acquisition cost is greater than their net realisable value at the end of the financial year, a provision for impairment is established for the amount of the difference.

1.7 Deferred charges

Deferred charges consist of renegotiation expenses for the debt contracted in September 2005.

These charges are spread over a period of 7 years, the maturity of the loan.

The accounting item initially applied at the date of the flotation of the loan remained unchanged when the rescheduling of the debt was carried out at the end of the financial year, the later being in respect of reimbursements and not the issuing of a new debt.

1.8 Dividends

Dividends received from foreign subsidiaries are recorded at their net amounts after withholding taxes.

1.9 Contingency and loss provisions

Claims by the public authorities in respect of tax and social security re-assessments are provided for, in the amount of the estimated risk on the basis of data available at the end of the financial year.

1.10 Distinction between current profit and exceptional items

The "Exceptional items" income statement heading includes exceptional items resulting from ordinary activities, as well as extraordinary items. Exceptional items resulting from ordinary activities are those whose achievement is not related to the company's ordinary course of business, either because their amounts or impact are of abnormal nature or because they very rarely occur.

2 - ADDITIONAL INFORMATION IN RESPECT OF THE BALANCE SHEET AND INCOME STATEMENT (IN €000)

2.1 NOTE ON INTANGIBLE AND TANGIBLE FIXED ASSETS

€000 AT 31 OCTOBER 2010	GROSS VALUE OF FIXED ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR	INCREASES	
		REVALUATION DURING THE YEAR	ACQUISITION, CREATION, INTER-ACCOUNT
Setup costs, research			
Other intangible assets	**75 499**	**-**	**551**
Land	67	-	-
Buildings on own land	2 145	-	-
Buildings on other land	2 239	-	-
Fixtures and fittings – buildings	2 031	-	-
Machinery and equipment	246	-	-
Other equipment, fixtures and fittings	1 217	-	9
Vehicles	279	-	-
Office and computer equipment, furniture	277	-	78
Fixed assets under construction	15	-	-
Advances and down payments	-	-	-
Total fixed assets	**8 515**	**-**	**87**

€000 AT 31 OCTOBER 2010	DECREASES		GROSS VALUE OF ASSET AT END OF FINANCI AL YEAR	LEGAL RE-VALUATION OF ORIGINAL VALUE AT END FINANCIAL YEAR
	INTER-ACCOUNT TRANSFER	BY SALE OR WITHDRAWAL		
Setup costs, research	-	-	-	-
Other intangible assets	**18**	**-**	**76 032**	**-**
Land	-	-	67	-
Buildings on own land	-	-	2 145	-
Buildings on other land	-	-	2 239	-
Fixtures and fittings – buildings	-	-	2 031	-
Machinery and equipment	-	246	-	-
Other equipment, fixtures and fittings	-	-	1 225	-
Vehicles	-	-	279	-
Office and computer equipment, furniture	-	-	355	-
Fixed assets under construction	-	-	15	-
Advances and down payments	-	-	-	-
Total fixed assets	**-**	**246**	**8 356**	**-**

The company carried out an analysis of its buildings into three distinct components as indicated above, with a view to the application of CRC Regulation 2002.10.

2.2 DEPRECIATION AND AMORTISATION

€000 AT 31 OCTOBER 2010	POSITIONS AND MOVEMENTS DURING THE FINANCIAL YEAR			
	BEGINNING OF THE FINANCI AL YEAR	APPROPRIATION DURING THE FINANCIAL YEAR	DECREASE DURING FINANCIAL YEAR	END OF FINANCIAL YEAR
Setup costs, research	-	-	-	-
Other intangible assets	**2010**	**388**	**-**	**2 399**
Land	-	-	-	-
Buildings on own land	661	71	-	733
Buildings on other land	1 156	112	-	1 268
Fixtures and fittings – buildings	1 159	104	-	1 263
Machinery and equipment	115	7	121	-
Other equipment, fixtures and fittings	264	123	-	387
Vehicles	211	43	-	254
Office and computer equipment, furniture	192	44	-	236
Recoverable packaging and other	-	-	-	-
TOTAL	**3 758**	**504**	**121**	**4 140**
GRAND TOTAL	**5 768**	**892**	**121**	**6 539**

Depreciation and amortization charges for intangible and tangible fixed assets amount to €892k.
Allocations to deferred expenses amount to €749k.
The aggregate of these two charges totals €1,641k *(cf "Depreciation, amortisation and provisions on fixed assets" in the income statement).*

2.3 INVESTMENTS IN ASSOCIATES

€000 AT 31 OCTOBER 2010	GROSS VALUE AT BEGINNING OF THE FINANCIAL YEAR	ACQUISITION, INTER-ACCOUNT TRANSFER
Equity-accounted investments	-	-
Other investments in associates	594 805	2 348
Other long-term investment securities	-	-
Loans and other long-term investments	223	3
TOTAL	**595 028**	**2 352**

€000 AT 31 OCTOBER 2010	DECREASE BY INTER-ACCOUNT TRANSFER	DECREASE BY SALE OR WITHDRAWAL	GROSS VALUE OF ASSET AT END OF FINANCIAL YEAR	LEGAL REVALUATION OF ORIGINAL VALUE AT END FINANCIAL YEAR
Equity-accounted investments	-	-	-	-
Other investments in associates	5	-	597 148	-
Other long-term investment securities	-	-	-	-
Loans and other long-term investments	16	-	211	-
TOTAL	**21**	**-**	**597 359**	**-**

The main movements of the period are as follows:

The increase in the item «Other investments in associates» was primarily attributable to an additional investment of €120 thousand acquired in Forges Thermal SA and an 18% stake taken in SEC SANT JULIEN, through converting €2,224 thousand of receivables.

2.4 PROVISIONS

€000 AT 31 OCTOBER 2010	BEGINNING OF THE FINANCIAL YEAR	INCREASE ALLOCATION	DECREASE RECOVERY	END OF FINANCIAL YEAR
Provisions				
For litigation	79	-	-	79
For foreign exchange losses	299	222	299	222
For tax	-	-	-	-
Other contingency and loss provisions	-	-	-	-
TOTAL	**378**	**222**	**299**	**301**
For property, plant and equipment	-	-	-	-
Provisions for investments in associates	28 902	30 086	-	58 987
Provisions for financial investments	-	-	-	-
Provisions for trade accounts receivables	88	-	-	88
Other provisions for impairment	62 743	41 749	2 987	101 505
TOTAL	**91 732**	**71 834**	**2 987**	**160 580**
GRAND TOTAL	**92 110**	**72 056**	**3 286**	**160 881**
Including:				
Operating allocations and recoveries	-	46	-	-
Financial provision charges and reversals	-	70 311	3 286	-
Exceptional allocations and reversals	-	1 700	-	-
Movements by balance sheet accounts following the TUP	-	-	-	-
Impairment of shares in equity accounted affiliates	-	-	-	-

The provision for disputes in the amount of €79k was recognised in respect of the TUP of SARL Thermes de Vittel carried out in the 2007/2008 financial year. This relates to a dispute between the latter and the CPAM (French national health service office) for the Vosges region.

Provisions for investments in associates were recognised in respect of subsidiaries whose net financial position deteriorated over the period. They increased by €30,086k at 31 October 2010.

"Other provisions for impairment" relates to:

- Certain current account receivables, which were provisioned in respect of the Group's subsidiaries in light of their net financial positions. At 31 October 2010, these provisions amounted to €90,906k.
- The balance of other provisions, at the period-end, represented by receivables from third parties, notably for €6,860k from a third party that has not delivered assets acquired under contract, against whom a legal procedure is in progress, in addition to a Jatek receivable which is fully provisioned for €722k. These provisions were recognised in prior periods;
- Given that a debtor has been placed in receivership, its receivable has been provisioned in the amount of €1.904k.
- Treasury shares held through subsidiaries, which were provisioned in the amount of €22k for the period.
- The reversal of provisions follows the waiver of receivables granted for the financial year.

2.5 MATURITIES OF RECEIVABLES

€000 AT 31 OCTOBER 2010	GROSS AMOUNT	1 YEAR MAXIMUM	+1 YEAR
Loans	50	41	9
Other financial investments	161	161	-
Other trade receivables	168	168	-
Employee accounts payable	7	7	-
Social security and other social benefits	20	20	-
Corporate income tax	4 154	53	4 101
VAT	1 488	1 488	-
Other taxes	11	11	-
Other receivables	-	-	-
Subsidiaries and associates	280 556	280 556	-
Sundry receivables	26 404	24 138	2 266
Prepaid expenses	1 595	1 595	-
GRAND TOTAL	**314 614**	**308 238**	**6 376**
Loans granted during the financial year	-	-	-
Repayment of loans during the financial year	13	-	-

2.6 MATURITIES OF DEBTS

Breakdown of loans and debts is shown under Note 2.21 Post balance sheet events.

€000 AT 31 OCTOBER 2010	GROSS AMOUNT	1 YEAR MAXIMUM	+1 YEAR	MORE THAN 5 YEARS
Bank loans and overdrafts	296 280	140 695	155 585	-
Sundry loans and debts	26 390	982	-	25 408
Trade accounts payable	980	980	-	-
Liabilities to personnel	282	282	-	-
Social security and other social benefits	330	330	-	-
State and other public authorities				
Corporate income tax	-	-	-	-
VAT	2 167	2 167	-	-
Other taxes	113	113	-	-
Miscellaneous	-	-	-	-
Liabilities to fixed asset suppliers	80	80	-	-
Subsidiaries and associates	131 111	131 111	-	-
Other liabilities	739	739	-	-
Deferred income	21	21	-	-
GRAND TOTAL	**458 493**	**277 499**	**155 585**	**25 408**
Bank loans contracted during the financial year	-	-	-	-
Bank loan repayments during the financial year	5 000	-	-	-

2.7 ELEMENTS RELATED TO MORE THAN ONE BALANCE SHEET ITEM

GROSS AMOUNT IN RESPECT OF AFFILIATED UNDERTAKINGS (PARTICIPATING INTERESTS) €000 AT 31 OCTOBER 2010	AMOUNT
Fixed assets	
Participating interests	535 744
Current assets	
Trade receivables	48
Other receivables	205 325
Prepaid expenses	16
Debts	
Loans, sundry financial debts	25 430
Trade accounts payable	45
Other liabilities	126 052
Deferred income	21

The information relating to financial income and expenses is mentioned in Notes 5 and 6 of the income statement.

2.8 ACCRUED INCOME

ACCRUED INCOME RECOGNISED IN THE FOLLOWING BALANCE SHEET ACCOUNTS €000 AT 31 OCTOBER 2010	AMOUNT
Accrued income – social security bodies	20
Accrued income – management fees	15 023
Accrued income – other	223
Other receivables	**15 266**
TOTAL	**15 266**

2.9 ACCRUED EXPENSES INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS

€000 AT 31 OCTOBER 2010	AMOUNT
Personnel – paid vacation and social charges	392
Tax and social charges	134
Other liabilities	738
Accrued interest on overdrafts	3
TOTAL	**1 268**

2.10 PREPAID EXPENSES

€000 AT 31 OCTOBER 2010	AMOUNT
Prepaid operating expenses	1 595
Prepaid financial expenses	-
Total prepaid expenses	**1 595**

2.11 DEFERRED INCOME

€000 AT 31 OCTOBER 2010	AMOUNT
Deferred income	21
Total deferred income	**21**

2.12 STATEMENT OF CHANGES IN EQUITY

€000 at 31 October 2010

EQUITY	BALANCE 31/10/2009	APPROPRIATION OF 2009 PROFIT	POSITION AFTER APPROPRIATION	FINANCIAL YEAR MOVEMENTS	BALANCE 31/10/2010
Share capital	86 195		86 195	77 446	163 640
Share premium account, merger reserve	7 881		7 881		7 881
Contribution reserve	46 404		46 404		46 404
Revaluation reserve	-		-		-
Legal reserve	8 619		8 619		8 619
Statutory reserve	-		-		-
Other reserves	14 423		14 423		14 423
Retained earnings	232 184	(866)	231 318		231 318
Net profit (loss) for the year	(866)	866	-	(79 033)	(79 033)
Net shareholders' equity carried forward	**394 840**	**-**	**394 840**	**(1 588)**	**393 252**

2.13 BREAKDOWN OF SHARE CAPITAL

CATEGORIES OF SECURITIES	YEAR-END	NUMBER OF SHARES ISSUED DURING THE FINANCIAL YEAR	NOMINAL VALUE	TOTAL
Ordinary shares	81 820 207	38 722 789	2 €	163 640 414 €

19,166 shares have been self-held by the Company since the Extraordinary Shareholders' Meeting of 10 November 2003. These treasury shares are presented under marketable securities.
The share price of Groupe Partouche at 31 October 2010 was €1.93.

2.14 BREAKDOWN OF NET TURNOVER

€000 AT 31 OCTOBER 2010	FRANCE	REST OF WORLD	TOTAL AMOUNT
Merchandise sales	111		111
Group management fees	11 052	1 788	12 840
Rent	582		582
Other	871		871
TOTAL	**12 617**	**1 788**	**14 405**

2.15 EXPENSE TRANSFERS

€000 AT 31 OCTOBER 2010	AMOUNT
Miscellaneous operating expense transfers	457
Total operating expense transfers	**457**

2.16 FINANCIAL INCOME FROM ASSOCIATES

€000 AT 31 OCTOBER 2010	AMOUNT
Dividends distributed by subsidiaries	26 991
TOTAL	**26 991**

2.17 BREAKDOWN OF EXCEPTIONAL ITEMS

€000 AT 31 OCTOBER 2010	EXCEPTIONAL EXPENSE	EXCEPTIONAL INCOME
Disposal of fixed assets	125	125
Various exceptional income and expenses for the period	100	100
Various exceptional income and expenses in respect of prior periods	20	45
Exceptional contingencies and losses charge and reversal	1 700	-
TOTAL	**1 945**	**270**

2.18 BREAKDOWN OF CORPORATE INCOME TAX

€000 AT 31 OCTOBER 2010	PROFIT BEFORE TAX	TAX DUE	NET INCOME AFTER TAX
Current Income	(93 924)	(15 989)	(77 935)
Exceptional items	(1 675)	(577)	(1 098)
Accounting Income	**(95 598)**	**(16 565)**	**(79 033)**

N.B. Groupe Partouche SA is head of a tax consolidation group comprising 60 subsidiaries.

2.19 FINANCIAL COMMITMENTS

COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET AND RELATED TO SUBSIDIARIES

€000 AT 31 OCTOBER 2010	
COMMITMENTS GIVEN	AMOUNT
Sureties and deposits	8 601
TOTAL	**8 601**
COMMITMENTS RECEIVED	AMOUNT
Claw back commitments	60 616
TOTAL	**60 616**

COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET AND RELATED TO FINANCING

€000 AT 31 OCTOBER 2010	
COMMITMENTS GIVEN	AMOUNT
Guaranteed bank debt	293 439
TOTAL	**293 439**
COMMITMENTS RECEIVED	AMOUNT
Other commitments received	3 400
TOTAL	**3 400**

COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET AND RELATED TO ACTIVITY

€000 AT 31 OCTOBER 2010	
COMMITMENTS GIVEN	AMOUNT
Sureties and deposits	4 735
Retirement indemnities	78
Operating lease contract	1 424
Other commitments given	236
TOTAL	**6 473**
COMMITMENTS RECEIVED	AMOUNT
Operating lease contract	3 446
TOTAL	**3 446**

2.20 OTHER INFORMATION

A €293m syndicated loan constitutes the major portion of the company's accounting line "bank loans". Modifications were made on 25 January 2011 via an endorsement to the contract, as described in Section 4.1.1 Liquidity risks. The main characteristics of the loan at the balance sheet, before the abovementioned modifications, are as follows:

- **Original loan amount:** €431,000,000.
- **Principal amount outstanding at period-end:** €293,083,000.
- **Repayment terms and conditions:** The outstanding principal, in the amount of €293.1m, is divided in three tranches:

Tranche A debt, €100.1m: amortised as assets are divested. It expires on 31 October 2011.

The applicable annual interest rate is equal to Euribor for the period plus the bank interest margin. The margin for Tranche A debt is 5% per year, falling to 4% once €50m has been amortised, and to 3.5% once €75m has been amortised.

For the purpose of repaying the loan, the group has committed to generate net proceeds of €100.1m by 31 October 2011 by divesting assets in accordance with the clauses stated below.

To reach this amount, repayment can be deferred one year (i.e. until 31 October 2012) as long as the €50m threshold has been achieved by 31 October 2011. As part of this deferment, the applicable bank interest margin will increase to 5%. The total net proceeds from committed asset disposals may increase to €120m if EBITDA recorded on 30 April 2011 is lower than EBITDA specified in the memorandum of understanding.

Tranche B debt, €100.0m: amortised in 10 half-yearly instalments in the amount of €10m.

The applicable annual interest rate is equal to Euribor for the period plus the bank interest margin. The margin for Tranche B debt is:

- 3.25% per year until 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011);
- 4.00% per year for the financial year beginning 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011). This rate ceases to apply as of 31 October 2013;
- 5.50% per year from 31 October 2013.

Tranche C debt, €93.0m: due on maturity, i.e. 31 October 2015. If Tranche A debt is fully reimbursed, any additional disposals will serve to reimburse Tranche C debt.

The applicable annual interest rate is equal to Euribor for the period plus the bank interest margin. The margin for Tranche C debt is:

- 3.50% per year until 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011);
- 4.25% per year for the financial year beginning 31 October 2011 (or 31 October 2012 if Tranche A debt is fully reimbursed before 31 October 2011). This rate ceases to apply as of 31 October 2013;
- 5.75% per year from 31 October 2013.

- **Guarantees**

1. Covenants

Groupe Partouche is required to respect coverage ratios for its financial expenses, fixed costs and debt on a half-yearly basis with a 12-month sliding scale. In accordance with the terms of the contract, the limits of the financial covenants were adjusted following the introduction of the separation of levy scales in financial year 2010.

R1 financial expense coverage:

The ratio of restated consolidated EBITDA to consolidated net financial expenses must be greater than or equal to:

- 2.4x at 31 October 1010
- 2.5x at 30 April 2011
- 2.6x at 31 October 2011

Restated consolidated EBITDA less the EBITDA attributable to Forges Thermal, Casino Lac Meyrin and Casino Crans Montana which is allocated to minority shareholders of these companies.

Consolidated net financial expenses are the net interest payments on all financial and bank debt.

R2 fixed cost coverage:

The ratio of Consolidated Available Cash Flow to Consolidated Debt Servicing Cost must be greater than or equal to:

- 1x at 31 October 2010
- 1x at 30 April 2011
- 1x at 31 October 2011

Consolidated Available Cash Flow represents the net cash flow (as disclosed in the consolidated cash flow statement in the Group's half-yearly and annual financial statements), adjusted for consolidated debt servicing costs.

Consolidated Debt Servicing Cost is the sum of (a) debt-related consolidated net financial expenses and (b) net amortisation of debt.

R3 gearing:

The ratio of consolidated net gearing to restated consolidated EBITDA must be less than or equal to:

- 4.2x at 31 October 2010
- 3.8x at 30 April 2011
- 2.8x at 31 October 2011

Consolidated net debt represents the Group's debt after offsetting its available net cash flow.

Debt is defined as the Group's borrowings plus any accrued interest, restated capital leases, bank overdrafts, i.e. bank debt as defined in Groupe Partouche's annual and half-yearly financial statements less the share of debt attributable to minority shareholders of Forges Thermal, Casino Lac Meyrin and Casino Crans Montana as of this date.

Available Net Cash is defined as the Group's consolidated net cash, less the net cash of Casino Lac Meyrin and Casino Crans Montana and the physical cash position (i.e. the amount in the float of casinos as disclosed in the Group's half-yearly and annual financial statements).

Net Cash is defined as the cash and cash equivalents item which appears on the asset side of the Group's consolidated balance sheet, less the "gaming levies" classified under current tax liabilities of the Group's consolidated balance sheet.

Non-compliance with these financial covenants triggers mandatory early repayment of the loan.

2. Financial indicator commitments

As part of the bank reporting procedure, variances (12% for financial year 2010) with respect to the business plan figures in quarterly business activity indicators (gross gaming revenue in France) and profitability (EBITDA of casinos and hotels) are likely to be referred to a mediator resulting in a waiver request or mandatory early repayment.

3. Investment limits

The upper limit for annual investments from operating activities has been revised downward to €30m, versus €37m net of disposals under the initial contract and €20m gross following the waiver of 31 October 2008.

External financing is authorised for the purpose of carrying out certain property acquisitions subject to the following debt limits:

- €323m at 31 October 2010
- €320m at 30 April 2011
- €268m at 31 October 2011

Non-compliance with these investment ceilings triggers mandatory early repayment of the loan.

Repayment of surplus cash flow

In order to reduce its debt more quickly, Group Partouche has to allocate part of its Consolidated Surplus Cash Flow to reimbursing its debt.

Consolidated Surplus Cash Flow will be broken down as follows:

A specific proportion, i.e. 30% in 2010 and 2011, then 20% over subsequent years is retained by Groupe Partouche.

The balance is allocated as follows:

- 80% are allocated to reimbursing Tranche C and then Tranche B of the syndicated loan;
- 20% will be used to cover interest payments accruing on the shareholder advance from Financière Partouche.

Consolidated Surplus Cash Flow is defined as any sum over a €15,000,000 threshold of available net cash flow, less bank overdrafts (as recorded in the Group's half-yearly and annual financial statements).

€15m to be maintained in short-term credit lines for the period until 31 October 2011, including €11m exclusively for the Groupe Partouche SA.

At the closing date of financial year 2010, none of these credit lines had been drawn down.

"Other borrowings" includes a €25,4m advance from Financière Partouche SA to Groupe Partouche SA, pursuant to a shareholders' agreement signed on 29 August 2003, amended on 30 September 2005 and 31 December 2009.

2.21 POST BALANCE SHEET EVENTS

RESTRUCTURING OF THE GROUP'S DEBT AND CAPITAL INCREASE OF 30 MILLION EUROS UNDERWRITTEN BY BUTLER CAPITAL PARTNERS

As part of a framework agreement aiming at substantially increasing its equity and at funding its investment programme, Groupe Partouche entered into an agreement with its banking pool to restructure its syndicated loan; it also called upon Financière Partouche and Butler Capital Partners to assist in its raising funds of 30 million euros, a capital increase that will be underwritten by Butler Capital Partners (BCP) and will see BCP take an interest in Groupe Partouche.

Through an endorsement signed on 25 January 2011, amendments that benefit the Group were made to the syndicated loan contract.

Restructuring of the Group's debt

Amended repayment schedule of the Tranche A debt to maximise the revenue from disposals of assets

So as to take into account the climate that made it difficult for the Group to sell assets as it desired, the Tranche A debt of €100.1m, which had to be reimbursed as assets were sold and by 31 October 2011 at the latest, was transformed into an amortisable Tranche debt, with the following repayment schedule:

	IN EUROS	
REPAYMENTS	FORMER DUE DATES	NEW DUE DATES
31/10/2011	100 083 000	
31/10/2012		5 000 000
31/10/2013		15 000 000
31/10/2014		25 000 000
31/10/2015		55 083 000

This restructuring, which is to the Group's benefit, will enable the Group to carry out a thorough re-examination of its divestment programme, to maximise the revenue from its desired future selling of secondary assets.

A decrease in margins which will significantly reduce the cost of credit

As of the completion of the capital increase, the margins will be reduced as follows:

- the margin applicable to Tranche A will be reduced from 5.0% to 4.0% per year and will be reduced to 3.0% once 30 million euros have been repaid, then to 2.5% once 60 million euros have been repaid;
- the margin applicable to Tranche B, which was 3.25% until 31 October 2011, then 4.0% until 31 October 2013 and 5.5% from then on, will be reduced to 3.0% until the loan has been fully repaid; its repayment schedule will not be amended until 31 October 2015;
- the margin applicable to Tranche C, which was 3.5 % until 31 October 2011, then 4.25% until 31 October 2013 and 5.75% from then on, will be reduced to 3.25% until the loan's due date; its being a bullet loan, the original loan is due on maturity, on 31 October 2015.

Amendment to the surplus cash flow repayment clause to finance certain investment

So as to facilitate the financing and so the realisation of the investment programme concerning the building of the Pasinos of La Ciotat, La Grande Motte and Bandol, the Consolidated Surplus Cash Flow Repayment Clause (as laid down under the terms of the syndicated loan) will only apply above the ceiling of 26 million euros for the 2009/2010 and 2010/2011 financial years. Consolidated surplus cash flow generated by the Group up to this limit of 26 million euros will therefore not be concerned by this repayment clause, that is, partial allocation of the Group's cash position for the early repayment of the syndicated loan and payment of the interest on the shareholder loan advanced by Financière Partouche.

Furthermore, Groupe Partouche and the pool of banks agreed, to review the contractual definition of the Consolidated Surplus Cash Flow and the financial indicator commitments, by 30 May 2011, in order to take into account the Group's new financial position.

Application of the amendment of the Consolidated Surplus Cash Flow Repayment Clause

The annual accounts closed on 31 October 2010 accounted for the contractual application of the surplus cash flow clause prior to the amendment of 25 January 2011; the part allocated to the early repayment of the syndicated loan, i.e. €17.4m (see calculation shown in Section 4.1.1 paragraph 5.2) was thus recorded under current debt. This accounting treatment is to be distinguished from the treatment that accounts for the new calculation adopted for the 2010 financial year, which reduces the amount allocated to the early repayment to €2.9m.

This item combined with the amended repayment schedule of Tranche A of the syndicated loan lead to a new ventilation between current and non-current shares of the post « Banks borrowings» as follows *(please refer to § 4.1.1 «Liquidity Risks»).*

€000 AT 31 OCTOBER	CURRENT SHARE 2010	NON-CURRENT SHARE 2010	TOTAL 2010
Banks borrowings before the endorsement of 25/01/2011	140 695	155 585	296 080
Impact of the endorsement of 25/01/2011	(114 643)	114 643	-
Banks borrowings after the endorsement of 25/01/2011	26 052	270 228	296 080

2.22 AVERAGE WORKFORCE

AT 31 OCTOBER 2010	STAFF
Executives	27
Non-executives	19
TOTAL	**46**

2.23 COMPENSATION ALLOCATED TO THE EXECUTIVE AND SUPERVISORY BOARD MEMBERS

These compensations amounted to €1,160,593 and consisted of:

- Remuneration allocated to the members of the Supervisory Board €216,000
- Rremuneration allocated to the members of the Executive Board €944,593

No directors' fees were allocated to the members of the Supervisory Board.

2.24 COMMITMENTS FOR PENSIONS AND OTHER RETIREMENT COSTS

Due to their insignificant amount, no provisions were established in respect of pensions and other retirement costs.

2.25 SUNDRY INFORMATION

Since the syndicated loan currently in force has a variable rate of interest, a hedge against the interest rate risk is in place since financial year 2007, for an amount of €100m.

The hedge is a revocable swap with an interest rate of 4.25% to be applied until 31 July 2012.

2.26 DEFERRED TAX

€000 AT 31 OCTOBER 2010	AMOUNT
Tax to be paid on:	
Pre-deducted expenses	(553)
Prepaid tax on:	
Temporarily non-deductible expenses (to be deducted on the following financial year)	481
Taxed profit to be deducted at a later date	-
Net deferred tax	**(72)**

3 – SUBSIDIARIES AND ASSOCIATED ENTITIES AT 31/10/2010

Information in €000

NAME	HEAD OFFICE	SHARE CAPITAL	EQUITY (*)
SUBSIDIARIES (MORE THAN 50% OF SHARE CAPITAL)			
Cie EUROPÉENNE DE CASINOS	PARIS	24 813	254 106
HOLDING GARDEN PINÈDE	JUAN-LES-PINS	15 418	14 379
HÔTEL COSMOS	CONTREXÉVILLE	50	(2 698)
SOC EXPLOIT° CASINO ET HÔTELS CONTREXÉVILLE	CONTREXÉVILLE	75	(31)
SOCIÉTÉ DU CASINO DE ST-AMAND-LES-EAUX	ST-AMAND-LES-EAUX	17 786	25 126
SOCIÉTÉ DU GRAND CASINO DE CABOURG	CABOURG	300	(1 553)
GRAND CASINO DE LA TRINITÉ-SUR-MER	TRINITÉ-SUR-MER	75	(2 816)
GRAND CASINO DE BEAULIEU	BEAULIEU	150	(9 962)
JEAN METZ	BERCK-SUR-MER	80	559
NUMA	BOULOGNE-SUR-MER	80	906
SA DU CASINO ET DES BAINS DE MER	DIEPPE	396	522
SOCIÉTÉ FONCIÈRE DE VITTEL ET CONTREXÉVILLE	CONTREXÉVILLE	50	134
GRAND CASINO DU HAVRE	LE HAVRE	150	(3 716)
SCI LES THERMES	AIX-EN-PROVENCE	150	(1 748)
SCI DE LA RUE ROYALE	PARIS	134	160
SOCIÉTÉ CANNES BALNÉAIRE	CANNES	2 551	(36 156)
GROUPE PARTOUCHE INTERNATIONAL	BRUXELLES	144	(29 040)
SATHEL	LA TOUR SALVAGNY	323	28 442
CASINO DES 4 SAISONS	LE TOUQUET	392	1 792
SA LYDIA INVEST	LE BARCARÈS	40	(11 354)
SCI LYDIA INVESTISSEMENT	LE BARCARÈS	2	(799)
HÔTEL INTERNATIONAL DE LYON	LYON	300	3 726
LE TOUQUET'S	CALAIS	92	1 201
CASINOS DE VICHY	VICHY	240	(5 413)

% HELD	DIVIDENDS RECEIVED	GROSS VALUE OF INVEST-MENTS	NET VALUE OF INVEST-MENTS	LOANS, ADVANCES IN GROSS VALUE	GUARANTEES	TURNOVER	NET INCOME
100,00 %	-	316 504	316 504	-	-	-	1 565
100,00 %	-	336	336	3 715	-	-	226
100,00 %	-	50	-	2 902	-	1 514	134
100,00 %	-	6 833	6 833	612	-	2 460	308
100,00 %	3 720	18 371	18 371	9 242	-	23 933	4 137
100,00 %	-	564	564	4 024	-	5 032	49
100,00 %	-	76	-	6 783	-	1 628	(763)
100,00 %	-	152	-	8 084	-	1 681	(3 278)
100,00 %	580	3 025	3 025	32	-	3 684	460
100,00 %	200	3 458	3 458	614	-	4 670	490
100,00 %	-	4 611	4 611	-	-	5 958	647
100,00 %	825	50	50	1 101	-	298	71
99,99 %	-	150	150	22 886	-	11 568	5 337
99,99 %	-	-	-	5 543	-	1 228	550
99,99 %	-	534	534	-	-	70	31
99,99 %	-	48 424	-	59 203	-	909	(532)
99,90 %	-	153	-	37 419	-	-	(1 964)
99,86 %	15 100	93 525	93 525	1 980	-	28 081	8 322
99,53 %	488	5 593	5 593	237	-	3 566	525
97,60 %	-	444	-	11 197	-	11	(1 479)
97,00 %	-	2 023	-	1 188	-	-	(350)
97,00 %	3 104	4 007	4 007	11 541	-	13 346	3 182
90,05 %	360	4 668	4 668	-	-	4 188	433
79,93 %	-	371	-	14 487	-	3 932	(2 881)

NAME	HEAD OFFICE	SHARE CAPITAL	EQUITY (*)
ELYSÉE PALACE EXPANSION	VICHY	40	(712)
ELYSÉE PALACE HÔTEL	VICHY	40	(783)
SOC. CHEMINS FER ET HÔTELS MONTAGNE PYRÉNÉES	VICHY	701	938
CASINO DE LA TREMBLADE	LA TREMBLADE	38	(853)
FORGES THERMAL	FORGES-LES-EAUX	15 600	42 892
TTH DIVONNE	DIVONNE-LES-BAINS	2 442	5 994
CASINO D'ANNEMASSE – SGCA	ANNEMASSE	200	3 155
CASINO DE CRANS-MONTANA	CRANS-MONTANA (SUISSE)	3 648	8 887
CASINO D'HAUTEVILLE-LOMPNES – SCHL	HAUTEVILLE-LOMPNES	60	(879)
PARTOUCHE INTERACTIVE	PARIS	370	1 467
PARTOUCHE IMMOBILIER	PARIS	12 000	11 857
PARTOUCHE SPECTACLES ET ÉVÉNEMENTS	PARIS	37	(881)
CENTRE FORMATION PROFESSIONNEL CASINOS	FORGES-LES-EAUX	8	(134)
ASSOCIATED ENTITIES (10 TO 50% OF SHARE CAPITAL)			
SOCIÉTÉ DU CASINO MUNICIPAL D'AIX THERMAL	AIX-EN-PROVENCE	2 160	19 722
SOCIÉTAT DE L'OCI DELS PYRENEUS	ESCALDES ENGORDANY	38	NC
BASTIDE II RICH TAVERN	MONTPELLIER	46	NC
PALAVAS INVESTISSEMENT	PALAVAS-LES-FLOTS	8	(506)
CASINO DE SAINT-JULIEN-EN-GENEVOIS	SAINT-JULIEN-EN-GENEVOIS	211	7 060
OTHER INTERESTS			
CASINO DE PALAVAS	PALAVAS-LES-FLOTS	330	1 710
CASINO MUNICIPAL DE ROYAT	ROYAT	240	2 100
EDEN BEACH CASINO	JUAN-LES-PINS	1 056	13 284
SCI TREMBLADE	LA TREMBLADE	1	64
SEMTEE	ESCALDES ENGORDANY	25 242	38 333
CASINO D'AGON COUTAINVILLE	AGON COUTAINVILLE	51	7 524

% HELD	DIVIDENDS RECEIVED	GROSS VALUE OF INVEST-MENTS	NET VALUE OF INVEST-MENTS	LOANS, ADVANCES IN GROSS VALUE	GUARANTEES	TURNOVER	NET INCOME
79,76 %	-	1 308	1 308	4 196	-	-	(74)
79,80 %	-	1 240	-	589	-	-	(70)
76,63 %	-	602	602	-	-	56	(168)
69,76 %	-	53	-	1 040	-	1 528	(308)
59,49 %	-	11 573	11 573	-	-	23 317	1 715
98,70 %	-	25 075	25 075	950	-	23 646	2 005
99,89 %	-	10 387	10 387	-	-	11 399	1 869
57,00 %	2 026	1 857	1 857	2	-	12 171	4 088
100,00 %	-	3 000	-	3 510	-	1 585	5 934
96,00 %	-	9 706	9 706	23 842	-	5	5 327
100,00 %	-	12 600	12 600	3 252	-	557	134
100,00 %	-	37	-	965	-	127	(373)
100,00 %	-	8	-	95	-	49	(54)
38,63 %	522	2 780	2 780	-	-	29 254	293
33,00 %	-	13	13	49	-	NC	NC
25,00 %	-	46	-	-	-	NC	NC
10,00 %	-	122	122	387	-	212	146
18,00 %	-	2 224	2 224	-	-	6 444	1 240
9,09 %	40	183	183	-	-	7 196	946
1,91 %	24	73	73	-	-	6 913	1 533
1,44 %	-	155	155	-	-	8 271	(1 067)
1,00 %	-	-	-	2 688		307	77
0,61 %	-	181	181	-	-	12 802	2 266
0,05 %	-	2	2	6	-	2 626	435

NAME	HEAD OFFICE	SHARE CAPITAL	EQUITY (*)
CASINO D'ARCACHON	ARCACHON	60	1 341
SOCIÉTÉ THERMALE DE PLOMBIÈRES-LES-BAINS	PLOMBIÈRES-LES-BAINS	38	NC
CASINO LE LION BLANC	ST-GALMIER	240	1 829
CASINO LES FLOTS BLEUS	LA CIOTAT	200	934
CASINO LE MIAMI	ANDERNOS	758	1 997
CASINO DU PALAIS DE LA MÉDITERRANÉE	NICE	281	(85)
CASINO DE LA ROCHE-POSAY	LA ROCHE-POSAY	177	32 773
SCI DE L'ARVE	ANNEMASSE	381	1 450

(*) Equity includes share capital, reserves and retained earnings, income of the financial year as well as the investments subsidies and the statutory provisions.

% HELD	DIVIDENDS RECEIVED	GROSS VALUE OF INVEST-MENTS	NET VALUE OF INVEST-MENTS	LOANS, ADVANCES IN GROSS VALUE	GUARANTEES	TURNOVER	NET INCOME
0,03 %	-	1	1	-	-	3 609	163
0,00 %	-	2	-	-	-	NC	NC
0,16%	2	-	-	-	-	6 434	1 414
0,02 %	-	-	-	92	-	3 399	450
0,00 %	-	-	-	60	-	3 092	506
0,03 %	-	-	-	884	-	8 530	(2 367)
0,00 %	-	-	-	-	-	8 609	2 967
0,04 %	-	-	-	-	-	900	360

4 - CAPITAL GAINS ON WHICH TAX HAS BEEN DEFERRED (€000)

Contributing company: SIHB Company absorbed by Cie Fermière des Eaux (now Groupe Partouche)

Beneficiary company: Groupe Partouche
141 bis rue de Saussure - 75017 PARIS

Nature of the operation: Merger

Date of the operation: Extraordinary Shareholders' Meeting of 29 July 1994 which authorised the merger with retroactive effect as of 1/11/1993

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

LAND

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
Cliff	1	-	(1)

INVESTMENTS IN ASSOCIATES

NAME	NUMBER OF SHARES	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
SA CASINO DES 4 SAISONS 26 rue St-Jean 62520 Le Touquet	22 050	1 210	5 488	4 278
SA EDEN BEACH CASINO Boulevard Edouard Baudouin 06160 Juan-les-Pins	924	305	155	(150)
SA FORGES THERMAL Avenue des Sources 76440 Forges-les-Eaux	6 210	2 310	9 072	6 762
SA JEAN METZ Avenue du Général de Gaulle 62600 Berck-sur-Mer	992	27	3 025	2 998
SA NUMA 37 rue Félix Adam 62200 Boulogne-sur-Mer	4 930	113	3 457	3 344
SA CASINO ET BAINS DE MER DIEPPE Boulevard de Verdun 76200 Dieppe	4 600	991	3 825	2 834
SA SATHEL 200 avenue du Casino 69890 Tour de Salvagny	10 008	10 965	29 104	18 139
SA LE TOUQUET'S 59 rue Royale 62100 Calais	1 801	210	4 668	4 458
SUBTOTAL		**16 131**	**58 794**	**42 663**

RECEIVABLES

DESIGNATION	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
JATEK	778	778	-

CAPITAL GAINS ON DEPRECIABLE ASSETS (*)

BUILDING

DESIGNATION	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
GRANVILLE Cellar	-	1	1
SAINT-PLACIDE apartment	19	76	57
Subtotal	**19**	**77**	**58**
TOTAL	**16 929**	**59 649**	**42 720**

(*) Capital gains on depreciable assets have been recognised

4 BIS - CAPITAL GAINS ON WHICH TAX HAS BEEN DEFERRED (€000)

Contributing company: SA Groupe de Divonne
141 bis rue de Saussure – 75017 PARIS

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 PARIS

Nature of the operation: Transmission universelle de patrimoine

Date of the operation: 2/11/2007

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

NON-DEPRECIABLE ASSETS	TAX VALUE	BOOK VALUE	BALANCING AMOUNT RECEIVED	BALANCING AMOUNT TAXED	EXCHANGE OR CONTRIBUTION VALUE
Internally-generated goodwill		71 719			71 719
Investments in associates	40 368	40 347			40 347
Other financial investments - Loan of securities	15	15			15

CAPITAL GAINS ON DEPRECIABLE ASSETS

Nil.

5 – RESULTS OF THE LAST FIVE YEARS (EXPRESSED IN EUROS)

INDICATION	YEAR ENDED 31/10/2006 (12 MONTHS)	YEAR ENDED 31/10/2007 (12 MONTHS)	YEAR ENDED 31/10/2008 (12 MONTHS)	YEAR ENDED 31/10/2009 (12 MONTHS)	YEAR ENDED 31/10/2010 (12 MONTHS) BEFORE AGM APPROVAL
I- SHARE CAPITAL AT THE END OF THE FINANCIAL YEAR					
Share capital	86 194 836	86 194 836	86 194 836	86 194 836	163 640 414
Number of existing ordinary shares	43 097 418	43 097 418	43 097 418	43 097 418	81 820 207
Number of shares carrying priority	-	-	-	-	-
dividends (without voting rights)	-	-	-	-	-
Maximum number of shares that may be created in the future	-	-	-	-	-
By conversion of bonds	-	-	-	-	-
By exercising share subscription options	-	-	-	-	-
II- RESULTS FOR THE FINANCIAL YEAR					
Turnover excluding tax	11 442 639	14 841 731	14 811 850	13 670 179	14 404 586
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	19 034 378	18 642 656	29 122 471	6 409 212	(25 186 673)
Corporate income tax	(15 457 725)	(15 367 897)	(14 858 226)	(19 188 997)	(16 565 318)
Employee profit-sharing for the financial year	-	-	-	-	-
Depreciation, amortisation and provision charges	(7 048 558)	10 052 695	21 895 836	26 464 308	70 411 732
Net income	41 540 660	23 957 858	22 084 860	(866 100)	(79 033 087)
Distributed profit	0	0	0	0	0
III- EARNINGS PER SHARE					
Income after tax and employee profit-sharing, but before depreciation, amortisation and provisions	0,80	0,79	1,02	0.59	(0,11)
Income after tax, employee profit-sharing, depreciation, amortisation and provisions	0,96	0,56	0,51	(0,02)	(0,97)
Dividend per share	-	-	-	-	-

INDICATION	YEAR ENDED 31/10/2006 (12 MONTHS)	YEAR ENDED 31/10/2007 (12 MONTHS)	YEAR ENDED 31/10/2008 (12 MONTHS)	YEAR ENDED 31/10/2009 (12 MONTHS)	YEAR ENDED 31/10/2010 (12 MONTHS) BEFORE AGM APPROVAL
IV- PERSONNEL COSTS					
Average workforce during the financial year	48	45	45	45	46
Payroll for the financial year	3 732 642	4 582 816	3 989 574	3 261 394	3 468 842
Social benefits paid for the financial year	1 580 688	1 744 407	1 551 827	1 331 574	1 461 183

20.3 Verification of annual historic financial information

20.3.1 STATUTORY AUDITORS' REPORTS

Report of the statutory auditors on the consolidated financial statements

Financial year ended 31 October 2010

Ladies and Gentlemen,

In accordance with our appointment as Statutory Auditors by your Shareholders' Meeting, we hereby report to you for the financial year ended 31 October 2010 on:

- the audit of the consolidated financial statements of Groupe Partouche SA, as attached to this report;
- the justification of our assessments;
- the special verification required by law.

The consolidated financial statements were approved for publication by the Executive Board. Our role is to express an opinion on these financial statements, based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, on a test basis, or using other sampling methods, the evidence substantiating the amounts shown and disclosures made in the consolidated financial statements. An audit also includes assessing the accounting principles adopted and the significant estimates made in drawing up the financial statements, as well as assessing their overall presentation. We believe that the evidence we have gathered provides a sufficient and reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position and its assets and liabilities, and of the results of the operations of the group of persons and entities included in the scope of consolidation for the year then ended, in accordance with IFRS as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 2 of the notes to the consolidated financial statements (paragraph «Accounting estimates and assumptions»), which reports a change in the estimate of goodwill impairment.

II - JUSTIFICATION OF ASSESSMENTS

In accordance with Article L. 823-9 of the French Commercial Code (Code de commerce) governing the justification of our assessments, we hereby report on:

As mentioned in the first part of this report, Note 2 of the notes to the consolidated financial statements (paragraph «Accounting estimates and assumptions») reports a change in the accounting estimate of goodwill impairment. As part of our assessment of the significant estimates made by management, we assessed whether this estimate was reasonable and verified the resulting presentation thereof.

At each financial year-end, the company performs tests to determine any impairment in the value of goodwill, in accordance with the methods described in Note 2 of the notes to the consolidated financial statements (paragraph «Accounting principles and valuation methods used by the Group»). We have examined the methods used for these tests goodwill impairment tests as well as the estimates of cash flows and assumptions used, and we have verified that the Notes 2 and 5 of the notes to the consolidated financial statements give appropriate information.

The assessments on these matters were performed in the context of our audit approach for the consolidated statements taken as a whole and therefore contributed to the expression of our opinion in the first part of this report.

III - SPECIFIC AUDIT PROCEDURE

In accordance with professional standards applicable in France, we also verified the specific disclosures required by law to be included in the group's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Marseille and Paris, 24 February 2011

MCR Baker Tilly	**France Audit Expertise**
Alexandra Mathieu	Emmanuel Quiniou

Report of the Statutory Auditors on the financial statements of the Company as at 31 October 2010

Ladies and Gentlemen,

In accordance with our appointment as Statutory Auditors by your Shareholders' Meeting, we hereby report to you for the financial year ended 31 October 2010 on:

- the audit of the accompanying annual financial statements of GROUPE PARTOUCHE SA;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements, based on our audit.

I - OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves the verification, either on a test basis or using other sampling methods, of the evidence substantiating the amounts and disclosures appearing in the annual financial statements. An audit also includes assessing the accounting principles adopted and the significant estimates made in drawing up the financial statements, as well as assessing their overall presentation. We believe that the evidence we have gathered provides a sufficient and reasonable basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of October 31, 2010 and of the results of its operations for the year then ended, in accordance with French accounting regulations.

II - JUSTIFICATION OF ASSESSMENTS

In accordance with Article L. 823-9 of the French Commercial Code (Code de commerce) governing the justification of our assessments, we hereby report on:

Note 1.3 to the annual accounts, which sets out the accounting principles and methods applicable to noncurrent financial assets applied by the company, notably the assessment criterion for the book value compared to value in use of investment securities or their fair market value. As part of our assessment of the accounting methods and principles adopted by your group, we verified the appropriateness of the abovementioned accounting policies and that of the disclosures in the notes to the financial statements and have ascertained that they were properly applied.

These assessments were made in the context of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III - SPECIFIC PROCEDURES AND DISCLOSURES

We have also performed the other procedures required by law in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Executive Board's management report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

We checked the disclosures made pursuant to Article L. 225-102-1 of the Code of Commerce concerning the remuneration and benefits paid to the corporate officers and the commitments entered-into in their favour, for consistency with the financial statements or with the data used to draw up those financial statements and, where applicable, with the information provided to your company by the companies controlled by it or that it controls. On the basis of our audit, we hereby certify the truthfulness and accuracy of, and fair view provided by this information.

Pursuant to the law, we have verified that the Executive Board's report contains the appropriate disclosures as to the identity of and percentage interests and votes held by shareholders.

Marseille and Paris, on 24 February 2011

MCR Baker Tilly	**France Audit Expertise**
Alexandra Mathieu	Emmanuel Quiniou

20.3.2 OTHER INFORMATION VERIFIED BY THE STATUTORY AUDITORS

No other information has been verified by the statutory auditors other than that cited in their reports presented above. *(Chapter 20.3.1)*

20.3.3 FINANCIAL INFORMATION NOT CONTAINED IN THE FINANCIAL STATEMENTS

Groupe Partouche published on 24 February 2011 its revenue for the first quarter of the financial year in progress, which has been reproduced in Section 12. This internally sourced financial information has not been verified by the statutory auditors.

20.4 Dividend distribution policy

The net dividends distributed for the previous five financial years, tax paid (tax credit) and the total corresponding income are as follows:

FINANCIAL YEAR FOR WHICH THE DIVIDEND WAS PAID YEAR ENDED 31 OCTOBER	NET DIVIDEND PAR SHARE (IN €)	TAX ALREADY PAID (TAX CREDIT)	TOTAL INCOME
2005	-	-	-
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-

During the financial year ending 31 October 2009, no interim dividend was paid.

Any dividend that remains unclaimed within five years of falling due is payable under applicable legal provisions to the French state (Service des domaines French government estates commission).

No dividend has been proposed in respect of the financial year ending 31 October 2010.

Groupe Partouche has not distributed any dividends for a number of years, since its priority is to reimburse the bank debt contracted in connection with external growth transactions (Compagnie Européenne de Casinos in 2002 and Groupe de Divonne in 2005). The October 2009 agreement with the syndicated-loan banking pool entails a covenant in an amendment to the subordination agreement restraining the Group from voting dividend payments or other distributions of earnings until the loan is fully repaid, i.e. until 31 October 2015.

20.5 Legal and arbitration proceedings

See Note 2 to the consolidated financial statements, "Description of the accounting policies and valuation methods applied by the Group".
See also Note 16 to the consolidated financial statements, "Other current and non-current provisions".

ACCOUNTING OPTIONS FOR CONTINGENCIES AND CLAIMS

A legal claim is only provisioned when the obligation towards a third party is deemed likely to lead to an outflow of resources without consideration.

CLAIMS

▸ A claim dating back to April 2000 results from the failure by Mr Jean Rouch to execute an agreement for the sale of the assets of Riviera SA in Cannes in August 1999. Mr Jean Rouch has declared himself debtor and Groupe Partouche is seeking to ensure that this undertaking is honoured. The receivable in the amount of €6,860k has been provided for in full.

▸ Active tax-related claims have been estimated on the basis of information available at the balance sheet date. Evaluations of any tax-related claims are conducted within each subsidiary, on a case-by-case basis and in detail with respect to each of the grounds presented for reassessment. Provisions are recognised for any claims for which a favourable outcome does not seem likely.

CLAIMS INVOLVING THE COMPANY INDIRECTLY

To the best of the company's knowledge, there are no governmental, legal or arbitration proceedings, including any proceedings that might be suspended or threatened, which may have or which have had a material impact on the company's or the Group's financial position or profitability during the past twelve months.

20.6 Significant changes in the financial or trading position

No significant change in the financial or trading position of the Group has occurred since the end of the financial year for which verified financial statements or interim financial statements have been published.

21 ADDITIONAL INFORMATION

21.1 Share Capital

21.1.1 SHARE CAPITAL AT 31 OCTOBER 2010

At 31 October 2010, the share capital amounts to €163,640,414 (One hundred sixty three million six hundred forty thousand four hundred and fourteen Euros).

It comprises 81,820,207 shares (eighty on million eight hundred twenty thousand two hundred and seven) of 2 (two) euro each, with their nominal value fully paid up.

21.1.2 SECURITIES THAT DO NOT REPRESENT THE SHARE CAPITAL

There are no securities that do not represent the share capital, since all of the shares issued are the same type.

21.1.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

Purchase transaction relating to the shares of the company by the company in respect of financial year 2009-2010

Since the Shareholders' Meeting of 24 April 1998, Groupe Partouche SA has an authorisation relating to the purchase each year of treasury shares in compliance with the provisions of Article L.225-209 of the Code of Commerce.

The implementation of the purchase by the company of its own shares is being carried out in accordance with the provisions of European Regulation 2273/2003 dated 22 December 2003, stipulated by the general regulation of AMF dated 2005. The Executive board meeting held on 19 August 2010 decided to re-allocate these shares to an authorized objective.

Number of treasury shares held

Groupe Partouche holds 19,166 of its own shares at 31 October 2010. Since 2000, no repurchase programme was implemented. These shares are presented in the balance sheet of Groupe Partouche for a nominal value of 38,332 euro and a carrying amount of 36,991 euro *(cf. Note 14 of the notes to the consolidated financial statements).*

Existing authorisation

The Extraordinary Shareholders' Meeting of 6 April 2009 renewed its authorisation to the Executive Board to repurchase its own shares on the stock market under the provisions of Article L.225-209 of the Code of Commerce, primarily in order to remit shares in exchange for payment, particularly with respect to external growth transactions, either with a view to awarding share purchase options in favour of the Group's personnel and senior management.

The maximum purchase price has been set at 15 euro per share and the minimum sale price is 1 euro. This authorisation, which is valid for a maximum period of 18 months, will expire on 5 October 2010, has not been used.

21.1.4 OTHER SECURITIES GIVING ACCESS TO THE CAPITAL

None

21.1.5 SHARE CAPITAL SUBSCRIBED, BUT NOT PAID UP – CAPITAL INCREASE

The Executive Board benefits from the following authorizations granted by the Extraordinary Shareholders' Meeting of 6 April 2009, which may lead to the issue of securities conferring access to the share capital. These authorisations are summarised in the table below:

NATURE OF TRANSACTION AUTHORIZED	DURATION AND EXPIRATION OF AUTHORISATION	MAXIMUM AMOUNT	TERMS
Capital increase ▪ In cash (EGM of 6 April 2009)	26 months 6 June 2011	500,000,000 €	With and without preferential right of subscription
Capital increase ▪ By capitalisation of reserves, Premiums of net profit (EGM of 6 April 2009)	26 months 6 June 2011	Amount of premiums, reserves and earnings available	
Capital increase ▪ By private investments (EGM of 6 April 2009)	26 months 6 June 2011	Maximum amount of 20% of the share capital per year	With and without preferential right of subscription

In accordance with the authorisation given by the annual general meeting held on 6 April 2009, the Executive board meeting held on 16 July 2010, convened an increase in the share capital of the company as provided by the statutory regulations.

21.1.6 SHARE CAPITAL UNDER OPTION

None

21.1.7 HISTORY OF SHARE CAPITAL

Changes in share capital over the five preceding financial years:

YEAR (FROM 1 NOVEMBER 2006 TO 31 OCTOBER 2010)	SUCCESSIVE AMOUNTS OF SHARE CAPITAL	CUMULATIVE NUMBER OF SHARES
2006	86 194 836 €	43 097 418
2007	86 194 836 €	43 097 418
2008	86 194 836 €	43 097 418
2009	86 194 836 €	43 097 418
2010	163 640 414 €	81 820 207

21.1.8 MARKET IN THE COMPANY'S FINANCIAL INSTRUMENTS

Groupe Partouche SA shares were admitted to the "Premier Marché" of the Euronext Paris stock exchange – Euronext (ISIN code: FR0000053548) on 2 November 1998 and are included in the SBF 250 and Next 150 indices.

Share transfers and payments of dividends are handled by CM-CIC Securities 6 rue de Provence 75009 PARIS.

The table below shows the change in the share price and transaction volume of Groupe Partouche S.A. shares:

PERIOD	PERIOD HIGH AND LOW (IN €)		NUMBER OF SHARES EXCHANGED	CAPITAL (IN €M)
	HIGH	LOW		
2009				
January	3,55	2,39	874 926	2,58
February	2,72	2,11	266 709	0,66
March	2,49	1,67	727 302	1,40
April	3,19	2,30	271 869	0,76
May	3,56	2,59	1 197 745	3,57
June	3,19	2,72	133 684	0,40
July	3,00	2,64	158058	0,45
August	3,57	2,80	638 858	2,08
September	3,74	2,81	1 346 190	4,38
October	4,19	2,93	3 111 851	11,22
November	3,30	2,61	558 541	1,73
December	3,05	2,57	1 209 321	3,36
2010				
January	3,29	2,71	835 154	2,53
February	3,04	2,14	778 076	1,93
March	2,79	2,37	733 351	1,93
April	2,94	2,59	772 288	2,16
May	2,79	2,08	850 641	1,97
June	2,47	2,12	1 426 959	3,27
July	2,64	1,85	2 918 661	6,19
August	2,06	1,66	1 591 165	2,97
September	2,28	1,66	7 267 128	14,62
October	2,00	1,78	2 798 042	5,29
November	2,16	1,78	2 683 835	5,38
December	1,97	1,71	2 275 979	4,22

21.2 Memorandum and Articles of Association

Constituent Deeds and Articles of Association (please see § 5.1.3)

Pursuant to article 37 of the Articles of Association, amendments of the later can only be convened by an extraordinary general meeting of the shareholders, mainly in respect of the changes of the Company type. However, an EGM cannot increase the commitments of the shareholders, subject to operations resulting from the groupings of shares as provided by the law.

21.2.1 PURPOSE

Pursuant to article 3 of the Articles of Association, the purpose of the company in France and all other countries is:

- the administrative, financial and accounting management of all the present or future companies operating mainly in the entertainment, hotels and gaming sectors;
- the acquisition of equity stakes of all types in such companies;
- assisting these companies in improving their growth by providing all types of services;
- all transactions in shares in French and foreign markets;
- acquisition and sale of real estate fixed assets and current assets.

And in general all types of industrial and commercial operations related to:

- the creation, acquisition, rental, lease or operation of all types of business in any of the abovementioned sectors of activity;
- the acquisition, operation or sale of any process or patent related to these activities;
- the direct or indirect participation in any type of financial, real estate or personal property operations or commercial enterprise transaction related to the abovementioned purpose or any other connected purpose.

21.2.2 DISPOSITIONS IN THE ARTICLES OF ASSOCIATION OR ELSEWHERE RELATING TO EXECUTIVE AND MANAGEMENT BODIES

OPERATION OF THE SUPERVISORY BOARD

(cf. § 14.3 internal regulations)

Members of the Supervisory Board must own one share.

Moreover, the organisation methods and operation of Supervisory board are detailed in paragraph 14.3 relating to the internal regulation that it adopted on 27 October 2005, as modified on 24 December 2008 and in Articles 21 and 22 of the Articles of Association of Groupe Partouche SA , reproduced below:

ARTICLE 21 - ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD

- The Supervisory Board elects from among its members a Chairman and a Vice-Chairman, natural persons, who are responsible for calling Board meetings and directing its debates. They are appointed for the period of their mandate on the Supervisory Board. The Board determines their remuneration, if any. The Board may appoint a secretary who may be selected from non-shareholders.

- The Board meets as often as the interests of the Company dictate. However, the Chairman must convene a meeting of the Board no more than 15 days after the request date, when at least one member of the Executive Board, or at least one third of the members of the Supervisory Board present him with a substantiated request to do so. Meetings take place at the registered office or at any other place indicated in the notice of meeting. Any member of the Board may, via letter or telegram, mandate another advisor to represent him at a Board meeting. The effective presence of at least half of the members of the Board is required for its operations to be valid. The Executive Board's deliberations shall be valid if at least one-half of its members are present or deemed present; each member present or represented has one vote and each member present only has one vote. The vote of the meeting's chairman is casting in the event of a tie vote.

- A register is kept and signed by the members of the Board who attend the meeting. The Supervisory Board's deliberations are officially established by minutes kept in a special record filed at the Company's registered office. Copies or extracts of minutes presenting the Board's deliberations are provided and certified in accordance with the law.

ARTICLE 22 - POWERS OF THE SUPERVISORY BOARD

The Supervisory Board performs a permanent control of the way in which the Company is managed by the Executive Board.

It appoints the members of the Executive Board and designates its Chairman, and, where applicable, the General Managers; it proposes their revocation to the Shareholders' Meeting and sets the level of their remuneration.

It convenes the Shareholders' Meeting of Shareholders, if convocation is not issued by the Executive Board.

It gives the Executive Board the authorisations required prior to the operations falling within the provisions of Article 17 above.

It authorises agreements governed by Article 24 of the Articles of Association.

At any time, it may perform verifications and controls as it sees fit, and may receive any document it deems useful to accomplish its mission. It presents its observations on the Executive Board report and the accounts for the financial year to the Ordinary Annual Shareholders' Meeting.

The Supervisory Board may decide to transfer the registered office within the same département or an adjoining département, subject to such a decision's ratification by the next Ordinary Shareholders' Meeting.

The Supervisory Board may grant one or more of its members any special mandates for one or more pre-determined purposes and set their remuneration for this end.

EXECUTIVE BOARD ORGANISATION AND PROCEDURES

Members of the Executive Board must hold at least one share in the Company.

The organisation and procedures of the Executive Board are stipulated in Article 18 of the Articles of Association of Groupe Partouche SA, which is reproduced below:

ARTICLE 16 - THE EXECUTIVE BOARD - FORMATION

1 – The company is managed by an executive board under control of the supervisory board.

The executive board is formed by at least two members or seven at the utmost, appointed by the supervisory board.

2 – The members of the executive board must be individual entities who can be selected apart from the shareholders, even among the paid personnel of the company.

Should a member of the supervisory board be appointed with the executive board, its first mandate comes to an end starting the commencement of its office in the executive board.

Subject to the legal exceptions, none can belong simultaneously to more than two executive board, nor exercise the functions of general manager or chairman of the board of directors in more than two limited companies having their head office in Metropolitan France.

A member of the executive board will not accept to be appointed to the executive board or be sole general manager of another company, without the prior authorization of the supervisory board.

3 - Any member of the executive board can be revoked by the ordinary general assembly, upon recommendation of the supervisory board.

Such revocation does not terminate a contract of employment, if same has been conducted with the revoked member.

4 – The supervisory board set up the remuneration of each member of the executive board upon their nomination.

ARTICLE 18 - ORGANISATION AND PROCEDURES OF THE EXECUTIVE BOARD

I – The Supervisory Board appoints one of the members of the Executive Board as Chairman.

The Executive Board meets as often as the interests of the Company dictate, as convened by its Chairman or at least one-half of its members, at the registered office or at any other place indicated in the notice of meeting.

The Chairman of the Executive Board presides over its meetings and appoints a secretary, who need not be a member of the Executive Board.

The Executive Board's deliberations are only valid if at least one-half of its members are in attendance.

The Executive Board's decisions are taken based on the majority of the votes of its members. Voting by proxy is prohibited.

In the event of a tie, the Chairman casts the deciding vote.

II – The deliberations of the Executive Board may be officially established by minutes kept in a special record, signed by the members of the Executive Board having attended the meeting.

The minutes mention the names of the members in attendance and those of the absent members.

Copies or extracts of these minutes are certified by the Chairman of the Executive Board or by one of its members and, in the event of liquidation, by the authorised liquidator.

III – The members of the Executive Board may divide among themselves all management tasks, subject to the authorisation of the Supervisory Board. However, this allocation of tasks may not under any circumstances absolve the Executive Board from its obligation to meet regularly and deliberate upon the most important issues faced in managing the Company, nor may it prevent its members from acting collectively to ensure the management of the Company.

ARTICLE 19 - POWERS AND OBLIGATIONS OF THE EXECUTIVE BOARD

1 - The Executive Board is entrusted with large powers to act in all circumstances in the name of company, within the limits of the purpose of the company and subject to the powers given by the law to the Supervisory Board and the Shareholders general assemblies.

The company is committed by the Executive Board even through operations with third parties, that might by off its purpose, unless given the circumstances, it is proven that said parties were aware of such. The publication of the articles of association does not constitute such a proof.

The disposal of buildings, global or partial participations, guarantees, as well as deeds have be authorized by the supervisory board, except as provided by the law.

Should the supervisory board refuse such authorizations, the executive board, if deems necessary, may call for a general meeting of the shareholders to obtain such authorizations.

2 – The executive board submits to the supervisory board a quarterly management report. Within three months following the closure of the financial year, it submits to the supervisory board, the annual and if necessary the consolidated financial statements, for control.

3 – The company is represented by the chairman of the executive board in its relations with third parties.

The supervisory board may allot the same to one or more of the members of the executive board; they are then called deputy general managers.

All documents committing the company must be signed by the chairman of the executive board, or one of the deputy general managers or any other person authorized to these effects.

As provided by article 8 of the articles of association, the executive board is in addition entrusted with necessary powers to increase the share capital of the company.

I - Capital increase

[...] Capital increases are decided upon or authorised by the Extraordinary Shareholders' Meeting of shareholders, which may delegate to the Executive Board the necessary powers to carry out capital increases in one or more stages, to set their terms and conditions, to formally record the performance of these increases and to amend the Articles of Association accordingly. A capital increase must be carried out within five years of the date of the Shareholders' Meeting having decided upon or authorised the increase, except in the case of capital increases resulting from the conversion of bonds into shares or additional increases reserved for bondholders who will have opted for conversion, or for capital increases decided pursuant to the provisions of Article L. 225-229-III of the Code of Commerce. [...].

21.2.3 RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHING TO SHARES

These are stipulated in Article 15 of the Articles of Association, which is reproduced below:

ARTICLE 15 - RIGHTS AND OBLIGATIONS ATTACHING TO SHARES

I - Each share entitles its holder to a share in the Company's profits and assets proportional to the number of shares issued, as stipulated in Articles 40 and 43 hereafter.

II - Ownership of a share automatically implies acceptance of the Company's Articles of Association and of the resolutions passed by the Shareholders' Meeting.

The rights and obligations attached to a share pass to the acquirer thereof, whoever he or she may be.

The heirs or creditors of a shareholder may not, on any pretext whatsoever, demand that seals be affixed to the property of the Company or request the division or public sale by auction of same, or interfere in any way in the Company's administration. In order to exercise their rights, they must refer to the Company's schedules of assets and liabilities and to the resolutions of the Shareholders' Meeting.

III – Shareholders are only liable for the debts of the Company up to the par value of the shares they hold.

21.2.4 CHANGE IN THE RIGHTS OF HOLDERS OF THE SHARES

By reference to article 21.2.4 of Annex I of European Regulation 809-2004, no actions exist to modify shareholders' rights that are more strict than those provided by law.

21.2.5 SHAREHOLDERS' MEETINGS

GENERAL REGULATIONS

Notice of meeting procedures – Announcements to shareholders *(Article 27 of the Articles of Association and Decree of 23 June 2010)*.

▪ Shareholders' Meetings may be convened by the Executive Board, or failing this, by the Supervisory Board or the Statutory Auditors, as provided by Article R225-162 of the Code of Commerce), or by a proxy designated by the President of the Commercial Court rendering a decision under a summary procedure, upon the request of one or more shareholders together holding at least one-tenth of the share capital, or by the official liquidator.

▪ Shareholders' Meetings are held either in the head office or in any other place that should be specified in the notice.

▪ Notices can be published in the newspapers entitled to receive legal notices in the departmental region of the head office and also in the Bulletin des Annonces Légales Obligatoires. Shareholders holding nominative shares for at least one month from the date of publication of the announcement are convened by an ordinary letter. They may request delivery a registered letter if they remit to the company the relevant postage costs.

▪ The period between the last dispatch of these letters or publications and the date of the meeting must be at least fifteen days from the first notice and six days thereafter

The notice of the meeting should indicate the name of the company and if possible its logo, the type of the company, the amount of the share capital, the address of the head office, the registration number, the date, time and place of the meeting as well as the nature of the meeting and its agenda.

The subject of the items comprised in the agenda shall be clearly and exactly described.

Should a meeting be adjourned due to a failure to obtain an adequate quorum, a second meeting is convened in the same form and manner, and notice thereof shall include the date of the first meeting.

Any meeting that has not been convened in the required form and manner can be deemed null and void. However, recourse to such voidability is withdrawn should all shareholders have attended or been represented.

The proxy form addressed by the company to the shareholders shall clearly inform them that should the proxy form omit to designate the name of the nominated representative, their vote will be considered favourable to the resolutions submitted by the Executive Board; the documents listed by Article 133 of the Decree should be enclosed with the proxy form (now article R225.81 of the Code of Commerce),

Announcements to shareholders, in advance of any meeting, may be made by any of the following means:

▪ By sending, at their request, the agenda of the meeting, draft resolutions, notices in respect of the members of the Executive and Supervisory Boards and in respect of the candidates to these positions, the report of the Executive Board and the observations of the Supervisory Board and a summary in respect of the company's financial position and net profit for the last five years. Moreover, the following should be enclosed:

- in advance of an Annual Shareholders' Meetings, the income statement, the balance sheet and the special report of the Statutory Auditors,
- in advance of an Extraordinary Shareholders' Meeting, the report of the statutory auditors, if applicable.

▪ The abovementioned documents should be made available to the shareholders at the Company's head office, as should the list of companies, the list of shareholders, and the indication of the total compensation paid to the Company's five highest earning individuals, as well as the report of the statutory auditors and if applicable, merger or disposal proposals.

Voting by correspondence

Any shareholder may vote by correspondence by completing an official form established in accordance with the law that will be valid only if received at least three days prior to the date of the Shareholders' Meeting. Forms which do not indicate a clear vote or which express an abstention are considered as nay votes.

Admission to shareholders' meetings *(article 28 of the articles of association)*

All shareholders may attend and vote at Shareholders' Meetings, irrespective of the number of the shares held. Only spouses of shareholders or other shareholders in the Company may serve as proxies.

The right to take part in Shareholders' Meetings is contingent upon being a registered shareholder, or, for owners of shares in bearer form, upon the delivery of a certificate of share ownership to the location indicated on the notice of meeting by the authorised account-holding intermediary, confirming that such shares are not available for sale from the date of this delivery until the date of the meeting. These formalities must be carried out within three days prior to the date of the meeting.

Voting rights *(article 31 of the articles of association)*

Each shareholder present or represented by proxy at a Shareholders' Meeting has as many votes as the shares held or represented, without limitation.

Multiple voting rights

None.

Quorum *(articles 34 for the AGM and 36 for the EGM of the articles of association, and article 6 of the Law of 26 July 2005)*

The extraordinary general assembly decides of the changes in the articles of association, subjects to a majority quorum as provided by article 36 here below:

I – the deliberations of the extraordinary general assembly are deemed valid when the shareholders present or represented detain one quarter for a first convening or one fifth for the second of the company shares with voting rights. Should this quorum fails, the second general assembly can be extended for at the utmost two months.

The quorum in all general meetings, are calculated after the deduction of shares with no voting rights as provided by the law or the regulations in force.

II – the resolutions voted by all extraordinary general assemblies, whether on first or second convening, are deemed valid with the 2/3 of the voting rights of the shareholders present or represented.

The assemblies held on second convening, can only deliberate on the agenda of the first assembly.

21.2.6 CLAUSES DELAYING, DEFERRING OR PREVENTING A CHANGE OF CONTROL

There are no clauses that restrict a change of control.

Article 13 of the Articles of Association stipulates:

ARTICLE 13 - TRANSMISSION OF SHARES

Shares may be freely exchanged subject to legal provisions. Transmission is effected by account transfer under the terms and conditions specified by the texts in force.

21.2.7 CROSSING OF OWNERSHIP THRESHOLDS

Crossing of statutory thresholds and penalties in the event of non-compliance with disclosure requirements *(article 12 of the articles of association)*

Pursuant to Article L. 233-7 §5 of the Code of Commerce, and article 12 of the articles of association, shareholders must notify the company of the number of shares held directly or indirectly, alone or in concert, whenever their holding crosses the threshold of 2% of the share capital or a multiple of this percentage.

In the event of non-compliance with this disclosure obligation, shares exceeding the non-disclosed fraction will be deprived of their voting rights at the request, recorded in the minutes of the Shareholders' Meeting, of one or more shareholders, holding 5% at least of the capital of the company, when the shares of the company are officially listed on a stock exchange.

21.2.8 CHANGES IN THE SHARE CAPITAL

Article 8 of the Articles of Association stipulates as follows:

ARTICLE 8 - CHANGES IN THE SHARE CAPITAL

I - Capital increases

The share capital may be increased either by issuing new shares or by increasing the par value of the existing shares.

The new shares shall be paid for either in cash or through compensation with debts in liquid funds due and payable by the Company, through capitalisation of reserves, income or share issue premiums, with assets in kind or through bond conversion.

The new shares are issued either at their par value or at this value increased by an issue premium: they may be

ordinary shares or preferred shares enjoying certain advantages over other shares and entitling their holders to preferential rights to income or assets or any other indirect advantage.

Capital increases are decided upon or authorised by the Extraordinary Shareholders' Meeting of shareholders, which may delegate to the Executive Board the necessary powers to carry out capital increases in one or more stages, to set their terms and conditions, to formally record the performance of these increases and to amend the Articles of Association accordingly. A capital increase must be carried out within five years of the date of the Shareholders' Meeting having decided upon or authorised the increase, except in the case of capital increases resulting from the conversion of bonds into shares or additional increases reserved for bondholders who will have opted for conversion, or for capital increases decided pursuant to the provisions of Article L. 225-229-III of the Code of Commerce.

When a capital increase takes place through the capitalisation of reserves, income or share issue premiums, the Shareholders' Meeting deciding upon the increase must meet the quorum and majority requirements for Ordinary Shareholders' Meetings.

In the event of an issue of new shares to be paid for in cash, the share capital of the Company prior to the proposed increase must first be fully paid-up and the shareholders shall be entitled to exercise their pre-emptive right to subscribe to shares as provided by law. The entitlement of usufructuaries and bare owners to the pre-emptive subscription right is governed by the aforementioned Article.

If the new shares are paid for through compensation with debts due and payable by the Company, the latter shall be disclosed in financial statements prepared by the Executive Board, certified as valid by the Statutory Auditors and attached to the statement of subscription and payment.

The minimum subscription period is ten trading days, with the option for early termination of this period once the capital increase is subscribed by shareholders in proportion to their existing holdings.

The Shareholders' Meeting that decides upon the capital increase may elect to exclude the pre-emptive subscription right upon examining the reports of the Executive Board and the Statutory Auditors.

Capital increases shall be carried out notwithstanding the existence of fractional rights. Those shareholders not possessing the number of subscription or share rights exactly required to obtain a whole number of new shares, shall have to personally arrange for the purchase or sale of fractional rights to bring their holdings to a whole number.

In conjunction with any decision to increase the Company's share capital, the Extraordinary Shareholders' Meeting shall also need to consider a draft resolution intended to authorise a capital increase reserved for employees. Moreover, a draft resolution of this kind must be presented, once every five years, (with the specification that such consultation is now carried out every 3 years) for the approval of an Extraordinary Shareholders' Meeting convened for this purpose, as long as the shares held by the employees of the Company and of any affiliated company as defined under Article L. 225-180 of the Code of Commerce represent less than 3% of the total share capital.

II - Redemption of share capital

The share capital may, upon the decision of the Extraordinary Shareholders' Meeting, be redeemed by way of an equivalent reimbursement for each share, through transfer of income or reserves, with the exception of the legal reserve.

Dividend shares thus created may be reconverted into capital shares, either through an obligatory transfer of the portion of company profits attributable to these shares, or through an optional payment by each of the owners of dividend shares.

III - Capital decreases

The share capital may be reduced in one or more stages for any reason, either by reducing the par value of shares or the number of shares. If a capital decrease is not entailed by losses, bondholders and creditors may oppose the decrease.

A decision to reduce the share capital, regardless of its motivation, to a level below the minimum required by law may only be taken if a capital increase can be effected to increase the share capital to a level above said minimum, unless the company is to be transformed into a company of another form not requiring a capital amount greater than its share capital following the decrease.

Should this condition not be met, any interested party may apply for a court order requiring the dissolution of the Company. The dissolution of the Company shall not take effect if, on the date when the court's decision is rendered, the share capital has been brought back up to the legal minimum.

The Company is not authorised to buy back its own shares. However, the Shareholders' Meeting having decided upon a capital decrease not entailed by losses may authorise the Executive Board to buy back a specified number of shares as to cancel them. This buyback shall be proportional to the number of shares held by each shareholder and limited to shares available in the market.

Capital decreases are decided or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry them out.

In all cases, the proposal for a reduction in the share capital is communicated to the Statutory Auditors no less than 45 days prior to the Shareholders' Meeting of shareholders convened to decide upon this proposal.

The meeting examines the report of the Statutory Auditors, who present their assessment of the justification and conditions for the capital decrease.

If the capital decrease is carried out by reducing the number of shares, shareholders are required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares can be exchanged for new shares.

IV - Stock splits and reverse stock splits

In the event of a stock split or reverse stock split, shareholders are also required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares can be exchanged for new shares.

21.2.9 HOLDING COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

(articles 39 and 40 of the articles of association)

ARTICLE 39 – HOLDING COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

I - Presentation of the accounts

At the end of each financial year, the Executive Board establishes the schedule of the assets and liabilities existing at that date.

It also draws up the income statement and the balance sheet.

The Executive Board prepares a written report on the results for the financial year, the situation of the company and its business activity during the period under review.

These documents are made available to the Statutory Auditors at the company's registered office at least 45 days prior to the Shareholders' Meeting convened to approve the holding company financial statements, with the exception of the report on the results for the financial year and the situation of the company, which may be made available to the Statutory Auditors no less than 20 days prior to the meeting. Copies of these documents must be forwarded to the Statutory Auditors should they request them.

II - Presentation and measurement methods

The income statement and the balance sheet are established each year in accordance with the same presentation guidelines and measurement methods used in previous years. However, in the event of any proposed changes, the Shareholders' Meeting, upon examining the financial statements established in accordance with both the proposed and existing presentation guidelines and methods, as well as the reports of the Executive Board and the Statutory Auditors, shall render its decision upon the proposed changes.

If methods other than those required by applicable legal and regulatory provisions were used for the measurement of the company's assets in the schedule and in the balance sheet, mention is made of this fact in the report presented by the Executive Board.

III - Amortization and depreciation

All necessary depreciation, amortisation and provisions are recognised even if there has not been any profit or it has been insufficient, to ensure that the balance sheet provides a fair view of the Company's financial position.

Depreciation is recognised for any impairment in the carrying amount of assets, whether due to wear Provisions are recognised for all capital losses on other assets as well as probable future losses and expenses.

The company's incorporation costs are amortised prior to any distribution of profit.

Capital increase expenses are amortised no later than the end of the fifth financial year following the one in which these expenses were incurred. These expenses may be charged to the amount of the issue premium relating to the capital increase.

IV - Deposits, sureties and guarantees

The amounts of deposits, sureties or guarantees given are mentioned at the foot of the balance sheet.

ARTICLE 40 - APPROPRIATION AND ALLOCATION OF EARNINGS

- Net earnings consist of the net profit for the financial year, less overheads and other company expenditure, as well as the depreciation or amortisation of company assets and all provisions for commercial and industrial contingencies.
- Net earnings are appropriated and allocated as follows:
  - A deduction of 5% is taken from net profit for the year after the offset of any prior year losses carried forward, for the purpose of creating the legally required "legal reserves", until these reserves equal one-tenth of the company's share capital;
  - Net earnings to be appropriated consist of the net profit for the financial year, less prior-year losses and legally required reserves, plus retained earnings carried forward;
  - The Shareholders' Meeting then allocates the amounts it deems appropriate to the optional, ordinary and/or extraordinary reserves, and to retained earnings.

The resulting balance, if any, is allocated among all shareholders proportionately to their paid-up outstanding shareholdings. However, except in the event of a capital decrease, no payment to shareholders is carried out if the

resulting amount of net assets is or would otherwise become less than the combined amount of the share capital and reserves that may be distributed as provided by law or by the Articles of Association.

The Shareholders' Meeting may decide to allocate amounts deducted from the optional reserves either in order to provide or supplement a dividend or for the purpose of allocating exceptional provisions; in this case, the resolution shall expressly indicate the reserve categories from which these deductions are to be made.

After the approval of the financial statements by the Shareholders' Meeting, any losses are recorded in a special account for offset against profit of future years until the expiry of their availability for carry forward.

- The Shareholders' Meeting convened to approve the financial statements for a given year may grant to each shareholder, in respect of all or a part of the dividend set aside for distribution, an option to be paid either in cash or in shares, the price of which is previously determined as provided by law. The offer of payment in shares must be made simultaneously to all shareholders. Requests by shareholders in this regard must be made during a period determined by the Shareholders' Meeting, which may not last longer than three months from the date of this meeting.

21.3 Statutory auditors' fees

	MCR				FRANCE AUDIT EXPERTISE			
	AMOUNT (€K)		%		AMOUNT (€K)		%	
AT 31 OCTOBER	2010	2009	2010	2009	2010	2009	2010	2009
Audit Statutory audit, certification, audit of the individual company and consolidated financial statements								
Issuer	110	107	26 %	28 %	110	107	13 %	16 %
Fully consolidated subsidiaries	281	259	67 %	69 %	712	567	84 %	84 %
Other work and services performed directly related to the mission of statutory auditor								
Issuer	30		7 %		30		4 %	
Fully consolidated subsidiaries		12		3 %			0 %	
SUBTOTAL	**421**	**378**	**100 %**	**100 %**	**852**	**674**	**100 %**	**100 %**
Other services rendered by the networks to fully consolidated subsidiaries								
Legal, tax, employee-related								
Other (specify if > 10% of audit fees)								
SUBTOTAL	**0**	**0**	**0 %**	**0 %**	**0**	**0**	**0 %**	**0 %**
TOTAL	**421**	**378**	**100 %**	**100 %**	**852**	**674**	**100 %**	**100 %**



22 MATERIAL CONTRACTS

On 27 September 2005, at the same time as the acquisition of Groupe de Divonne, Groupe Partouche contracted a new syndicated credit, which constitutes the bulk of the Group's bank debt. This credit is for an initial term of seven years for an amount of €431m. The guarantees related to this credit are the collateralization of the securities of the Group's main subsidiaries, and the monitoring of financial ratios related to the profitability, financial structure and investments of the Group. *(cf. Note 17 of the notes to the consolidated financial statements (item 20.2.1) and § 4.1.1 liquidity risk).*

On 26 August 2003, Groupe Partouche concluded a shareholder advance agreement granted by Financière Partouche SA , for an amount of €100,000,000 for a duration of 7 years and 3 months as of 29 August 2003. This advance is remunerated at the annual rate of Euribor plus 2%.

Following a rider to this agreement signed on 26 April 2005, Financière Partouche agreed a supplementary advance of € 20 000 000 for a period of 5 years and seven months from the date the monies are made available.

The rider to this agreement signed on 30 September 2005 specifies that the shareholder advance will be extended until 30 November 2012.

A second rider signed on 30 Decembner 2009 extended it to 31 Decembre 2015.

Following the capital increase in 2010, the amount of this advance is 25 408 314 euros.

Moreover, on 26 April 2006, Groupe Partouche sold to the company La Tête Dans Les Nuages the investment that it held in the capital of Société Française de Casinos, i.e. 55.55% of the share capital for a total amount of €17.5m, including current accounts.

The €4.5m balance falling due in respect of current accounts was paid in a normal manner in financial year 2007 and the balance of €10m in respect of the SFC share price, which was fixed at 15 April 2007 was paid in the amount of €5m in July 2007, thus reducing the balance at the balance sheet date to €5m. The accrued interest was recognised and is presented in the balance sheet for the financial year ended 31 October 2007 in assets above the €5m, since the €1m penalty amount had not been recognised.

At financial year end 2007, this receivable has not been provisioned and the promise of sale had not been recognised.

A memorandum of understanding was signed after the closing date for the financial year 2007 accounts, which set as a fixed sum of €6.4m the principal remaining due in respect of the price of the shares, accrued interest and contractual penalty.

This amount had to be settled based on the following schedule, following the validation of the memorandum of understanding:

- € 2.0 M at 17 April 2008 (paid)
- € 2.4 M at 30 April 2009
- € 2.0 M at 30 April 2010

Following the non-compliance with the 30 April settlement, news terms of payment were set up :

- € 0.5 M at 13 October 2009 (paid)
- € 0.5 M at 4 December 2009 (paid)

The balance of €3.4m to be paid in six annual settlements on 30 October.

Following the declaration of suspension of payments by SFC on 30 July 2010, the installment due on 31 October 2010 was not paid. 50% of the amount was provisioned in the accounts of Groupe Partouche.

23 THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

A summary estimate of the Group's tangible fixed assets was performed in December 2010 by Mr. Gérard Naulet, Previous Government Commissioner at the Chambre des Expropriations du Tribunal de Grande Instance de Paris, of 17 allées des Eiders, Paris (19th Precinct). *(Chapter 8.1)*

24 DOCUMENTS ON DISPLAY

24.1 Documents on display

The articles of association, financial statements, reports, general assembly's reports and all the documents may be consulted at the head office of the Company.

The reference document, the current events of Groupe Partouche, the regulatory information as provided by the Autorité des marchés financiers (AMF) may be consulted on the Internet site www.groupepartouche.com.

24.2 Person responsible for the information

Mr. Alain Cens, Chief Financial Officer
Telephone: +33 (0)1.47.64.33.45

24.3 Financial communication calendar

▪ Quaterly financial information at 31 January 2011	Week 8
▪ 2nd Quarter revenue at 30 April 2011	Week 23
▪ 1st Half-yearly results at 30 April 2011	Week 26
▪ Quaterly financial information at 31 July 2011	Week 37
▪ 4th Quarter revenue at 31 October 2011	Week 50
▪ Results for the financial year ending 31 October 2011	Week 5 of 2012

INFORMATION ON INVESTMENTS 25

Please refer to the table of subsidiaries and affiliates in the Company presented in point 3 of the individual company financial statements in Chapter 20.2.2 above, in addition to Note 32 of the consolidated financial statements of the Group for the financial year ended 31 October 2010, presented in Chapter 20.2.1 of this document.

26 TABLE OF RECONCILIATION

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14.9 Agreements concluded by the company that are terminated in the event of a change of control of the company	NA
14.10 Agreements providing for indemnities to be paid to the members of the executive board or employees	NA



Le présent document, document de référence, a été déposé auprès de l'Autorité des marchés financiers le 25 février 2011, conformément à l'article 212-13 du réglement général de l'AMF.

Il pourra être utilisé à l'appui d'une opération financière s'il est complété par une note d'opération visée par l'Autorité des marchés financiers.

« Ce document a été établi par l'émetteur et engage la responsabilité de ses signataires. »

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