2005 ANNUAL REPORT



GROUPE PARTOUCHE

Contents

02 Groupe Partouche key figures

04 Message from the Chairman of the Supervisory Board

06 Message from the Chairman of the Executive Board

08 Our profession and regulatory framework

12 Background of Groupe Partouche

16 Key figures

17 Financial report

18 Executive Board report

44 Consolidated financial statements

76 Holding company accounts

104 General information

Supervisory Board

Isidore PARTOUCHE
Chairman

Marcel PARTOUCHE
Vice-Chairman

Maurice SEBAG
Member

Gaston GHRENASSIA
Member

Executive Board

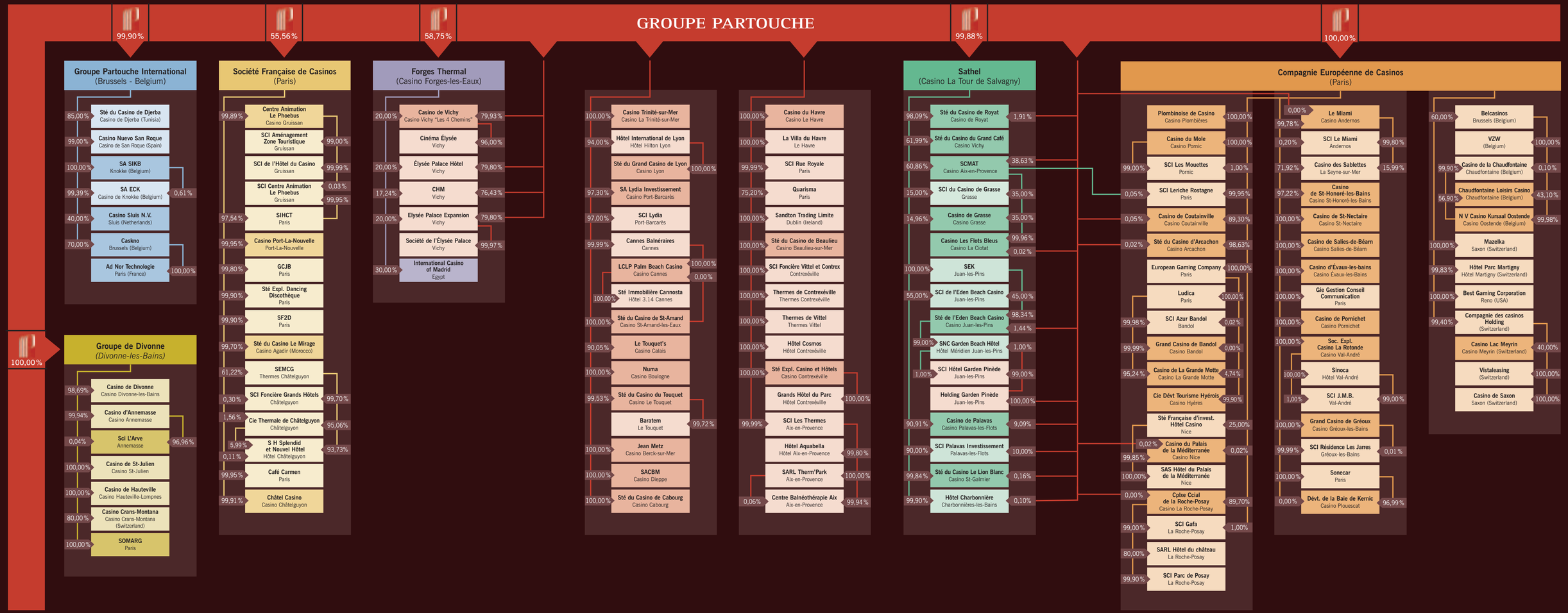
Patrick PARTOUCHE
Chairman

Hubert BENHAMOU
General Manager

Ari SEBAG
General Manager

Richard PARTOUCHE
General Manager

Katy ZENOU
General Manager


GROUPE PARTOUCHE
99,90%
55,56%
58,75%
99,88%
100,00%
100,00%
Groupe Partouche International
(Brussels - Belgium)
85,00% Sté du Casino de Djerba
Casino de Djerba (Tunisia)
99,00% Casino Nuevo San Roque
Casino de San Roque (Spain)
100,00% SA SIKB
Knokke (Belgium)
99,39% SA ECK
Casino de Knokke (Belgium)
0,61%
40,00% Casino Sluis N.V.
Sluis (Netherlands)
70,00% Caskno
Brussels (Belgium)
Ad Nor Technologie
Paris (France)
100,00%
Société Française de Casinos
(Paris)
99,89% Centre Animation Le Phoebus
Casino Gruissan
SCI Aménagement Zone Touristique
Gruissan
99,00%
SCI de l'Hôtel du Casino
Gruissan
99,99%
SCI Centre Animation Le Phoebus
Gruissan
0,03%
99,95%
97,54% SIHCT
Paris
99,95% Casino Port-La-Nouvelle
Port-La-Nouvelle
99,80% GCJB
Paris
99,90% Sté Expl. Dancing Discothèque
Paris
99,90% SF2D
Paris
99,70% Sté du Casino Le Mirage
Casino Agadir (Morocco)
61,22% SEMCG
Thermes Châtelguyon
SCI Foncière Grands Hôtels
Châtelguyon
99,70%
0,30%
1,56% Cie Thermale de Châtelguyon
Châtelguyon
95,06%
5,99% S H Splendid et Nouvel Hôtel
Hôtel Châtelguyon
93,73%
0,11%
99,95% Café Carmen
Paris
99,91% Châtel Casino
Casino Châtelguyon
Forges Thermal
(Casino Forges-les-Eaux)
20,00% Casino de Vichy
Casino Vichy "Les 4 Chemins"
79,93%
Cinéma Élysée
Vichy
96,00%
20,00% Élysée Palace Hôtel
Vichy
79,80%
17,24% CHM
Vichy
76,43%
20,00% Elysée Palace Expansion
Vichy
79,80%
Société de l'Élysée Palace
Vichy
99,97%
30,00% International Casino of Madrid
Egypt
Groupe de Divonne
(Divonne-les-Bains)
98,69% Casino de Divonne
Casino Divonne-les-Bains
99,94% Casino d'Annemasse
Casino Annemasse
0,04% Sci L'Arve
Annemasse
96,96%
100,00% Casino de St-Julien
Casino St-Julien
100,00% Casino de Hauteville
Casino Hauteville-Lompnes
80,00% Casino Crans-Montana
Casino Crans-Montana (Switzerland)
100,00% SOMARG
Paris
100,00% Casino Trinité-sur-Mer
Casino La Trinité-sur-Mer
94,00% Hôtel International de Lyon
Hôtel Hilton Lyon
Sté du Grand Casino de Lyon
Casino Lyon
100,00%
97,30% SA Lydia Investissement
Casino Port-Barcarès
97,00% SCI Lydia
Port-Barcarès
99,99% Cannes Balnéraires
Cannes
LCLP Palm Beach Casino
Casino Cannes
100,00%
0,00%
100,00% Sté Immobilière Cannosta
Hôtel 3.14 Cannes
100,00% Sté du Casino de St-Amand
Casino St-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
Baratem
Le Touquet
99,72%
100,00% Jean Metz
Casino Berck-sur-Mer
100,00% SACBM
Casino Dieppe
100,00% Sté du Casino de Cabourg
Casino Cabourg
100,00% Casino du Havre
Casino Le Havre
100,00% La Villa du Havre
Le Havre
99,99% SCI Rue Royale
Paris
75,20% Quarisma
Paris
100,00% Sandton Trading Limite
Dublin (Ireland)
100,00% Sté du Casino de Beaulieu
Casino Beaulieu-sur-Mer
100,00% SCI Foncière Vittel et Contrex
Contrexéville
100,00% Thermes de Contrexéville
Thermes Contrexéville
100,00% Thermes de Vittel
Thermes Vittel
100,00% Hôtel Cosmos
Hôtel Contrexéville
100,00% Sté Expl. Casino et Hôtels
Casino Contrexéville
Grands Hôtel du Parc
Hôtel Contrexéville
100,00%
99,99% SCI Les Thermes
Aix-en-Provence
Hôtel Aquabella
Hôtel Aix-en-Provence
99,80%
SARL Therm'Park
Aix-en-Provence
100,00%
0,06% Centre Balnéothérapie Aix
Aix-en-Provence
99,94%
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%
1,00% SCI Hôtel Garden Pinède
Juan-les-Pins
99,00%
Holding Garden Pinède
Juan-les-Pins
100,00%
90,91% Casino de Palavas
Casino Palavas-les-Flots
9,09%
90,00% SCI Palavas Investissement
Palavas-les-Flots
10,00%
99,84% Sté du Casino Le Lion Blanc
Casino St-Galmier
0,16%
99,90% Hôtel Charbonnière
Charbonnières-les-Bains
0,10%
Compagnie Européenne de Casinos
(Paris)
Plombinoise de Casino
Casino Plombières
100,00%
Casino du Mole
Casino Pornic
100,00%
99,00% SCI Les Mouettes
Pornic
1,00%
0,05% SCI Leriche Rostagne
Paris
99,95%
0,05% Casino de Coutainville
Casino Coutainville
89,30%
0,02% Sté du Casino d'Arcachon
Casino Arcachon
98,63%
European Gaming Company
Paris
100,00%
Ludica
Paris
100,00%
99,98% SCI Azur Bandol
Bandol
0,02%
99,99% Grand Casino de Bandol
Casino Bandol
0,00%
95,24% Casino de La Grande Motte
Casino La Grande Motte
4,74%
Cie Dévt Tourisme Hyérois
Casino Hyères
99,90%
Sté Française d'invest. Hôtel Casino
Nice
25,00%
0,02% Casino du Palais de la Méditerranée
Casino Nice
0,02%
99,85% SAS Hôtel du Palais de la Méditerranée
Nice
100,00%
0,00% 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
0,00% Le Miami
Casino Andernos
99,78%
0,20% SCI Le Miami
Andernos
99,80%
71,92% Casino des Sablettes
La Seyne-sur-Mer
15,99%
97,22% Casino de St-Honoré-les-Bains
Casino St-Honoré-les-Bains
100,00% Casino de St-Nectaire
Casino St-Nectaire
100,00% Casino de Salies-de-Béarn
Casino Salies-de-Béarn
100,00% Casino d'Évaux-les-bains
Casino Évaux-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%
100,00% Grand Casino de Gréoux
Casino Gréoux-les-Bains
99,99% SCI Résidence Les Jarres
Gréoux-les-Bains
0,01%
100,00% Sonecar
Paris
0,00% Dévt. de la Baie de Kernic
Casino Plouescat
96,99%
60,00% Belcasinos
Brussels (Belgium)
VZW
(Belgium)
100,00%
99,90% Casino de la Chaudfontaine
Chaudfontaine (Belgium)
0,10%
Chaudfontaine Loisirs Casino
Chaudfontaine (Belgium)
56,90%
43,10%
N V Casino Kursaal Oostende
Casino Oostende (Belgium)
99,98%
100,00% Mazelka
Saxon (Switzerland)
99,83% Hôtel Parc Martigny
Hôtel Martigny (Switzerland)
100,00% Best Gaming Corporation
Reno (USA)
99,40% Compagnie des casinos Holding
(Switzerland)
Casino Lac Meyrin
Casino Meyrin (Switzerland)
40,00%
Vistaleasing
(Switzerland)
100,00%
Casino de Saxon
Saxon (Switzerland)
100,00%

Groupe Partouche in 2005

Groupe Partouche key figures

CONSOLIDATED NET INCOME

6.9 million euros

TURNOVER

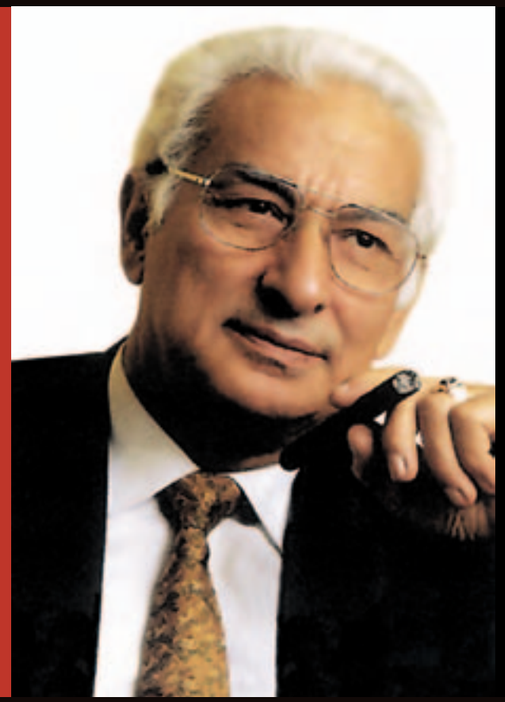
455.8 million euros

AVERAGE WORKFORCE

6,182 employees



Message from the Chairman of the Supervisory Board



The past year saw some significant events for Groupe Partouche. An exceptional phase in the casino sector, the period of continuous growth in our turnover which began some fifteen years ago with the authorisation of slot machines, would appear to be drawing to an end. From now on, our profession, like so many others, will have to reinvent the reasons underpinning our success day after day.

I am convinced that in an ever-accelerating world Groupe Partouche—thanks to our personnel and management—is fully capable of meeting these challenges: holding true to our philosophy, providing reasonable pleasure to our thousands of patrons, ensuring a prosperous future for our establishments and partners, and making our own contribution to the development of the communities in which our businesses are based.

More than ever, I'd like to thank you for the confidence with which you have entrusted us. We will do our utmost to be worthy of it.

Isidore PARTOUCHE

Message from the Chairman of the Executive Board



Ladies and Gentlemen,

The financial year ending 31 October 2005 was a challenging one.
Groupe Partouche is continuing to feel the effects of the overall depressed economic environment which has led to top-line organic growth grinding to a halt, marking the end of an era that began with the installation of slot machines in the early 1990s.

The constant increase in the taxes levied on gaming contributes to the already difficult environment we are facing. Our results have naturally been affected but we have adopted a highly-focused response strategy. We have reaffirmed our confidence in the future of the business, reinforcing our leadership role with our acquisition of Groupe de Divonne which operates three casinos in the French Alps, one in the Swiss Valais, and a fifth in the Jura region. And, at the avant-garde of our profession, we have also taken the initiative to enhance employee relations by increasing remuneration for our employees' night work, giving them the credit we feel they deserve… Finally, our discussions with oversight bodies, in which we expressed our desire to enhance the appeal of our establishments in the face of incoming regulations such as broad-ranging customer identification checks, have come to fruition: they have finally agreed to modernize and develop gaming in France. This initiative, promoted by Isidore Partouche, is best expressed by our "Pasino" concept at Aix-en-Provence and St-Amand-les-Eaux, which have already been well-received by our friends and customers, and both establishments have performed exceptionally in the current economic environment.

In line with these objectives, we will be celebrating the inauguration of the Le Havre Pasino in its permanent location in June 2006. We expect this establishment to create a real buzz in a city classified as a UNESCO World Heritage site. But above all, marking our firm determination to participate as a major player in the future of our sector, we have resolved to enter the new era of gaming powered by new technologies and media, where Groupe Partouche will continue to hone its expertise. To this end, we have made strategic acquisitions in the only interactive gaming channel in France, Cash TV, as well as in a mobile phone company, Quedesjeux.com, which already operates our games on its main platforms. We are convinced that all these efforts will allow us to attain our goals and specifically to shore up our operating margin by continuing to keep our operating expenses under very tight control. We also intend to optimize our scope of consolidation by divesting certain less strategic assets. I am proud to be at the helm a resolutely future-focused Group, one that is aware of the challenges that lie ahead and is determined to overcome them.
I know that we can count on your support.

Patrick PARTOUCHE

Our profession and regulatory framework



Our profession

France authorises the following games:

Table games:

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

Automatic games:

Slot machines are legally defined as automatic machines incorporating games of chance and comprise “roll machines” and “video games”.The Group has a large number of slot machines (5,601 at 31 October 2005 and 5,626 at 31 January 2006 in France).

Other activities:

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

A very strict regulatory framework



According to French Law, gaming activity is strictly prohibited and can result in prosecution under the terms set out in Article 410 of the 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 authorisation 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 Act) have been met.

A National Gaming Board made up of fifteen senior civil servants and five Members of Parliament is responsible for examining gaming licence applications and renewals.

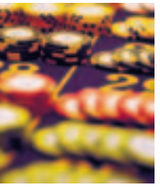
An Order issued by the Ministry of the Interior fixes the period of the concession, the type of games authorised and the casino’s operating conditions.

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

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



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

10 %	up to	58 000 €		
15 %	from	58 001 €	to	114 000 €
25 %	from	114 001 €	to	338 000 €
35 %	from	338 001 €	to	629 000 €
45 %	from	629 001 €	to	1 048 000 €
55 %	from	1 048 001 €	to	3 144 000 €
60 %	from	3 144 001 €	to	5 240 000 €
65 %	from	5 240 001 €	to	7 337 000 €
70 %	from	7 337 001 €	to	9 443 000 €
80 %	above	9 443 000 €		

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) modified this system, abandoning the notion of theoretical receipts and basing 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).

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



Background of Groupe Partouche





St-Amand-les-Eaux

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

1976 - Le Touquet casino was bought from Mr. Lucien Barrière and the establishment returned to its long-standing reputation.

1982 - Creation of the Calais casino.

1986 - Acquisition of the Forges-les-Eaux casino, 110 km from Paris, and opening of the Boulogne-sur-Mer casino.

1988 - Acquisition of the Dieppe Casino.

1989 - The Fécamp, Bagnoles-de-l'Orne and Vichy casinos joined the Group.



1991 - Groupe Partouche's casinos were finally granted their first slot machine operating licences. The Group also took control of the Lyon Vert casino in La Tour-de-Salvagny that year, together with its subsidiaries, the Saint-Galmier and Juan-les-Pins casinos. Berck casino was reopened by the Group.

1992 - The towns of Royat and Chamalières selected the Group to re-open the Royat casino. Fécamp and Bagnoles-de-l'Orne casinos were sold.

1994 - Groupe Partouche took control of the Aix-en-Provence and La Ciotat casinos and in December of the same year acquired the Palavas casino.

Aix-en-Provence





| Knokke-le-Zoute

1995 - Acquisition of a jointly-controlled stake in the Grasse casino leaving management responsibility to the Boucau Group. On 29 March 1995, Groupe Partouche SA made its debut listing on the Paris Stock Exchange Second Marché (Sicovam Code 5354) with a view to enhancing the Group's profile, consolidating its position in France and providing it with extra financial muscle to drive the business forward, particularly internationally. In September 1995, the Group negotiated the acquisition of the prestigious Belgian casino of Knokke-le-Zoute.

1996 - The Group purchased Générale des Eaux's minority stake in Société Fermière du Casino Municipal de Cannes, listed on the spot market of the Paris Stock Exchange. This company operates the Croisette casino and controls the Hotel Majestic and the Gray d'Albion in Cannes. Opening of the Group's first casino in Agadir (Morocco) in association with Club Méditerranée.

1997 - Acquisition of a 4-star Hotel which was renamed the Meridien-Garden Beach.This transaction brought together the hotel and the Juan-les-Pins casino properties.The town of Cabourg selected Groupe Partouche to reopen its Grand Casino and the Group purchased the Beaulieu-sur-Mer casino.

1998 - Celebration of the Group's 25th anniversary in April 1998 and opening of the Djerba Pasino, an innovative concept: an entertainment centre and casino combined. In June 1998, acquisition of the Carlton Casino Club in Cannes from UK-based London Clubs International. On 2 November 1998, Groupe Partouche purchased Vivendi's 99% stake in Cannes Balnéaire, the company which owns the Cannes Palm Beach, with a view to re-opening the establishment, considered to be the most prestigious casino in France. On the same date, Groupe Partouche SA was transferred to the monthly settlement segment of the Paris Stock Exchange Premier Marché.

1999 - On 1 July the Hilton hotel in Lyon's Cité Internationale complex was opened: the future home of a new casino. Abroad, the San Roque Grand Casino in Andalucia was inaugurated and the Hilton Bucharest's casino was created and inaugurated by Groupe Partouche. In October, acquisition of a majority stake in Société Française de Casinos, which operates four casinos, three of which are located in Auvergne and one on the Narbonne Coast (Gruissan, Châtelguyon, Le-Mont-Dore, La Bourboule).

2000 - In February, acquisition of the Lydia Port-Barcarès, a sea-resort near Perpignan. April saw the opening of the first casino in a major French city by the Mayor of Lyon, Mr Raymond Barre. In Aix-en-Provence, Groupe Partouche created the Aquabella Hotel and went on to acquire the town's spa.

| Hôtel Hilton - Lyon





| Pasino - Aix-en-Provence

2001 - In July, the Aix-en-Provence Pasino opened – a hugely successful new breed of casinos. At the end of the financial year, Groupe Partouche acquired the Savoy (which has been rebranded "3.14"), a 4-star hotel in Cannes with 106 rooms: an ideal complement to the Carlton casino and the Palm Beach. In November, the Bucharest casino was sold and the Contrexéville casino, hotels and thermal spa business unit was acquired, together with the Vittel thermal spa.

2002 - Thanks to its successful Public Cash Offer for Compagnie Européenne de Casinos, between January and April 2002, Groupe Partouche acquired 22 additional casinos, including 18 in France and four abroad.
In August, the Casino Palm Beach was opened in Cannes. In December, the casinos based at La Bourboule, Le Mont-Dore and Alvignac were sold.

2003 - In July, Groupe Partouche's first Swiss casino was launched in Meyrin, overlooking Geneva's international airport. In September, the casino in Spa (Belgium) was sold. On 28 December 2003, Saint-Amand-les-Eaux casino changed location and was transformed into a Pasino, 30 years after its acquisition.

2004 - La Trinité-sur-mer casino was opened in March. In May, Le Lydia casino was reopened in Port-Barcarès. In June, Groupe Partouche opened the casino in Le Havre at a temporary venue. Le Palais de la Méditerranée opened its doors to patrons in Nice, followed by the opening of its casino.



| Divonne-les-Bains

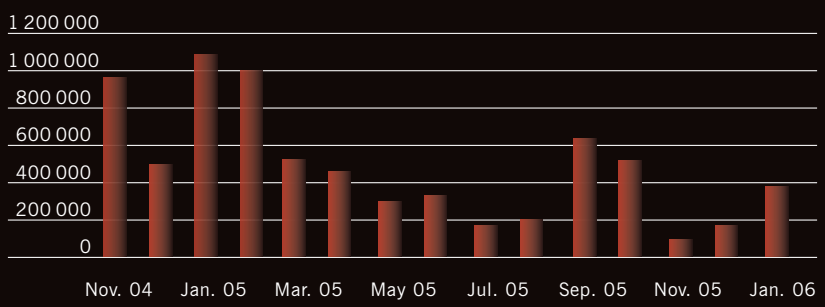
2005 - On 26 February 2005, the Port-la-Nouvelle casino opened its doors. In March, Groupe Partouche sold the Cazaubon-Barbotan casino. In May, the first slot machines arrived at the Le Havre casino (50 units) and at the "Palais de la Méditerranée" in Nice (150 units) followed by the arrival of 51 machines at the Port-Barcarès casino ("Le Lydia") in July. On 30 September 2005, Groupe Partouche acquired Groupe de Divonne, comprising 5 casinos located in the Lake Geneva area: on the French side in Divonne-les Bains, Annemasse, Hauteville-Lompnes and Saint-Julien-en-Genevois, and on the Swiss side in Crans-Montana.

Key figures

Movements in Groupe Partouche SA's share price



Number of shares traded



Financial review

In euros	2003	2004	2005
Share price at 31/10	68,40	14,90	14,00
Number of shares as at 31/10 *	6 156 774	43 097 418	43 097 418
Market capitalisation	421 123 342	642 151 528	603 363 852
Earnings per share	2,87	0,47	0,16
Net dividend per share	-	-	-
Total payout (€ million)	-	-	-
In %			
Payout ratio	-	-	-
Net stock yield	-	-	-

* The nominal value was reduced from €14 to €2 at the Extraordinary General Meeting of Monday, 10November 2003. Mechanically, the number of shares was multiplied by 7. The share capital now comprises 43,097,418 shares.

2005 Financial Report



Executive Board report to the Combined Ordinary and Extraordinary General Meeting of Thursday 27 April 2006

20 Executive Board report

35 Observations of the Supervisory Board

36 Report of the Chairman of the Supervisory Board on the company's organisation and internal control procedures



I. Executive board report to the combined ordinary and extraordinary general meeting



Ladies and Gentlemen,

The Executive Board submits 10 resolutions for the approval of the Combined Ordinary and Extraordinary General Meeting convened on 27 April 2006.
First of all, six resolutions are submitted for the approval of the Ordinary General Meeting. These resolutions relate to the approval of the holding company accounts and the consolidated financial statements for the financial year (first and third resolutions), the appropriation of earnings (second resolution), the approval of regulated agreements (fourth resolution), the implementation of the procedure for the purchase of treasury shares pursuant to the provisions of Article L. 225-209 of the Commercial Code (fifth resolution), and the allocation of directors' fees to members of the Supervisory Board (sixth resolution).

Secondly, two resolutions are submitted for the approval of the Extraordinary General Meeting with a view to adapting our bylaws to the provisions of Law No. 2005-842 of 26 July 2005.

Before inviting you to vote, we present below our report on the financial year.

1. Executive Board Report to the Ordinary General Meeting

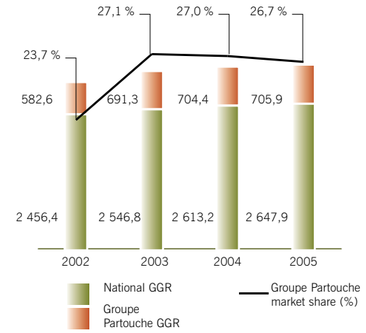
The financial year ending 31/10/05 saw the following major changes in the scope of consolidation:
- disposal of the casino Cazaubon-Barbotan on 31 March 2005
- inclusion of the companies of the Groupe de Divonne, acquired on 30 September 2005. The figures for this group, which basically comprises five casinos, were therefore only consolidated for the final month of the year. For illustrative purposes, pro forma statements were provided in the notes to the consolidated financial statements, based on the consolidated annual accounts for the Groupe Partouche as of 31 October 2005, combined with the accounts for the companies of the Groupe de Divonne for the first 11 months of financial year 2005.

1.1 Business review

Position and trends for the financial year ended 31 October 2005

The Group's turnover increased to €455.8 million, 0.7% higher than the previous financial year. This growth was due to the inclusion of the Groupe de Divonne companies, representing turnover of €5.5 million. Excluding changes in the scope of consolidation, the Group's activity remained virtually constant.

Gross Gaming Revenue (€million)



Slot machines installed in France as of 31 October 2005



The breakdown of the different components of Group turnover are summarised in the table below:

ANALYSIS OF 2005 TURNOVER

€ million	2005	2004	Differential	Change
France	33,5	28,2		
Abroad	23,5	20,3		
GGR of table games	**57,0**	**48,5**	**8,5**	**17,5 %**
% of actual GGR	7,4 %	6,4 %		
France	672,4	676,1		
Abroad	41,9	31,0		
Gross slot machines revenue (Actual)	**714,3**	**707,1**	**7,2**	**1,0 %**
% of actual GGR	92,6 %	93,6 %		
France	705,9	704,3		
Abroad	65,4	51,3		
Gross Gaming Revenue (Total)	**771,3**	**755,6**	**15,7**	**2,1 %**
France	399,6	393,7		
Abroad	28,7	19,0		
Levies	**428,3**	**412,7**	**15,6**	**3,8 %**
France	56,6 %	55,9 %		
Abroad	43,9 %	37,0 %		
Levy percentage	**55,5 %**	**54,6 %**		
France	306,3	310,6		
Abroad	36,6	32,3		
Net Gaming Revenue	**343,0**	**342,9**	**0,1**	**0,0 %**
% of total turnover	75,3 %	75,8 %		
France	103,3	100,4		
Abroad	9,6	9,3		
Non-gaming revenue	**112,8**	**109,7**	**3,1**	**2,9 %**
% of total turnover	24,8 %	24,2 %		
France	409,6	411,0		
Abroad	46,2	41,6		
Turnover	**455,8**	**452,5**	**3,3**	**0,7 %**

Activité des jeux en France

Gross Gaming Revenue (GGR) earned in France totalled €705.9 million (+0.2%). Excluding changes in the scope of consolidation related to the disposal of Cazaubon (decline of €3.4 million in GGR) and the inclusion of Groupe de Divonne (€7.9 million in GGR), we note:
- the difficulties experienced by many establishments, some of them among the largest: Forges (- €1.9 million), Lyon (- €2.1 million), Bandol (- €1.6 million), and Hyères (- €2.7 million);
- the satisfactory performance of the Group's newest "Pasino," created at St.-Amand-les-Eaux (+ €4.1 million);
- the recent contribution of newly-opened casinos, i.e., the establishments at Le Havre (€5 million) and Port-Barcarès (€1.8 million);
- GGR growth at the Cannes Palm Beach (+€5.5 million).

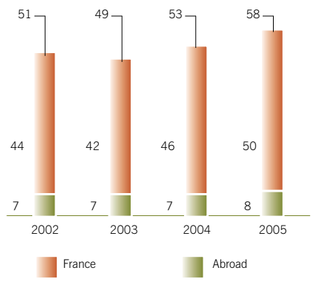
This latest change also explains the €5.3 million increase in the Group's GGR earned from table games. GGR earned from slot machines dropped slightly, to €672.4 million compared to €676.1 million in 2004, but its relative share of total GGR remained overwhelming at 95.3% (compared to 96% in 2004).

The entire base of slot machines was enriched, on the one hand, by new licences, expansions to the existing base, and new installations at the casinos of Havre (50 machines) and Port-Barcarès (51 machines), and on the other hand, by the arrival of existing machines from the Groupe de Divonne casinos (695 machines), for a total of 5,451 approved units. Average GGR per machine per day declined 4.8% to €397, from €417 the previous financial year, but remains high at certain sites such as the "Pasinos" of Aix-en-Provence (€616) and St-Amand-les-Eaux (€570).

Gaming Abroad

In 2005 this sector surged, from €51.2 million in 2004 to €65.4 million in 2005, an increase of 27.7%. Excluding the new presence of the Swiss casino in Crans-Montana, which contributed €1 million in GGR as of October 2005, this growth in the numbers may be explained, on the one hand, in Belgium, by the return to normal activity at Ostend and the increasing popularity of the slot machines, and on the other hand in Switzerland by the ongoing development of the Meyrin casino (+€7.9 million).

Casinos in operation as at 31 October 2005



Tax Levies

In France, an increase of €5.9 million was due to the 1 January 2005 application of an increase in the CSG [general social contribution] rate. This levy alone increased by €6.7 million and caused a rise in the overall levy rate to 56.6% of GGR (compared to 55.9% in 2004).

Abroad, growth in tax levies, primarily at the Meyrin site, increased the overall rate to 43.9%, compared to 37.0% in 2004.

Financial year 2005 was marked by this growth in the tax impact, which severely arrested growth in gross gaming revenue: the €15.7 million in additional GGR was subject to €15.6 million in additional levies.

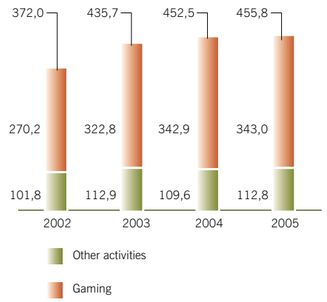
Consequently, Net Gaming Revenue (NGR) remained stable at €343 million.

Other Activities

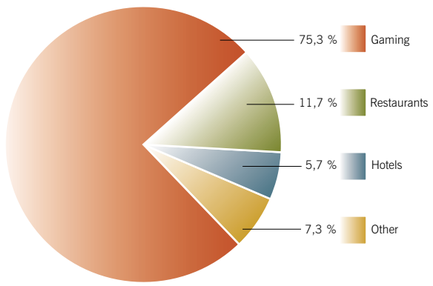
Turnover earned in other areas of the Group's activity increased 2.9% to a total of €112.8 million. This growth should be evaluated in consideration of the presence, in reference period N-1, of the figures for hotels in the Lyon region disposed in 2004, representing turnover of €6.2 million, thus masking good performance corresponding primarily to:

- the Group's hotels, particularly the "3.14" at Cannes (+ €1.7 million), the Lyon "Hilton" (+ €1.7 million), and the "Aquabella" at Aix-en-Provence (+ €0.7 million)
- the contribution of the "Pasinos" (+ €1.5 million to the total)
- the development of the Vichy cinema complex (+ €1.1 million)

Consolidated net turnover (€ million)



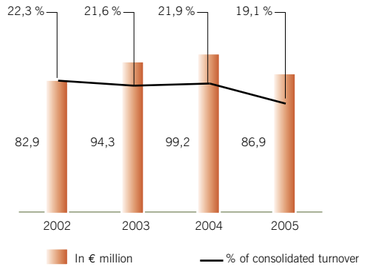
Consolidated turnover by business segment



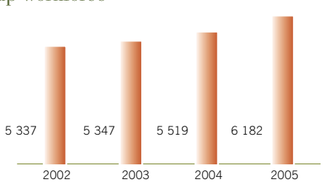
Consolidated income

The Group's consolidated operating income totalled €86.9 million (19.1% of turnover), compared to €99.2 million (21.9%) the previous year. This €12.3 million drop may be explained as follows.

Operating margin (€ million)



Group workforce



We must first identify the impact of the new presence of Groupe de Divonne, with a loss of €1.0 million. Then, with regard to all the Group's other French casinos, the increasing CSG burden reduced the Group's turnover by an amount equivalent to the additional tax burden, some €6.7 million.

The Group's French casinos were operating in a globally difficult economic and tax environment, and in the absence of growth in turnover, they were forced to control operating expenses as best as they could. Although these companies experienced a €10.0 million decline in operating income, largely due to the change in the CSG rate, it must be emphasized that this change resulted from an increase in the salary expense, partially attributable to the night-shift compensation policy, as well as depreciation, amortisation and provisions. Purchases of consumable items and other operating expenses thus declined to levels reasonably close to the figures posted in 2004.

Finally, this financial year saw the start-up of casino operations in Le Havre, where slot machines were installed during the year, and Trinité-sur-Mer and Port-la-Nouvelle, which only operate traditional games.

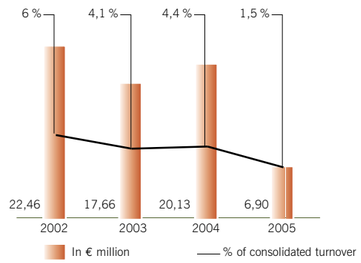
The Group's foreign casinos experienced varying results. Operating income at the Belgian casinos in Ostend and Knokke increased €2.3 million over the previous year, but this performance was offset by the declining results of those at Agadir, Djerba, and especially Meyrin, the latter of which suffered an increase in its various tax levies. The Group's hotels had a good financial year in 2005: despite the expense of the new hotel at Charbonnières (loss of €0.4 million), their growth in turnover yielded additional operating income of €1.1 million.

Finally, the financial year as a whole fell within a context of economic stagnation affecting consumer spending, which caused certain establishments to post significant declines in activity. This decline in operating income is also attributable to the net change in depreciation, amortisation and provisions, up €7.7 million, resulting from the volume of investments made in recent financial years; doubtful debts at Palm Beach; and the inclusion of the Groupe de Divonne. Earnings before interest, tax, depreciation and amortisation (EBITDA) totalled €130.8 million, compared to €135.4 million the previous year. This operating indicator dropped only €4.6 million, and the decline was more pronounced in the first half of the financial year.

In terms of favourable results, financial income represented a net expense of €22.5 million, compared to €25 million in 2004. This was a result of the Group's reduction in debt, until it acquired the Groupe de Divonne at the end of the financial year.

Income on ordinary activities before tax was €64.4 million, down 13.3%.

Consolidated net income, Group share

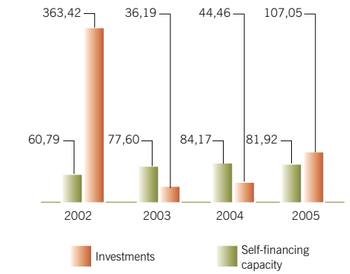


Exceptional items consisted of a loss of €4.2 million, compared to a gain of €7.6 million in 2004. This was due to two major deals: the disposal of the Cazaubon-Barbotan casino, which had a net positive impact of €2 million, and the accelerated amortisation of the structuring fees of the 2003 syndicated loan, totalling €5.6 million.
The Group's overall tax burden totalled €21.9 million, compared to €30.0 million in 2004, and amortisation of goodwill, which was slightly affected by the acquisition of the Groupe de Divonne at the end of the financial year, remained virtually unchanged at €22.5 million.
The share of net income attributable to equity-accounted companies, consisting essentially of the Palais de la Méditerranée hotel-casino facility in Nice, represented a loss of €2.6 million.
Net income attributable to all consolidated companies came to €13.2 million, compared to €27.4 million in 2004, while the Group share was a profit of €6.9 million.

Investment and financing

The Group's self-financing capacity, slightly lower than in 2004, reached €81.9 million ; Net cash flow from investments during the financial year totalled €111.1 million, consisting primarily of the acquisition of Groupe de Divonne, representing a disbursement of €84 million to purchase the Groupe de Divonne shares. This investment, and the disposal of the Cazaubon-Barbotan casino for €11 million, constituted the majority of the flow relating to changes in the scope of consolidation for the financial year, i.e. a total net flow of €63.8 million. In addition to external growth, the Group invested €42.0 million in developing and maintaining its assets. Major programs included St.-Amand-les-Eaux and Charbonnières, each of which had a hotel built at their site, and Le Havre, where work to complete the permanent casino is underway.

Investments and self-financing capacity (€ million)

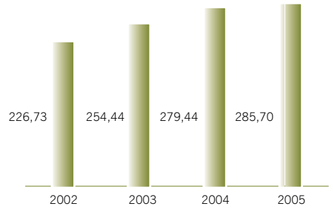


Net cash flow from financing activities totalled €73.5 million, primarily due to the acquisition of Groupe de Divonne which alongside the purchase of the Groupe de Divonne shares, resulted in the assumption of €49.8 million in bank debt. This deal was used as an opportunity to repay the outstanding portion of the syndicated loan taken in 2003, i.e. €268 million, and to take on a new syndicated loan of €431 million for a duration of 7 years, under better financial conditions. The resulting net cash flow was €37.6 million.

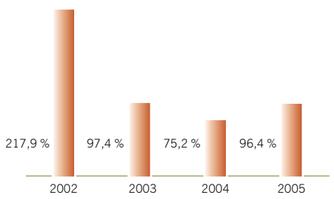
The Group's permanent capital structure at the close of the financial year may be summarised as follows:

€ million as at 31 October	2005	2004
Equity and equity equivalents	385,7	379,4
Gross financial debt	489,4	354,9
Financial debt net of cash	371,8	285,2
Gearing	96,4 %	75,2 %

Equity (€ million)



Debt to equity ratio



Predictable growth and future prospects

In a mature French casino sector, the Groupe Partouche projects only a slight increase in turnover for financial year 2006, under a comparable scope of consolidation, given the application of an increase in the actual CSG rate over the 12 months of the financial year, compared to 10 months in 2005.
The incorporation of the Groupe de Divonne's turnover will automatically result in a two-digit increase in activity and a fall in the Group's operating margin.
Financial year 2006 will also be marked by developments caused by the gradual implementation, beginning 1 May, of regulatory measures aimed at changing the profession, primarily introducing mixed games and entry checks. The Groupe Partouche will request authorisation to open casinos at La Tremblade and St-Cast-le-Guildo, and will participate in the new call for bids at Lille.

Significant post balance sheet events

Significant events totalling €3.7 million occurred since financial year-end 2005, including the purchase of two minority stakes, in the Quedesjeux companies, an Internet game provider and mobile phone operator, and New Screens, an interactive channel broadcast by Canal Satellite. Also in this new technology sector, Groupe Partouche signed a brand licence with Probability Games Corporation for mobile phone-based casino games in the United Kingdom.

On 18 January 2006, Groupe Partouche signed a memorandum of understanding with La Tête dans les Nuages in which Groupe Partouche awarded the latter a unilateral promise to sell its interest in Société Française de Casinos, i.e. 55.55% of the capital, for a total of €17.5 million, including current accounts. Execution of this promise must be requested before 31 March 2006.
Société Française de Casinos is engaged in managing casinos, hotels, and spas. In 2005, its four casinos earned Gross Gaming Revenue of €18.3 million, €16.7 million of it in France. The disposal of this company, with unsignificant impact, was part of Groupe Partouche's current asset arbitrage policy.

On 7 March 2006, the Groupe Partouche published the following press release concerning its revenue in the first quarter of financial year 2005/2006

€ million	As at 31/01/06	As at 31/01/05	Change
Gross gaming revenue	211,6	183,9	15,1 %
Levies	105,7	88,8	19,0 %
Net gaming revenue	106,0	95,1	11,4 %
Turnover from other activities	26,4	22,3	18,0 %
Total consolidated turnover	**132,3**	**117,4**	**12,7 %**

Turnover for the first quarter of financial year 2005/2006, up 12.7%, includes the figures from Groupe de Divonne companies, which contributed gross gaming revenue of €25.9 million and turnover of €16.0 million. Excluding the impact of these companies, the Group's turnover was €116.3 million, down 1%. However, this should be set in the context of the disposal of the Cazaubon-Barbotan casino in 2005: this casino had generated turnover of €0.8 million in the first quarter of financial year 2004-2005.

Investment policy

The Group's investment policy over the past several financial years has been aimed at reconciling, on the one hand, an ongoing offering of competitive products, and on the other hand, seeking opportunities for external growth. To meet this first objective, the Group maintains its volume of investments aimed at maintaining and renewing its assets at a level of some €45 million. This control of the gross volume of investments, combined with one-off disposals of non-strategic assets, means that the Group can regularly pay down its debt, allowing it to take on major external growth activities, such as the acquisitions of Compagnie Européenne de Casinos and Groupe de Divonne.
In 2006, major investments will include completion of the new casino at Le Havre and the start-up of construction of the casinos at Bandol, Cannes and La Ciotat.

Schedule of financial information

1st quarter turnover	Week 11
2nd quarter turnover	Week 24
Half yearly earnings	Week 37
3rd quarter turnover	Week 37
4th quarter turnover	Week 50
Full-year earnings	Week 9 of 2007

1.2 Subsidiaries and equity affiliates

Breakdown of turnover by main activities as at 31 October 2005 (€)

Company	Turnover	Net gaming revenue recognised	Hotels	Restaurants	Leisure (thermal spas, balneotherapy, Golf courses, cinema, discotheques)	Other revenue
CASINO LYON VERT	34 443 772	29 339 504	-	4 474 255	9 117	620 896
CASINO MUNICIPAL D'AIX THERMAL	32 429 795	27 234 189	-	4 018 009	12 391	1 165 206
CASINO DE FORGES THERMAL	27 385 303	18 632 529	3 600 622	3 394 089	988 873	769 190
CASINO DE St-AMAND-LES-EAUX	25 668 289	21 381 546	73 819	3 314 149	182 284	716 491
CASINO LAC MEYRIN	20 634 992	20 095 266	-	216 997	-	322 729
GRAND CASINO DE LYON (PHARAON)	17 743 608	16 594 942	-	674 083	-	474 583
CASINO DE LA GRANDE MOTTE	13 672 331	12 066 557	-	316 042	967 334	322 398
CASINO PALM BEACH (LCLP)	12 859 142	8 714 831	-	3 117 004	71 769	955 538
CASINO DE BANDOL	12 023 680	11 285 821	-	462 012	165	275 682
CASINO DE HYÈRES	11 578 442	10 492 346	146 869	374 813	266 144	298 270
CASINO DE PORNICHET	11 551 066	10 262 159	-	1 194 266	-	94 641
HÔTEL INTERNATIONAL LYON	11 280 379	-	5 954 342	3 724 827	747 866	853 344
CASINO JUAN-LES-PINS	10 615 276	8 840 048	-	1 411 502	-	363 726
SNC GARDEN BEACH HÔTEL	10 105 045	-	7 370 274	2 047 449	-	687 322
CASINO MUNICIPAL DE ROYAT	8 607 786	7 742 080	-	605 335	172 557	87 814
CASINO DE LA ROCHE-POSAY	8 563 995	7 778 016	73 322	484 487	17 779	210 391
CASINO DE PALAVAS	8 387 476	7 750 020	-	357 762	93 897	185 797
CASINO DE PORNIC	8 335 948	7 046 483	-	1 085 752	629	203 084
CASINO St-GALMIER	7 142 034	6 116 709	-	712 676	54 477	258 172
CASINO DE DIEPPE	6 473 669	5 209 441	104 105	943 527	5 485	211 111
CASINO D'OSTENDE	6 419 799	4 746 797	-	673 962	30 918	968 122
CASINO DU GRAND CAFÉ	6 249 068	4 626 681	-	1 414 996	131 553	75 838
CASINO DE GRUISSAN (PHOEBUS)	6 215 540	4 899 459	568 183	607 098	-	140 800
CASINO DE PLOUESCAT	6 070 052	5 468 127	-	498 811	-	103 114
CASINO D'ARCACHON	5 945 218	5 299 936	-	201 330	361 891	82 061
CASINO DE CALAIS	5 941 095	5 478 353	-	383 073	-	79 669
SA ECK (Belgium)	5 900 590	4 440 038	-	668 272	-	792 280
IMMOBILIÈRE CANNOSTA (3.14)	4 835 435	-	2 346 804	2 042 766	104 912	340 953
CASINO DE BEAULIEU	4 742 935	4 060 141	-	431 371	46 252	205 171
CASINO DE BERCK	4 720 495	4 313 510	-	354 726	-	52 259
SARL AQUABELLA	4 609 989	-	2 840 737	1 595 754	-	173 498
CASINO DU TOUQUET	4 523 990	3 572 957	-	703 772	205 556	41 705
CASINO LA CIOTAT	4 465 262	4 163 388	-	136 771	35 663	129 440
CASINO D'ANDERNOS	4 256 276	3 886 988	-	298 995	27 423	42 870
CASINO VICHY 4 CHEMINS	4 066 424	3 398 329	-	537 129	74 665	56 301
CASINO DU VAL-ANDRÉ	3 903 440	2 971 807	-	743 481	89 201	98 951
CASINO DE CONTREXÉVILLE	3 852 205	3 502 091	-	306 429	77	43 608
CASINO DE PLOMBIÈRES-LES-BAINS	3 763 923	3 456 369	-	235 283	24 376	47 895
CASINO CHATELGUYON	3 739 822	3 246 844	-	392 870	13 182	86 926
CASINO DE BOULOGNE	3 507 428	3 396 506	-	56 362		54 560
CASINO DE CABOURG	3 490 285	2 697 368	-	644 840	31 190	116 887
ÉTABLISSEMENT THERMAL VITTEL (Contrex)	3 091 246		-	-	2 948 582	142 664
CASINO DU HAVRE	3 053 742	2 543 176	-	406 548	-	104 018
CASINO DE GRÉOUX-LES-BAINS	2 954 262	2 704 910	-	226 056	-	23 296
CASINO D'AGON COUTAINVILLE	2 906 221	2 648 339	-	232 591	9 676	15 615
SA CHAUDFONTAINE LOISIRS	2 801 036	1 853 566	-	140 522	-	806 948
CASINO DE DIVONNE	2 559 243	1 415 795	281 685	527 985	52 634	281 144
SEMCG THERMES CHATELGUYON	2 488 617	-	-	-	2 430 266	58 351
CASINO DE DJERBA	2 383 341	1 892 827	-	426 632	27 722	36 161
HÔTEL DU PARC MARTIGNY (Switzerland)	2 352 674	-	863 588	1 329 347	-	159 739
SARL C.B.A.P. (Centre de Balnéothérapie)	2 247 965	-	-	-	2 239 520	8 445
CASINO DE St-HONORÉ	2 045 522	1 944 113	-	86 438	-	14 971
CASINO D'ÉVAUX-LES-BAINS	2 020 614	1 792 974	-	142 268	40 810	44 562
CASINO NUEVO SAN ROQUE	2 001 431	1 580 520	-	233 113	-	187 798
CASINO DE SALIES-DE-BÉARN	1 957 037	1 687 237	-	195 270	8 587	65 943
HÔTEL COSMOS (Contrex)	1 917 108	-	778 746	1 100 470	14 772	23 120
CASINO DE St-NECTAIRE	1 559 245	1 429 002	-	111 551	-	18 692
CASINO LE LYDIA	1 509 132	1 097 669	-	222 160	139 164	50 139
CASINO LE MIRAGE	1 320 117	1 264 824	-	10 576	-	44 716
HÔTEL SPLENDID (Châtelguyon)	1 307 026	-	930 388	332 218	-	44 420
ETABLISSEMENT THERMAL CONTREXÉVILLE	1 293 287	-	-	-	1 225 776	67 511
CASINO D'ANNEMASSE	1 273 399	1 180 329	-	53 460	39 021	589
CASINO DE GRASSE	1 266 028	1 097 588	-	94 958	-	73 482
CINÉMA ÉLYSÉE VICHY	1 195 367	-	-	-	1 078 424	116 943
CASINO DE CAZAUBON	1 160 142	1 100 100	-	57 040	-	3 002
CASINO CRANS-MONTANA	778 729	746 609	-	14 945	-	17 175
SA SIKB (Belgium)	713 181	-	-	8 254	-	704 927
VILLA DU HAVRE	660 437	-	-	647 830	-	12 607
SARL CAFÉ CARMEN	580 987	-	-	-	-	580 987
CASINO DE St-JULIEN	575 823	493 568	-	70 212	10 806	1 237
SCI LERICHE ROSTAGNE	401 101	-	-	-	-	401 101

Company	Turnover	Net gaming revenue recognised	Hotels	Restaurants	Leisure (thermal spas, balneotherapy, Golf courses, cinema, discotheques)	Other revenue
SPRL CASKNO	336 706	-	-	-	-	336 706
CASINO SLUIS N.V.	321 936	-	-	-	-	321 936
CASINO PORT-LA-NOUVELLE	277 014	37 170	-	51 759	174 483	13 602
CASINO DE HAUTEVILLE-LOMPNES	268 375	219 968		35 330	12 517	560
GRANDS HÔTELS DU PARC (Contrex)	259 902	-	110 192	148 780	-	930
GROUPE PARTOUCHE	258 007	-	-	-	-	258 007
SARL THERM'PARK	204 251	-	-	-	-	204 251
GROUPE PARTOUCHE INTERNATIONAL	188 500	-	-	-	-	188 500
SARL SINOCA (Val-André)	187 287	-	167 913	18 834	-	540
CASINO TRINITÉ-SUR-MER	133 942	25 608	-	101 641	-	6 693
ÉLYSÉE PALACE (EPSA)	66 516	-	-	-	-	66 516
BARATEM	49 916	-	-	49 386	-	530
SCI RUE ROYALE	38 005	-	-	-	-	38 005
HÔTEL CHARBONNIÈRE	35 186	-	29 291	4 074	-	1 821
SCI FONCIÈRE DE VITTEL ET CONTREXÉVILLE	18 684	-	-	-	-	18 684
SCI PARC DE POSAY	16 514	-	-	-	-	16 514
CASINO VIRGINIAN DE RENO	10 446	-	-	-	-	10 446
CHM	2 843	-	-	-	-	2 843
SCI DE GRASSE	27	-	-	-	-	27
TOTAL	**455 771 218**	**342 964 068**	**26 240 879**	**52 937 375**	**15 220 386**	**18 408 510**

Groupe Partouche slot machines

Groupe Partouche was awarded licences to operate 451 additional slot machines:

• Nice – Palais de la méditerranée	+ 150
• Port-Barcarès - Lydia	+ 51
• Le Havre	+ 50
• St-Amand-les-eaux	+ 50
• Plombières	+ 30
• Gruissan	+ 30
• Pornichet	+ 25
• St-Gamier	+ 25
• La Ciotat	+ 20
• Vichy – "Les 4 Chemins"	+ 20

New slot machines licences were also awarded for financial year 2005-2006:

• St-Amand-les-eaux	+ 25
• Le Havre	+ 50

Refurbishment and construction works

a. During the financial year.

Groupe Partouche is unremittingly committed to enhance the service that it provides for its patrons. By refurbishing existing establishments and creating new ones, the Group is constantly improving the quality of its amenities.

- Arcachon: refurbishment of the gaming room.
- Bandol: reconfiguration of the gaming room.
- Beaulieu-sur-Mer: improvement and reconfiguration of the lobby.
- Berck-sur-Mer: redecoration of the restaurant and bar.
- Châtelguyon: redecoration of the restaurant dining room.
- Forges-les-Eaux: refurbishment of the Hotel Continental.
- Hyères: reconfiguration of the discotheque.
- Le Havre: opening of the slot machines room.
- Plouescat: creation of a "lounge bar" in the slot machines room.
- Port-Barcarès "Le Lydia": reconfiguration of the slot machines room and refurbishment of the discotheque.
- Royat: improvements to the slot machines room.
- St-Amand-les-Eaux: construction of a 3-star hotel offering 60 rooms.
- St-Galmier: renovation of the restaurant, creation of a 100 spaces car park.
- Vichy – Grand Café: transformation of the discotheque into a piano bar ("Le Loft").

b. Projects for the year ahead 2005-2006.

- Agon-Coutainville: redecoration of the restaurant.
- Arcachon: new facade lighting system.
- Bandol: renovation work in the casino and construction of a 4-star hotel offering 62 rooms.
- Beaulieu-sur-Mer: refurbishment of the cupola room.
- Berck-sur-Mer: improvements to the slot machines room.
- Boulogne-sur-Mer: plans to rebuild the casino on a new site
- Cabourg: reorganisation and complete reconfiguration of the casino.
- Calais: renovation of the casino.
- Cannes – Palm Beach: reconfiguration of the casino based on a new concept.
- Châtelguyon: cinema and theatre brought in conformity with standards.
- Contrexéville: addition of a car park.
- Dieppe: fitting out of the hotel.
- Forges-les-Eaux: renovation of the Club Med - Construction of a hotel at the St-Saëns golf course.
- Gréoux-les-Bains: reconfiguration of the casino entrance.
- La Grande Motte: launching of the construction of a Pasino.
- La Ciotat: launching of the construction of a casino.
- Le Havre – Casino: completion of reconfiguration work in the former Chamber of Commerce building for the future "Pasino" pending its transfer to this site.
- La Tremblade: casino opening work.
- Le Havre – Villa: improvements to the gaming room and reconfiguration of the 1st floor as a restaurant dining room.
- Pornichet: renovation of the multi-purpose room.
- Port-Barcarès "Le Lydia": reconfiguration of upper deck as a restaurant dining room and renovation of the museum.
- Port-la-Nouvelle: enlargement of casino.
- Royat: renovation of the casino's theatre.
- Salies-de-Béarn: refurbishment of 3-star hotel offering 53 rooms.
- St-Galmier: refurbishment and enlargement of the slot machines room.
- St-Honoré-les-Bains: refurbishment of the Hotel "Le Morvan" in a 3-star establishment.
- St-Nectaire: redecoration of the auditorium and the restaurant.
- Vichy – Grand Café: reconfiguration of the terrace.

Awards

Thanks to the savoir-faire and talents of all of its employees, Groupe Partouche, received distinctions at the following establishments:

- Le Havre - La Villa: one star in the Michelin guide and a score of 18/20 in the Gault-Millau guide.
- Berck-sur-Mer: two knives and forks in the Michelin guide and a score of 13/20 in the Gault-Millau guide.
- La Tour-de-Salvagny: two stars in the Michelin guide for the La Rotonde restaurant, three stars in the Bottin Gourmand and a score of 16/20 in the Gault-Millau guide.
- Cannes - Hotel 3.14: listed in both the Michelin and Gault-Millau guides.

Events

Groupe Partouche casinos make a significant contribution to cultural life and entertainment by organising or taking part in local and internationally renowned events such as:

- Aix-en-Provence: International Lyric Art Festival – Preljocaj Ballet Festival.
- Arcachon: "Jazz en Buch" Festival.
- Andernos-les-Bains: Jazz Festival – Les Mots pour Rire Festival.
- Bandol: Les Nuits Live M6.
- Berck-sur-Mer: International Kite festival –Country Music Festival.
- Beaulieu-sur-Mer: Les Nuits Guitares.
- Cabourg: Romantic Film Festival – Epona – Festival Adami – Festival de Théâtre Universitaire - Une autre façon d'aimer Festival.
- Cannes: Performance d'acteurs - International Fashion Photography Festival.
- Châtelguyon: "Jazz aux sources" Jazz Festival – Summer Festival – Festival du Rire (comedy festival).
- Dieppe: International Kite festival.
- Forges-les-Eaux: Feuilles d'automne literary festival – International Magic Festival – Festival internationale du Grand Reportage Sportif Francophone.
- Hyères: Festival de l'anche – Jazz Festival – French song festival.
- Juan-les-Pins: International Jazz Festival Jazz à Juan – Magic Festival –International Bridge Festival.
- La Ciotat: Salon nautique Marseille métropole.
- La Roche-Posay: Festival de Musique en Chambre.
- La Tour de Salvagny: Country Music Festival.
- Le Touquet: Celtic Festival.
- Lyon: Biennale Contemporary Art from Lyon.
- Nice: International Accordion Festival – Bridge Festival.
- Plouescat: Young Fashion Designers of the Year.
- Royat: Festival Pyromélodique – Bridge Festival.
- St-Amand-les-Eaux: Festival de l'Eau.
- Val-André: Documentary Film and Theatre Festival.

1.3 The share capital of Groupe Partouche SA

Shareholding information (Article L. 233-13)

We present the identity of persons holding directly or indirectly at 31 October 2005, more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% the share capital or voting rights to the Annual General Meetings.
This list is kept up to date and is presented in the section relating to general information on the company's capital.

Self-held shares under the share buyback programme

The share buy-back programme, authorised by the Extraordinary General Meeting held on 4 April 2000, which was included in a Memorandum of Information approved by the COB on the 14 March 2000 under the reference number 00-305, ended on 3 October 2001.
As part of the granted authorisation and according to the objectives determined by the General Meeting, in 2002 the Company acquired on the stock market 2,738 treasury shares at an average price of €61.64 for a total amount of €168,767, excluding transaction fees. No such shares were sold.
At the end of the 2002 financial year, the Company held 2,738 treasury shares valued at €61.64 (purchase price). This represents 0.04% of the company's share capital. Since the Extraordinary General Meeting of 10 November 2003, having decided to divide the par value of the shares by seven, we now hold 19,166 shares.
The Extraordinary General Meetings held on 2 April 2001, 9 April 2002 and 15 April 2003 authorised the Executive Board to buy the Company's own shares on the market, pursuant to the provisions of Article L. 225-209 of the Commercial Code, mainly for the purposes of regulating the share price, the delivery of shares by way of exchange for external growth operations or for any other purpose that is in the company's interest.
The most recent authorisation given by the Ordinary General Meeting of 25 April 2005, fixed the maximum purchase price at €30 per share and the minimum sale price at €10. This authorisation, granted for 18 months which expires on 26 October 2006 has never been applied.

Approval of a procedure enabling the company to buy back its own shares, pursuant to Article L. 225-209 of the Commercial Code

The Executive Board proposes that the General Meeting grants it the authorisation, pursuant to Articles L.225-209 and subsequent of the Commercial Code, to carry out a share buyback programme subject to the following conditions:

- the Company may perform transactions in its own shares for any purpose, particularly, to buy and sell shares in accordance with market conditions, or use the shares bought back as consideration to make acquisitions, or to enable share purchase options to be granted to company officers and employees;
- the number of shares that the Company may buy under the share buyback programme may not cause the number of such shares held by the Company to exceed 10% of its share capital;
- the Company may purchase such shares at a maximum price of €30 per share and sell them at a minimum price of €10 per share. These prices are fixed subject to any adjustments relating to:
- shares bought and sold under this programme by any means on a regulated or over-the-counter market (including a simple purchase, recourse to any financial instrument or derivatives, or options); the maximum portion of share capital that may be purchased or sold in the form of a block of shares is equal to the total permitted by the share buyback programme.

This authorisation:

- would terminate the authorisation to conduct transactions in the Company's shares granted to the Executive Board under the fifth resolution of the Ordinary General Meeting held on 26 April 2005;
- would have a maximum period of validity of 18 months commencing on the date of this General Meeting until 27 October 2007.

Employee Share Ownership

Pursuant to the terms of Article L.225-102 of the Commercial Code, we hereby confirm that no shares were held by employees in the corporate saving plan on the last day of the financial year, 31 October 2005.

1.4 Results – Appropriations

Review of the financial statements of Groupe Partouche SA, the holding company, and its results

Turnover totalled €10,681 thousand, chiefly consisting of management fees received from subsidiaries, which amounted to €10,060 thousand. With an expense transfer of €1,366 thousand related to the commission for the arrangement of the new syndicated credit facility concluded at the end of the period, operating income reached €12,101 thousand, compared to €8,779 thousand in 2004.
With operating expenses totalling €27,546 thousand (down from €29,364 thousand in 2004), the company posted an operating loss of €15,445 thousand for the year, compared to a loss of €20,585 thousand in 2004.
Net financial income amounted to €32,542 thousand, €16,410 thousand higher than the previous year, attributable to the increase in dividends paid by subsidiaries, which together generated financial income of €54,757 thousand.
Income from ordinary activities before tax also improved considerably, turning positive at €17,129 thousand.
Tax savings provided especially by the tax consolidation group amounted to €14,314 thousand and net income for the year reached €32,776 thousand, compared to €12,718 thousand in 2004. On the balance sheet, net fixed assets included the acquisition of Groupe de Divonne SA for €84,002 thousand and amounted to €633,283 thousand compared to €537,145 thousand the previous year, and the cash position improved by €31,506 thousand. In liabilities, the main changes are the improvement in shareholders' equity, which reached €308,196 thousand, compared to €275,699 thousand in 2004, and the rise in bank debt related to the acquisition of Groupe de Divonne.

Proposed appropriation of net income

We invite you to approve these annual financial statements (balance sheet, income statement and notes), as submitted to you and showing net income of €32,775,803 which we propose be appropriated as follows:

Net income for the year	32 775 803 €
retained earnings	32 775 803 €
which, after appropriation, totals	144 673 556 €

As required by law, the General Meeting shall take note that the dividends distributed for the last three financial periods, together with the corresponding tax credits were:

Financial year ended	Number of shares	Net dividend in €	Tax credit in € (1)
31 October 2002	6.156.774	0,00	0,00
31 October 2003	6.156.774	0,00	0,00
31 October 2004	43.097.418 (2)	0,00	0,00

(1) the tax credit has been systematically calculated at the rate of 50%.

(2) the number of shares was modified following the AGM of 10 November 2003.

■ **Expenses that may not be deducted for tax purposes (CGI 39-4)**

Pursuant to the provisions of Article 233 quater of the French General Tax Code ("CGI"), we hereby inform you that the financial statements for the period under review include an amount of €7,508 which corresponds to expenses that may not be deducted for tax purposes in light of the provisions of Article 39-4 of the CGI.

■ **Income for the last five financial periods**

The table showing the Company's income for the last five fiscal periods is included in the notes to the financial statements of the holding company.

■ **Review of the consolidated financial statements**

Pursuant to Article L. 225-100 of the Commercial Code and after having heard the Executive Board report, we hereby submit for your approval the consolidated financial statements for the financial year ended 31 October 2005

1.5 Agreements subject to articles L.225-86 et seq. of the Commercial Code

Pursuant to Article L. 225-88 of the Commercial Code, we invite you to approve agreements falling under Article L. 225-86 of the Commercial Code, applied during the financial year, following the authorisation granted by your Supervisory Board. Your Statutory Auditors have been informed of such agreements which they have included in their special report.

1.6 Compensation and benefits in kind paid to each company officer by the Company and its subsidiaries (article L.225-102-1-al.1)

(cf. Remuneration and benefits in kind in the Corporate Governance – Management Remuneration section).

1.7 List of all mandates and functions performed at all Companies by each of the company officers during the financial year (article L.225-102-1-al.3)

(cf. list of directorships of members of the Executive Board and Supervisory Board in the Corporate Governance section).

1.8 Company management and control

■ **Status of mandates of members of the Supervisory Board and Statutory Auditors**

We hereby inform you that none of the mandates of the members of the Supervisory Board or the statutory auditors expired during the year.

■ **Directors' fees**

Finally, you are invited to set the total amount of directors' fees allocated to the members of the Supervisory Board for the financial year in progress and each future year, at €66,000.

1.9 Employee relations and environmental issues

Information on employee relations and environmental issues provided in accordance with Article L.225-102-1 of the Commercial Code:

Employee relations

■ **Our people make us what we are**

At the end of the year, Groupe Partouche had 6,182 employees, with a higher average headcount than during the previous year, due to the acquisition of Groupe de Divonne. Excluding the impact of the Groupe de Divonne acquisition, the workforce remained on a par with its level in 2004. This stability stems mainly from our finely calibrated management of joiners and leavers, together with close supervision of our teams.

■ **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. Subcontracting is only used on a relatively small scale, as our key professional specialities cannot be easily outsourced. During the financial year, subcontracting represented €3.02 million, chiefly attributable to the provision of security services.

■ **Rewards and loyalty enhancements**

Total payroll including social charges came to €176.9 million, and the combined total of profit-related pay paid by the subsidiaries came to 6.9 million.

■ **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. Along these lines, the night shifts worked by our employees were rewarded with financial compensation provided exclusively by the casinos of Groupe Partouche, amounting to a differential of between 5 and 10 per cent for each night hour worked.

■ **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. Moreover, 1,294 catering staff are given specially tailored training on food and drink health hygiene.
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**

Our businesses are constantly changing, which naturally means that our employees need to be willing to embrace change. For example, slot machine floor computerisation and our ceaseless efforts to optimise the profit centres require our staff to continually update their training. This training notably involves sending our staff – senior gaming staff – on one-week training programmes, before starting their new role.

■ **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 or to make payments to special employment centres for disabled persons (Centres d'Aides par le Travail).

■ **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.

Environmental issues

The Group's business has a very low level of exposure to industrial risks. The potential environmental consequences for the Group via its subsidiaries are as follows (note that the cost of "environmental policy" is included in total costs incurred by the Group):

■ **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 CO2 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, in contrast to industrial companies.

■ **The 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, an employee 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 2005.

■ **Amount of indemnities paid during the course of the financial year with regard to the execution of a legal decision relating to environmental issues and action taken to repair damages caused thereby:**
No indemnities with regard to the execution of a legal decision relating 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:**
Information relating to the environmental objectives which Groupe Partouche assigns to its foreign subsidiaries on the points above have been circulated in Belgium, Switzerland, Spain, Tunisia and Morocco.

2. Executive Board report to the Extraordinary General Meeting

We have also convened you to an Extraordinary General Meeting in order to submit three resolutions for your approval, with a view to bringing our Articles of Association in conformity with the provisions of Law No. 2005-842 of 26 July 2005.

• **The seventh resolution** is intended to bring our Articles of Association in line with the provisions introduced by Law No. 2005-842 of 26 July 2005 in its Article 6.II amending Article L. 225-98 of the Commercial Code, which ease quorum requirements for Ordinary General Meetings.

These new provisions apply to all publicly listed companies.

• **The eighth resolution** is intended to bring our Articles of Association in line with the provisions introduced by Law No. 2005-842 of 26 July 2005 in its Article 6.I amending Article L. 225-96 of the Commercial Code, which ease quorum requirements for Extraordinary General Meetings.

These new provisions apply to all publicly listed companies.

• **In the ninth resolution,** the General Meeting grants full powers to the bearer of copies or extracts of the minutes of all Meetings to proceed with all necessary filing and publication formalities as required by law.

II. Observations of the Supervisory Board to the Combined Ordinary and Extraordinary Meeting

HELD ON THURSDAY 27 APRIL 2006 AT 4 P.M.

Ladies and Gentlemen,

The Executive Board of our Company convened you to the Combined Annual and Extraordinary General Meeting in compliance with the law and the Articles of Association, in order to report to you on the position and activities of our company and of the Group during the financial year ended 31 October 2005 and to invite you to approve the financial statements for the said year and the appropriation of earnings.
You have heard the reports of the Executive Board and the Statutory Auditors.
We were kept regularly informed of the performance and the activities of your Company and its Group and we have carried out the specific procedures we deemed necessary in order to fulfil our mission of supervision.

We note with satisfaction the results of the Company, which reflect the quality of the business strategy implemented by the Executive Board under the aegis of its Chairman, within a general environment marked by a slowdown, not to say stagnation, in the French gaming business, and a heavier burden of our sector-specific levies.
Consequently, pursuant to Article L. 225-68 of the Commercial Code, we have examined and verified the financial statements submitted to us by the Executive Board and we have no specific observations to make concerning the Executive Board report or the financial statements.
We hope that all the proposals presented to you by the Executive Board in its report will receive your approval, and that you will adopt the meeting resolutions submitted to you.

The Supervisory Board

III. Report of the Chairman of the Supervisory Board on the company's organisation and internal control procedures

(ARTICLE L. 225-68 OF THE COMMERCIAL CODE)

Ladies and Gentlemen,
Pursuant to the provisions of Article L. 225-68 of the Commercial Code ensuing from Article 117 of the Financial Security Act, it is my responsibility as Chairman of the Supervisory Board of Groupe Partouche SA to present: (1) the conditions under which the Board's work is prepared and organised, and (2) the internal control procedures implemented by your Company during the financial year ending 31 October 2005.

1. Conditions under which the Supervisory Board's work is prepared and organised

The Extraordinary General 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 Executive Board and on the other hand, the control function, which is permanently exercised by a Supervisory Board, which at present has four members.
We have described herebelow: (1.1.) the conditions under which the Supervisory Board is organised and operates, provided a summary of (1.2.) its activity during the financial year under review, (1.3.) its preparatory work and finally (1.4.) an evaluation of its members.

1.1 Organisation and operating methods of the Board

■ Composition of the Supervisory Board

The Supervisory Board has four members, Isidore Partouche, Marcel Partouche, Maurice Sebag and Gaston Ghrenassia, appointed to this function by decision of the Ordinary Annual General Meeting of 20 June 1996, (Gaston Ghrenassia, having been co-opted to replace Jacques Benhamou by decision of the Supervisory Board of 11 December 1998). These mandates were renewed by decision of the Ordinary General Meeting of 9 April 2002 and expire on completion of the Ordinary General Meeting called to approve the financial statements for the financial year ending 31 October 2007.The General Meeting of 26 April 2005 decided in its eighth resolution to allocate total directors' fees of €66,000 to the members of the Supervisory Board, and the distribution of this overall amount to individual members was decided by the Supervisory Board on 4 July 2005.

■ Operation of the Supervisory Board

The organisation and operating methods of the Supervisory Board are stipulated in Articles 21 and 22 of the Articles of Association of Groupe Partouche SA:

Article 21 - Organisation and operation of the Supervisory Board
1 - 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.
2 - 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.
3 - 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 General Meeting and sets the level of their remuneration.
It convenes the General 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 below.
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 General Meeting.
The Supervisory Board may decide to transfer the registered office within the same departement or an adjoining departement, subject to such a decision's ratification by the next Ordinary General 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.

1.2 Report on the activity of the Supervisory Board during the year under review

During the financial year, a twelve-month period ending 31 October 2005, the Supervisory Board met 20 times, with a 95% attendance rate.
The meetings of the Supervisory Board related primarily to the quarterly accounting closes. The Executive Board presents a detailed activity report, which allows the Supervisory Board to carry out its mission in full. (Supervisory Board meetings of 30 November 2004, 23 February 2005, 27 May 2005 and 30 August 2005) and, with respect to the interim financial statements (Supervisory Board meeting of 3 August 2005).
Mr Patrick Partouche was appointed as Chairman of the Executive Board by the Supervisory Board in its meeting of 31 January 2005.
Also on 31 January 2005, the Supervisory Board awarded a bonus to Mr Isidore Partouche, Chairman of the Supervisory Board, suspended his remuneration, appointed Mr Hubert Benhamou as a Member of the Executive Board and General Manager and set the latter's remuneration.
On 17 May 2005, the Supervisory Board modified the remuneration of Mr Patrick Partouche, Chairman of the Executive Board.
On 4 October 2005, the Supervisory Board set the remuneration of Mr Isidore Partouche.
During the year, the Supervisory Board decided to approve four receivable write-offs with a financial recovery clause with respect to four new subsidiaries, each of which operates a gaming establishment in its start-up phase, which require an equity contribution to finance start-up operations.
(Supervisory Board meetings of 31 May 2005, 22 August 2005 and 2 September 2005).
The Supervisory Board authorised the signing of eight head office assistance agreements and eight tax consolidation agreements
(Supervisory Board meetings of 5 September 2005 and 30 September 2005).
On 21 September 2005, the Supervisory Board authorised the refinancing operation supporting the acquisition of Groupe de Divonne, and the related guarantees.
The Supervisory Board authorised the Group to provide its guarantee to its subsidiary Centre de Balnéothérapie d'Aix-en-Provence SARL and, in place of Compagnie Européenne de Casinos, for the sale of the Cazaubon casino (Supervisory Board meetings of 23 November 2004 and 21 March 2005).
Finally, on 30 January 2006, the Supervisory Board examined the holding company and consolidated financial statements for the financial year ended 31 October 2005, together with the Executive Board report.

1.3 Preparation for Board Meetings

■ Modus operandi of Supervisory Board meetings

The members of the Supervisory Board receive accounting documents and, generally, documents relating to the agenda of Board meetings, on average 10 days before the meetings are held.

■ Organisation and operation of committees

The Supervisory Board set up three committees, an Audit Committee, a Finance Committee and a Remuneration Committee.
The Remuneration Committee generally meets once a year, in order to determine, in line with budget restrictions, remuneration for the financial year to come, with an attendance rate of 100%. The Finance Committee and the Audit Committee met five times in financial year 2005, with an attendance rate of 100%.

The various committees meet under the chairmanship of Isidore Partouche who co-ordinates and runs them with the collaboration of Patrick Partouche, Chairman of the Executive Board, Ari Sebag and Hubert Benhamou, both General Managers and members of the Executive Board. The committees can rely, through the members of the Executive Board, on the collaboration and involvement of the various staff departments of the Group. In connection with their tasks, they may use or bring in, as authorised by the Supervisory Board, the outside specialists or advisors they deem necessary. Details of their specific expertise and capacities are provided in the internal rules of procedure included later in this document.

1.4 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.

1.5 Internal rules of procedure

By decision of the Supervisory Board on 27 October 2005, internal rules of procedure for the Supervisory Board and its committees were established.
The text of these rules is included within this report.

2. Internal Control Procedures Implemented

2.1 Objectives of internal control procedures

The internal control procedures in force at Groupe Partouche SA aim:

- to ensure that operational and transaction management, together with the behaviour of employees in general comply with the framework of guidelines defined by management bodies, laws and regulations, as well as the Company's own values, standards and internal regulations;
- to check that accounting, financial and management information communicated to the company's management bodies faithfully reflect the company's business performance and financial position.

One of the objectives of the internal control system is to anticipate and control the risk of errors and fraud, particularly in accounting and finance. However, no internal control system can provide an absolute guarantee that such risks have been entirely eliminated.

2.2 General organisation of internal control procedures

Internal control procedures are part of the policy defined by the Executive Board and are implemented under the direct responsibility of the General Managers of the various subsidiaries.
Some 80% of our Group's business centres on the casino business in France, which has "three distinct segments: entertainment, restaurants and gaming, 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.
The application order of the Decree of 22 December 1959 determines the following:

- the conditions for preparing and assessing requests for gaming licences,
- the administration and operating conditions for casinos,
- the operating regulations for games,
- accounting and progressive levies,
- supervision and control.

The regulatory frameworks of casinos operated outside France (over 9% of turnover) are also very strict, particularly in Switzerland.
Moreover, the Group's major hotels are managed via management (Hilton and Méridien) or franchise contracts (Club Méditerranée), or by reputable operators. Over 5% of our turnover is generated with Hilton and Méridien.
Groupe Partouche SA's finance department is responsible for organising internal control procedures relating to the preparation and processing of the company's accounting and financial information.
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 thus provides, among other things, administrative, accounting, legal and financial support.
The operating units are all subsidiaries which do not have a particularly high degree of complexity, equipped with a dedicated internal administration and accounting departments.
Groupe Partouche SA's subsidiaries are also assisted by chartered accountants, long-term advisors with an in-depth knowledge of the specificities of the Group's business segments.
The only entities that do not benefit from the assistance of a chartered accountant are those subsidiaries that are administered at the Group's head office, thanks to the presence of a qualified French chartered accountant who is a head office employee.

■ Organisation of accounting internal controls

Groupe Partouche's finance department coordinates and supervises the organisation of its subsidiary level accounting departments. It verifies the regularity of accounting data. Groupe Partouche SA and its operating entities all use a single consistent accounting system.
The system is configured by external consultant. Updates to the software are performed only by the Group's in-house IT department. The system runs on an AS400 and data is backed up on tape on a daily basis. These tapes are placed in fireproof safes which guarantee that the data is stored in optimal security.
The software package has a plethora of security features which allow access to certain information to be obtained based on a security hierarchy of users.
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.
Users are provided with an internal user guide covering payroll management, both from a technical (procedures – instructions) and legal point of view (calculation methods used by the Group in compliance with employment, sector-specific and tax regulations).

Organisation of management internal controls

The management services at Groupe Partouche SA's head office are supported by staff in charge of preparing and monitoring budgets and the financial reporting of their operating units, within the subsidiaries.
All of the information used, in the budgetary and management 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 our line of business.

■ Organisation of financial internal controls

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 decentralised 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 decentralised consolidation information system.

2.3 Internal control procedures relating to the preparation and processing of financial and accounting information

Groupe Partouche SA is obliged to present reliable financial statements, which must reflect a true and fair image of the Company.

■ Accounting information

A chart of accounts adapted to the Group's accounting framework is used by the operating units, in compliance with the Order of 27 February 1984, which sets the provisions relating to casino's accounts and mentions that the professional chart of accounts appended thereto should by applied by casinos.
Procedural notes are prepared by the Group's accounting department for the attention of the subsidiaries, particularly by taking account of the specific accounting treatment in the gaming sector.

These provisions mean that consistent accounting information is sent to Groupe Partouche SA. The Group's accounting department organises and plans the work required to close the statutory accounts of Groupe Partouche SA, and prepares an annual and half-yearly control file.
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.

■ Management information

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.
Two financial reporting phases are in place: a monthly activity reporting phase and a quarterly operating and investment reporting phase. The monthly activity reporting phase makes data available relating to turnover and specific information relating to the gaming sector.
Quarterly 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.
Finally, reconciliation between the management reporting and consolidation phases in the information system allows information to be definitively validated.

■ Financial information

The ultimate objective of the internal control procedures for Groupe Partouche SA, the holding company, is to ensure the reliability of the consolidated financial statements. Specific procedures deal with the preparation of the consolidated financial statements by the dedicated department at Groupe Partouche's head office.
We can use, where necessary, the services of specialist external consultants, particularly for special, non-recurring transactions (acquisitions, disposals, mergers, etc.).
Planning, organisation and the management of the consolidation process are performed by the head of the Group's consolidation department. 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 detail the sequence in which the consolidated financial statements are prepared by listing the primary controls that are 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 cross-checking with the information held by the group's central legal department.
Changes in the regulatory framework governing consolidation are permanently monitored, where necessary, in conjunction with external advisors. This allows work to be carried out to make the standards applied consistent, ensure that they comply with Group policies and that the information system is updated as appropriate, in liaison with consultants from the software supplier.
The new IFRS accounting standards are applicable to the Group as of 1 November 2005.
A project steering committee and a specialist core team representing the various functions concerned were set up to prepare for the transition to IAS/IFRS. An implementation schedule was also prepared.
As part of its preparation for the obligatory application as of 2006 of international accounting standards published by the IASB, applicable to listed European companies, Groupe Partouche performed an exhaustive identification of differences (with respect to the principles and policies currently applied by the Group). The definitive restatements are currently in preparation and will be presented on the occasion of the interim financial statements.
When it receives the consolidation packages from the subsidiaries, the consolidation department ensures compliance with group accounting policies, which guarantees the presentational consistency of the financial statements. The subsidiaries keep a "permanent file", a set of instructions on how to produce their consolidation packages which presents the consolidation work to be performed, the required documents to be used and the corresponding information submission procedures, and a "period-end file" detailing the consolidation schedule and specific information requested at the end of each period.

Isidore Partouche
Chairman of the Supervisory Board

INTERNAL RULES OF PROCEDURE FOR THE SUPERVISORY BOARD AND ITS COMMITTEES

On 27 October 2005, the Supervisory Board decided to draw up internal rules of procedure covering the guiding principles for its operations.

Article 1. Strategic orientations

All important decisions pertaining to employment policies and labour–management relations as well as the strategic, economic, 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.

Where appropriate, the Chairman submits the proposed mission letter for the approval of the Remuneration, Audit and/or Finance Committees and forwards a copy of the approved and signed mission letter to the Chairmen of each of these Committees.

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

Article 5. Supervisory Board Committees

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

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

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

The Chairman of each committee establishes the agenda for each of its meetings and forwards this information to the Chairman of the Supervisory Board.

The Chairman of a committee may decide to invite all or a portion of the members of the Supervisory Board or the Executive Board and, if necessary, any other person of his or her choosing to certain meetings. To request the participation of members of Management in a meeting, the Chairman of a committee forwards a list of names to the Chairman of the Supervisory Board.

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

- each committee handles all matters falling within the area of expertise assigned to it by these rules of procedure and determines its own annual schedule;
- matters included or due to be included in the agenda for a meeting of the Supervisory Board may also be referred to committees by the Chairman of Supervisory Board
- The Supervisory Board and its Chairman may also refer any other matter falling within a specific area of expertise to the relevant committee.

Article 6. The Audit Committee

The Audit Committee effects an annual examination of the Holding company and of the Group's consolidated financial statements and periodically examines internal control procedures and more generally all the procedures for auditing accounting or management that are in force within the Group.

It also acts as an intermediary between the Supervisory Board and the Statutory Auditors of the Group.

The Audit Committee reviews changes to the accounting standards applied in the preparation of financial statements and investigates any lack of compliance with these standards.

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

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

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

Article 7. Remuneration Committee

The Remuneration Committee's task is to determine the remuneration of the members of the Executive Board, and to obtain, through the Executive Board, information relating to the remuneration and status of the Directors of the Group. The committee does not determine the allocation methods for bonuses in advance.

Article 8. Finance Committee

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

Article 9. 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 General 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 10. 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.

Whenever a meeting of the Supervisory Board is convened in a location other than the company's registered office, the Chairman takes the necessary measures to ensure that all the members of the Supervisory Board who are due to attend may participate by way of the methods described above.

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 Commercial Code.

Article 11. 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 12. 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 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 communicates these dates to the members of the Supervisory Board in a timely fashion.

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

Paris, 27 October 2005.

Statutory Auditors' observations on the Report of the Chairman of the Supervisory Board in respect of internal control procedures relating to financial information

FINANCIAL YEAR ENDING 31 OCTOBER 2005

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 Commercial Code, 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 Commercial Code for the financial year ending 31 October 2005.

Under the responsibility of the Supervisory Board, Management is bound to define and implement adequate and efficient internal control procedures. The Chairman is responsible for providing in his report, notably, the conditions under which the work of the Supervisory Board is prepared and organised and of the internal control procedures implemented within the company.

Our role is to communicate to you our 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.

We conducted our work in accordance with French professional standards. These standards require that we perform whatever work necessary to assess the truth and fairness of the information provided in the Chairman's report relating to internal control procedures governing the preparation and processing of accounting and financial information. This work consisted, amongst other things, in the following:

- acquiring knowledge of the objectives and general organisation of the internal controls, together with the internal control procedures governing the preparation and processing of accounting and financial information, as presented in the Chairman's report;
- acquiring information on the work performed to provide the information presented in the report.

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 Commercial Code:

Saint-Cloud and Sceaux, 23 March 2006

BDO Marque Gendrot
Joël Assayah
Jean-Louis Mathieu

José David

Consolidated financial statements 2005

48 Consolidated balance sheet
53 Annex to the consolidated financial statements
57 Notes to the consolidated financial statements
68 Notes to the income statement
72 Information on the Group's scope of consolidation
77 Statutory auditors' report on the consolidated financial statements



Consolidated balance sheet

FINANCIAL YEAR ENDED 31 OCTOBER 2005

I - Assets (Net Value)

€'000 at 31 October	2005	Pro forma 2005	2004	2003
Set-up costs	77	77	297	749
Capitalised research and development costs	459	459	323	466
Franchises, patents, licences and trademarks	1 066	1 066	1 038	572
Internally generated goodwill	7 334	7 334	6 876	7 121
Goodwill on acquisition	412 760	408 984	358 914	380 915
Other intangible assets	887	887	987	1 102
INTANGIBLE ASSETS	**422 581**	**418 806**	**368 435**	**390 924**
Land	30 370	30 370	21 343	18 709
Buildings	323 161	323 161	241 829	232 687
Machinery and equipment	58 339	58 339	48 637	41 996
Other tangible fixed assets	35 022	35 022	57 141	51 415
Assets under construction	6 598	6 598	5 019	4 720
Deposits and downpayments	118	118	816	14 276
TANGIBLE FIXED ASSETS	**453 608**	**453 608**	**374 785**	**363 802**
Investments in associates	35 930	35 930	35 982	36 206
Other long-term investments	3 378	3 378	2 652	3 615
Investments – accounted affiliates	5 964	5 964	5 404	9
FINANCIAL INVESTMENTS	**45 272**	**45 272**	**44 038**	**39 830**
FIXED ASSETS	**921 462**	**917 686**	**787 258**	**794 557**
Raw materials	3 512	3 512	2 641	2 521
Semi-finished and finished goods	-	-	166	477
Goods held for resale	4 355	4 355	4 233	4 196
Downpayments to suppliers	808	808	550	942
Trade receivables	11 942	11 942	9 823	12 880
Deferred tax	1 123	1 123	1 030	1 555
Other receivables	22 672	22 672	21 535	35 610
Treasury shares	169	169	169	291
Other marketable securities	34 014	34 014	3 572	7 000
Cash at bank and in hand	83 605	80 803	65 916	55 637
Deferred charges	8 933	8 933	7 653	7 506
CURRENT ASSETS	**171 132**	**168 330**	**117 287**	**128 615**
Prepayments and accrued income	4 267	4 267	8 266	9 710
TOTAL ASSETS	**1 096 861**	**1 090 283**	**912 811**	**932 882**

II - SHAREHOLDERS' EQUITY & LIABILITIES

€'000 at 31 October	2005	Pro forma 2005	2004	2003
Share capital	86 195	86 195	86 195	86 195
Share premium	9 411	9 411	9 411	9 411
Consolidated reserves	147 298	144 883	127 734	110 017
Group revaluation reserve	(27)	(28)	159	128
Group net income for the year	6 938	3 725	20 134	17 657
Statutory provisions	-	-	-	-
SHAREHOLDERS' EQUITY	**249 815**	**244 185**	**243 633**	**223 408**
Minority interests	29 627	29 494	28 517	24 877
Net income attributable to minority interests	6 246	6 380	7 287	6 155
MINORITY INTERESTS	**35 874**	**35 874**	**35 805**	**31 032**
Contingency provisions	3 438	3 438	4 061	6 371
Loss provisions	14 836	14 836	8 573	3 751
CONTINGENCY AND LOSS PROVISIONS	**18 274**	**18 274**	**12 634**	**10 122**
Bank loans and overdrafts	468 638	468 638	339 621	391 754
Other borrowings	120 732	120 732	115 275	116 303
Downpayments from clients	2 951	2 951	1 827	2 468
Trade notes and accounts payable	20 241	20 241	17 811	18 514
Tax and social charges	116 967	116 967	97 438	88 513
Deferred tax liability	34 291	33 343	23 171	16 513
Liabilities to fixed assets suppliers	6 172	6 172	7 601	10 314
Other liabilities	15 502	15 549	10 827	13 354
Deferred income	7 405	7 357	7 167	10 585
LIABILITIES	**792 898**	**791 950**	**620 739**	**668 319**
Accruals	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1 096 861**	**1 090 283**	**912 811**	**932 882**

III - CONSOLIDATED INCOME STATEMENT

€'000 at 31 October	2005	Pro forma 2005	2004	2003
Sales of good held for resale	1 339	1 511	1 085	1 256
Sales of services	454 432	510 459	451 410	434 399
NET TURNOVER	**455 771**	**511 970**	**452 495**	**435 655**
Goods capitalised	967	1 077	418	717
Operating subsidies	1 897	2 170	467	385
Reversals of depreciation, amortisation, provisions and expense transfers	9 688	13 810	13 645	20 638
Other income	396	405	509	405
Operating income	**468 719**	**529 432**	**467 534**	**457 801**
Purchases and change in inventories	25 510	29 104	24 578	25 980
Other purchases and external expenses	97 355	111 755	97 051	100 905
Tax	23 475	26 620	22 045	21 785
Personnel costs	176 929	206 509	169 799	163 195
Depreciation and amortisation charges on fixed assets	38 863	46 410	37 290	33 852
Impairment of current assets	3 854	4 376	2 774	4 134
Contingency and loss provisions	3 909	4 103	1 930	1 791
Other expenses	11 919	17 042	12 865	11 872
Operating expenses	**381 813**	**445 919**	**368 332**	**363 514**
OPERATING INCOME	**86 905**	**83 514**	**99 202**	**94 288**
Financial income	4 843	6 979	4 126	1 586
Finance costs	27 393	31 709	29 067	34 705
FINANCIAL ITEMS	**(22 550)**	**(24 730)**	**(24 941)**	**(33 119)**
INCOME ON ORDINARY ACTIVITIES BEFORE TAX	**64 355**	**58 783**	**74 260**	**61 168**
Exceptional income	22 415	29 672	34 693	27 775
Exceptional expenses	26 610	27 337	27 134	23 936
EXCEPTIONAL ITEMS	**(4 195)**	**2 335**	**7 559**	**3 839**
Amortisation of goodwill on acquisition	22 493	26 269	22 339	22 383
Corporate income tax	22 315	22 500	22 495	16 546
Deferred tax	(435)	(358)	7 475	1 830
Share in earnings of equity affiliates	2 602	2 602	2 089	436
TOTAL INCOME	**495 976**	**566 083**	**506 335**	**487 162**
TOTAL EXPENSES	**482 792**	**555 978**	**478 931**	**463 350**
Net income attributable to consolidated companies	13 184	10 105	27 421	23 812
GROUP INCOME	**6 938**	**3 725**	**20 134**	**17 657**
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST	**6 246**	**6 380**	**7 287**	**6 155**
NET EARNINGS PER SHARE	**0,3059**	**0,0234**	**0,6363**	**3,87**

- Total number of shares at 31 October 2003: 6 156 774
- Total number of shares at 31 October 2004: 43 097 418
- Total number of shares at 31 October 2005: 43 097 418

IV - CONSOLIDATED CASH FLOW STATEMENT

€'000 at 31 October	2005	Pro forma 2005	2004
Operating activities			
Net income attributable to consolidated companies	13 184	10 105	27 421
Depreciation and amortisation	67 062	78 385	58 474
Provisions	(42)	(3 672)	(565)
Change in deferred tax	(435)	(358)	7 475
Gain on sale of fixed assets	(449)	(439)	(10 729)
Elimination of share in equity affiliates	2 602	2 602	2 089
Self-financing capacity	**81 922**	**86 623**	**84 166**
Change in working capital requirements	**5 560**	**3 528**	**22 389**
Net cash inflow from operating activities	**87 482**	**90 151**	**106 555**
Investment activities			
Purchase of intangible and tangible fixed assets	(41 186)	(44 914)	(53 071)
Purchase of financial investments	(781)	(889)	(6 160)
Liabilities payable to suppliers of fixed assets	(1 831)	(2 544)	(2 696)
Disposal of fixed assets	1 570	1 757	2 705
Impact of change in Group structure and others	(64 823)	(65 160)	14 766
Net cash outflow from investing activities	**(107 051)**	**(111 750)**	**(44 455)**
Financing activities			
Change in borrowings	80 381	79 575	(53 901)
Capitalised expenses	(5 245)	(5 245)	(107)
Dividends paid	(7 181)	(7 147)	(1 670)
Net cash inflow (outflow) from financing activities	**67 955**	**67 183**	**(55 678)**
Impact of currency fluctuations	(160)	(160)	104
INCREASE IN BANK BALANCES AND CASH	**48 225**	**45 423**	**6 525**
Opening cash position	69 146	69 146	62 620
Closing cash position	117 371	114 569	69 146

CONSOLIDATED CHANGE IN OPERATING WORKING CAPITAL REQUIREMENTS

€'000 at 31 October	2005	Pro forma 2005	2004
ASSETS			
Inventories and semi-finished goods	(34)	(126)	(63)
Advances and downpayments	(262)	(244)	428
Trade receivables	(584)	(790)	2 547
Other operating assets	561	2 217	15 710
Subtotal	**(320)**	**1 057**	**18 622**
LIABILITIES			
Trade payables	526	(387)	246
Tax and social security liabilities	4 130	2 422	8 150
Other operating liabilities	840	(121)	(4 231)
Advances and downpayments	384	557	(398)
Subtotal	**5 880**	**2 471**	**3 767**
CHANGE IN OPERATING WORKING CAPITAL REQUIREMENTS	**5 560**	**3 528**	**22 389**

V - CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

€'000 at 31 October	Share capital	Share premium	Translation reserve	Consolidated group reserves	Consolidated group income	Shareholders' equity group	Minority interests
POSITION AT 31 OCTOBER 2003	**86 195**	**9 411**	**128**	**110 017**	**17 657**	**223 408**	**31 032**
Translation adjustment	-	-	31	-	-	31	(111)
Distribution of GP SA dividends	-	-	-	-	-	-	-
Distribution of subsidiaries' dividends	-	-	-	-	-	-	(1 806)
Change in the scope of consolidation	-	-	-	-	-	-	-
Change in method of consolidation	-	-	-	(644)	-	(644)	(85)
Other movements	-	-	-	704	-	704	(512)
Appropriation of 2003 earnings	-	-	-	17 657	(17 657)	-	-
Net income for 2004 financial year	-	-	-		20 134	20 134	7 287
POSITION AT 31 OCTOBER 2004	**86 195**	**9 411**	**159**	**127 734**	**20 134**	**243 633**	**35 805**
Translation adjustment	-	-	(186)	-	-	-	(122)
Distribution of GP SA dividends	-	-	-	-	-	-	-
Distribution of subsidiaries' dividends	-	-	-	-	-	-	(7 194)
Change in the scope of consolidation	-	-	-	-	-	-	1 167
Other movements	-	-	-	(570)	-	(570)	(29)
Appropriation of 2004 earnings	-	-	-	20 134	(20 134)	-	-
Net income for 2005 financial year	-	-	-	-	6 938	6 938	6 246
POSITION AT 31 OCTOBER 2005	**86 195**	**9 411**	**(27)**	**147 298**	**6 938**	**249 815**	**35 873**

Annex to the consolidated financial statements

KEY EVENTS OF THE FINANCIAL YEAR

In 2005, Groupe Partouche acquired the companies of Groupe de Divonne, which resulted in the preparation of pro forma financial statements for the 2005 financial year.
Moreover, it sold the Casino de Cazaubon in March 2005 which had the following impacts on the consolidated financial statements:

Casino de Cazaubon

€'000	2004-2005	2003-2004
Turnover	1 160	3 016
Operating income	299	826
Net income	195	555

Impact of newly consolidated companies at 31 October 2005

€'000	Turnover	Operating income	Net income Group share
Hôtel Charbonnières	35	(399)	(411)
Casino de Divonne	2 559	(999)	(439)
Casino d'Annemasse	1 273	419	199
Casino de St-Julien	576	(10)	(49)
Casino de Hauteville	268	(79)	(119)
Casino de Crans-Montana	779	(354)	(360)
Somarg	-	-	-
Groupe de Divonne	-	-	47
SCI de l'Arve	-	73	34

ACCOUNTING POLICIES

Accounting standards

The Group's consolidated financial statements were prepared in accordance with French accounting standards as defined by CRC Regulation 99-02.

The financial statements of foreign companies prepared on the basis of accounting standards in force in their countries, are reprocessed in order to apply the policies generally accepted by the Group.

Since the activities of Groupe de Divonne were included for a one-month period in the consolidated financial statements for the year ending 31 October 2005, pro forma financial statements were prepared for 2005, presenting the impact of this acquisition on the financial year as a whole, in order to facilitate comparison with previously published information. The pro forma financial statements were prepared by applying Groupe Partouche's accounting principles and the following assumptions:

– consolidation of the accounts of the companies of Groupe de Divonne for a period of 12 months (from 1 November 2004 to 31 October 2005)

– goodwill calculated as of the date of consolidation, thus as of 01/10/05 and amortized over 12 months.

– increase, as of 1 November 2004, in bank debt equivalent to the purchase price for the acquisition of Groupe de Divonne, an amount of €84.0 million. No amortisation of capital assets during this period.

– calculation of finance costs on the basis of a reference rate equal to the 3-month Euribor rate for the period from November 2004 to September 2005 (2.139%) plus the margin of the new syndicated credit facility concluded in support of this acquisition (150 basis points).

Preparation for the transition to IFRS

The new IFRS accounting standards are applicable to the Group as of 1 November 2005.

A project steering committee and a specialist core team representing the various functions concerned were set up to prepare for the transition to IAS/IFRS. An implementation schedule was also prepared.

As part of its preparation for the obligatory application as of 2006 of international accounting standards published by the IASB, applicable to listed European companies, Groupe Partouche performed an exhaustive identification of differences (with respect to the principles and policies currently applied by the Group). The definitive restatements are currently in preparation and will be presented on the occasion of publication of the interim financial statements.

Consolidation methods

The full consolidation method is applied in all of the subsidiaries over which the Group has exclusive control, either directly or indirectly.

Companies in which Groupe Partouche 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 SC du Casino Grasse.

Companies over which Groupe Partouche has significant influence are equity-accounted. This method has been applied in the case of the following four companies since they became part of the scope of consolidation in financial year 2003: International Casino of Madrid, Société Française d'Investissement d'Hôtels et de Casinos, SA Casino du Palais de la Méditerranée and SAS Hôtel du Palais de la Méditerranée.

Entities are consolidated on the basis of their statutory accounts restated to comply with the Group's accounting policies.

All of the significant transactions between the consolidated companies together with any gains on intercompany transactions are eliminated.

The consolidated income statement includes the income statements of the companies acquired as of their date of acquisition.

Changes in accounting presentation and policies

As of 1 November 2003, Groupe Partouche has recognised pension obligations as a provision. The calculation method for these obligations is explained below. The impact of this accounting process on the financial statements is stated in a note to the financial statements.

Foreign currency translation methods

1. Foreign companies' financial statements

Foreign companies' financial statements are initially prepared in each subsidiary's local currency. Balance sheet items are translated into euros on the basis of the exchange rates prevailing at the closing date of the financial year. Shareholders' equity items are translated on the basis of the historical exchange rates, with translation differences from the previous financial year being accrued under the heading "translation differences" included in shareholders' equity.
The income statement and cash flow headings are translated using an average rate 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 31 October 2005. Income, expenses and transaction flows are translated on the basis of the exchange rate prevailing at the date they were posted. The gains and losses resulting from the translation of the assets and liabilities are listed in the income statement, as provided by the preferential method of Regulation 99-02.

Intangible assets

1. Goodwill on acquisition

On 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 on acquisition is the difference between the acquisition cost of the shares and the value of the corresponding proportion of revalued net assets at the date of acquisition, after deducting any external expenses directly related to the acquisition.

In the casino business, external growth transactions (acquisitions, etc.) generate positive goodwill on acquisition, since the activity of the acquired casinos is generally limited to table games. It is by taking account of future profitability, resulting in particular from the likelihood of obtaining slot machines, that the goodwill on acquisition is justified, after deduction of any specific assets which may have been charged.

In accordance with the Group accounting policy, goodwill on acquisition is amortised on a straight-line basis over a period of 20 years, in view of the long-term and beneficial nature of the investments concerned.

If the criteria indicated above are not met, and particularly if authorisation to operate slot machines is not obtained or where the profitable capacity is less than that originally estimated for a consecutive period of three years after obtaining the initial slot machine licence, Groupe Partouche may review its position with regard to the residual amortisation period of the related goodwill on acquisition.

2. Internally generated goodwill

In light of the sector in which the Group operates, the business itself can constitute significant identifiable assets which may be recognised when effective control of the consolidated companies is assumed. In this case, only separately identifiable assets are taken into account, in respect of which changes in value may be effectively monitored over time. Any internally generated goodwill generated by assets that are not separately identifiable is fully impaired.

Group companies' internally generated goodwill (excluding development rights) is amortised over a period of 20 years. Should the company's business activities decline, or should any component of internally generated goodwill become obsolete, the amortisation period may be reviewed.

3. Other intangible assets

Other intangible assets are amortised over their expected useful economic lives:

– Start-up costs	5 years
– Patents and licences	1 to 4 years
– Software	1 to 3 years

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet at historical cost (acquisition price plus acquisition-related expenses) or at production cost.

The Group generally uses the straight-line method of depreciation, over the following expected useful lives:

– Buildings	20 to 50 years
– Equipment, fixtures and fittings	5 to 10 years
– Vehicles	4 to 5 years
– Office and computer equipment	2 to 5 years

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

Long-term investments

Long-term investments are recognised in the balance sheet at acquisition cost net of any transaction-related expenses, or at contribution value. When their fair value falls below gross value, a provision for impairment is recognised for the difference.

The fair value of the investments is based on their value-in-use or market value. This value may be determined by:

– calculating the net asset value based on the subsidiaries' latest annual financial statements, adjusted for any unrealised capital gains (internally generated goodwill, buildings, deferred tax, etc.),
– forward-looking data such as profitability prospects,
– stock market prices.

Other financial investments include deposits paid and other long-term receivables (loans or advances granted to partners).

These receivables are recognised at the lower of nominal value and value-in-use. Value-in-use is determined taking into consideration, where applicable, the market value of assets that may be received in reimbursement for said receivables in application of the contractual clauses agreed between the Group and its partners or pledges.

Inventories

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

Receivables

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.

Marketable securities

Marketable securities are recognised in the balance sheet at the lower of acquisition cost and market value.
The market value of shares is determined on the basis of the average stock market price during the last month of the financial year.

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.

Contingency and loss provisions

Contingency and loss provision mainly comprise:
– tax and social security claims by the relevant public administrations, estimated on the basis of data available at the end of the financial year,
– progressive jackpots,
– provisions for retirement benefits of companies entering the scope of consolidated since the application of CRC Regulation 99-02 (the method used to estimate this provision is explained below in the paragraph entitled "Retirement benefit commitments".

Capital leases

1. Property leases

Property assets held under capital leases are recognised as if they had been acquired outright. The value of the assets financed in this way is recognised as an asset and depreciated in accordance with the depreciable lives indicated in the paragraph related to tangible fixed assets. The corresponding liabilities are recorded under financial debts as liabilities in the consolidated balance sheet.

2. Other capital leases

Other capital leases are not restated. The capitalisation of these assets would not have had a significant impact on the consolidated balance sheet. The corresponding lease payments are recognised under the operating expenses of the period to which they relate. The amount of commitments related to these contracts is disclosed under off balance sheet commitments given.

Retirement benefit commitments

As provided by the regulations and law of each country, the Group's companies have mandatory commitments in respect of retirement bonuses.

These commitments have been subject to an actuarial valuation using the prospective method. The entire amount of the expense corresponding to the rights acquired by employees is determined on the basis of agreements in place at each company. This valuation takes into account probabilities that employees will remain in Group employment until retirement (age 60), mortality rates based on gender, expected change in salary levels (2%), financial discounting (5.5%) and the recognition of social security expenses representing 42% of the provision that is calculated. At 31 October 2004, Groupe Partouche recognised retirement benefit commitments, which represented a change in accounting policy. The impact of this restatement on consolidated reserves before tax, for the year ended 31 October 2004, was €1,109 thousand.

Specific observations concerning accounting standards

1. The chart of accounts for casinos (Decree of 27 February 1984) requires the application of specific regulations regarding investment subsidies on resulting from own-use tax levies. Own-use levies refer to the casinos' additional net receipts from applying a revised progressive scale of levies (27 November 1986), 50% of which should be set aside to improve the tourism-related capital assets as specified by the Decree. Investment subsidies recognised under shareholders' equity in the subsidiaries' financial statements are restated under "deferred income" in the consolidated financial statements and form the bulk of this account heading.

2. In accordance with the casino chart of accounts, the Group provides for progressive jackpots at the end of the financial year.

3. Since the 31 October 1997 financial year-end, and in order to comply with the recent interpretation of the chart of accounts applicable to spa resort casinos, Group casinos do not account 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 other liabilities.

4. Since the 31 October 1999 financial year-end, the Group capitalises interest relating to investments exceeding €15.2 million in the company accounts of the relevant subsidiary until the corresponding investments come into operation.

Turnover

Turnover represents all of the revenue relating to the ordinary activities of consolidated companies. It comprises Net Gaming Revenue, revenue from restaurants and hotels activities and real estate leases.

Operating income and operating margin

Operating income includes all of the revenue and expense items directly relating to the ordinary activities of consolidated companies. The following items are excluded from operating income: financial items, income from equity-accounted companies and exceptional items.

Distinction between income from ordinary activities 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.

Notes to the consolidated financial statements

FINANCIAL YEAR ENDED 31 OCTOBER 2005

SEGMENTAL INFORMATION

€ million at 31 October	2005	2004	2003
Turnover			
Games	343,0	342,9	322,8
Restaurants	52,9	55,7	54,0
Hotels	26,2	26,2	30,8
Other	33,6	27,7	28,1
CONSOLIDATED TOTAL	**455,8**	**452,5**	**435,7**

€ million at 31 October	2005	2004	2003
Turnover			
France	409,7	410,9	406,7
Europe (excluding France)	42,4	14,0	25,1
Other	3,7	27,6	3,8
CONSOLIDATED TOTAL	**455,8**	**452,5**	**435,7**

NOTES TO THE BALANCE SHEET

Note 1 – Intangible assets

CHANGE IN GROSS VALUES

€'000 at 31 October	2004*	Newly acquired companies	Increase	Decrease	Reclassi-fication	Deconso-lidation	2005
Set-up costs	3 493	59	-	-	(2 219)	-	1 333
Capitalised research and development costs	568	-	-	-	229	-	797
Franchises, patents, licences and trademarks	2 083	138	16	23	(245)	-	1 969
Internally generated goodwill, Lease rights	8 919	3 811	81	168	1 250	430	13 463
Goodwill on acquisition	444 857	82 383	-	-	(3)	6 969	520 268
Other intangible assets	4 432	908	692	423	(265)	65	5 278
TOTAL	**464 352**	**87 299**	**789**	**614**	**(1 253)**	**7 464**	**543 108**

CHANGE IN AMORTISATION

€'000 at 31 October	2004*	Newly acquired companies	Increase	Decrease	Reclassi-fication	Deconso-lidation	2005
Set-up costs	3 197	35	22	-	(1 998)	-	1 256
Capitalised research and development costs	245	-	120	-	(26)	-	339
Franchises, patents, licences and trademarks	1 040	84	43	22	(242)	-	903
Internally generated goodwill, Lease rights	2 044	3 811	379	169	150	86	6 129
Goodwill on acquisition	86 032	-	22 493	-	-	1 016	107 509
Other intangible assets	3 446	744	449	423	241	67	4 390
TOTAL	**96 004**	**4 674**	**23 506**	**614**	**(1 875)**	**1 169**	**120 526**

NET VALUES

€'000 at 31 October	2004*	2005
Set-up costs	296	77
Capitalised research and development costs	323	458
Franchises, patents, licences and trademarks	1 043	1 066
Internally generated goodwill, Lease rights	6 875	7 334
Goodwill on acquisition	358 825	412 759
Other intangible assets	986	887
TOTAL	**368 348**	**422 581**

* These amounts include foreign exchange translation differences at the year-end closing exchange rate of foreign companies. They are not material.

Note 2 - Goodwill on acquisition

SUMMARY OF GOODWILL ON ACQUISITION

€'000 at 31 October	Goodwill on acquisition 2005			2004
Holding companies	Gross	Amortisation	Net	Net
GROUPE PARTOUCHE SA	444 925	77 330	367 595	309 835
FORGES THERMAL	635	246	389	415
ÉLYSÉE PALACE EXPANSION	2 904	1579	1 325	1 470
CASINO PALM BEACH	6 518	1 304	5 214	5 540
SFC	6 900	1 936	4 965	5 310
SIHCT	373	112	261	280
SCI THERMES	864	240	624	667
GROUPE PARTOUCHE INTERNATIONAL	9 504	3 643	5 861	6 336
SIKB	119	68	52	58
CASKNO	80	11	69	74
SATHEL	18 380	10 884	7 496	8 435
SEK	8 705	6 206	2 498	2 975
AIX THERMAL	1 676	962	714	798
SEMCG	942	259	683	730
C.E.C	7 969	1 344	6 625	7 025
SONECAR	6	0	6	6
ROCHE-POSAY	222	33	189	200
CIE CASINOS HOLDING	9 548	1 353	8 195	8 761
CONSOLIDATED TOTAL	**520 270**	**107 510**	**412 760**	**358 914**

BREAKDOWN OF CHANGES IN GROSS GOODWILL ON ACQUISITION BY ACTIVITY

€'000 at 31 October	2005
Casinos	455 007
Other	65 263
CONSOLIDATED TOTAL	**520 270**

BREAKDOWN OF CHANGES

€'000 at 31 October	
NET VALUE 2004	**358 914**
Increase (gross values)	
Group Divonne Casinos	82 383
Decrease	
Disposals (net values)	(5 952)
Other *	(92)
Amortisation charge	(22 493)
NET VALUE 2005	**412 760**

* This account records the impact of the line items' exchange rate variations in the amount of €92,000.

Data used to calculate CEC goodwill on acquisition

Cost of shares:

- Value of investments in associates €84,002 thousand
- Acquisition-related expenses net of tax €1,074 thousand

Revalued assets and liabilities:

Assets and liabilities taken into account in the net worth of Groupe CEC as of 1 October 2005 (amount net of tax)

- Devaluation of fixed assets: €23,451 thousand
- Provision for restructuring: €791 thousand
- Statutory provisions: €507 thousand
- Temporary recognition of deferred tax assets: €621 thousand

Methods of allocating goodwill on acquisition:

Goodwill on acquisition was allocated between Groupe de Divonne casino companies in proportion to their Gross Gaming Revenue.

Note 3 - Tangible fixed assets

CHANGE IN GROSS VALUES

€'000 at 31 October	2004*	Newly acquired companies	Increase	Decrease	Reclassi-fication	Deconso-lidation	2005
Land	22 350	9 104	1 499	71	199	-	33 081
Buildings	331 217	79 641	14 341	2 234	37 450	1 818	458 597
Machinery and equipment	129 191	29 599	14 059	3 144	338	1 062	168 981
Other	111 390	23 217	4 093	2 490	(33 741)	208	102 261
Assets under construction	5 018	463	5 364	21	(4 021)	-	6 803
Advances and down payments	816	-	1 041	722	(1 012)	-	124
TOTAL	**599 983**	**142 024**	**40 397**	**8 682**	**(787)**	**3 088**	**769 847**

CHANGE IN DEPRECIATION

€'000 at 31 October	2004*	Newly acquired companies	Increase	Decrease	Reclassi-fication	Deconso-lidation	2005
Land	999	1 339	314	-	59	-	2 711
Buildings	89 523	24 937	12 752	1 604	10 583	755	135 436
Machinery and equipment	80 574	18 181	15 320	2 775	113	770	110 643
Other	54 276	18 435	7 837	2 211	(10 973)	125	67 239
Assets under construction	-	-	205	-	-	-	205
Advances and down payments	-	-	6	-	-	-	6
TOTAL	**225 372**	**62 892**	**36 434**	**6 590**	**(218)**	**1 650**	**316 240**

NET BOOK VALUES

€'000 at 31 October	2004*	2005
Land	21 351	30 370
Buildings	241 694	323 161
Machinery and equipment	48 617	58 339
Other	57 114	35 022
Assets under constructions	5 018	6 598
Advances and down payments	817	118
TOTAL	**374 611**	**453 608**

* Opening balance sheet amounts include foreign exchange translation adjustments for foreign companies at the year-end closing rate. They are not material.

"OTHER" TANGIBLE FIXED ASSETS BREAK DOWN AS FOLLOWS AT 31 OCTOBER 2005:

€'000	Gross values	Depreciation
Technical and office equipment	23 937	18 088
Vehicles	2 123	1 559
Other	76 201	47 593
TOTAL	**102 261**	**67 239**

Comments

The overall increase in this account stems mainly from increases with respect to the St-Amand Pasino for €1,038 thousand and the Lyon Vert casino for €432 thousand (development of the hotel site in Charbonnières-les-Bains).

Buildings

The increase in Buildings is due mainly to:

- The construction of the hotel in the St-Amand Pasino complex amounting to €6 million.
- The construction of the EHC Hotel by the Lyon Vert casino amounting to €5.3 million.
- The completion of the construction of the Hotel 3.14 amounting to €510 thousand.

The decrease in Buildings is due mainly to the destruction of the hotel previously on the site in Charbonnières for €1.2 million.

Machinery and equipment:

The following items impact the Machinery and Equipment account: fixtures and fittings at the casinos in Ostend (€2 million), St-Amand-les-Eaux (€1.2 million), Port Baracarès (€973 thousand), Le Havre (€916 thousand) and Plombières-les-Bains (€504 thousand) as well as Chaudfontaine Loisirs SA (€740 thousand) and the Lyon Vert casino (€742 thousand).

Of the total impact, increases in the Slot Machines account represent €6.7 million.

Note 4 - Non-consolidated investments in associates

Companies that are deemed insignificant with regard to their turnover, their total assets, their net worth and net income and those held solely on a provisional basis, are not consolidated.

€'000 at 31 October	2005			2004
	Gross value	Depreciation	Net value	Net value
Non-consolidated owned + 50%	718	632	86	106
Non-consolidated owned 20 to 50%	155	142	13	13
Non-consolidated owned less than 20%	36 356	524	35 832	35 862
TOTAL	**37 229**	**1 298**	**35 930**	**35 982**

Comments

Société Fermière du Casino Municipal de Cannes (SFCMC) represents €35.308 million of the total amount. The share price of SFCMC on 31 October 2005 was €765.

Note 5 - Equity affiliates

GROUP SHARE IN THE EQUITY AND EARNINGS OF EQUITY AFFILIATES

€'000 at 31 October	2005	2004
International Casino of Madrid	(44)	92
Société Française d'investissements d'Hôtels et de Casinos	699	55
Casino du Palais de la Méditerranée	(2 011)	(1 110)
SAS Hôtel du Palais de la Méditerranée	(1 246)	(1 126)
TOTAL	**(2 602)**	**(2 089)**

EQUITY-ACCOUNTED AFFILIATES

€'000 at 31 October	Turnover	Net income	Total assets	Shareholders' equity
International Casino of Madrid	467	(146)	997	(479)
Société Française d'investissements d'Hôtels et de Casinos	8 751	(3 754)	132 791	14 538
Casino du Palais de la Méditerranée	7 264	(8 059)	9 856	(12 468)
SAS Hôtel du Palais de la Méditerranée	13 970	(4 992)	10 713	(9 496)

Note 6 - Other long-term investments

€'000 at 31 October	TOTAL	– 1 year	1 to 5 years	+ 5 years
Loans	4 406	2 152	631	1 624
Other investments	19	-	-	-
Gross	**4 425**	**-**	**-**	**-**
Provision	(1 047)	-	-	-
NET AMOUNT	**3 378**	**-**	**-**	**-**

The change is chiefly attributable to the loan provision recognised during the period in respect of Groupe Partouche for €0.768 million. The loan provision for the Aix-en-Provence casino is unchanged at €234.700.

Note 7 - Inventories

€'000 at 31 October	2005	2004
Gross	7 893	7 040
Provision	25	-
NET AMOUNT	**7 867**	**7 040**

Note 8 - Trade receivables

€'000 at 31 October	2004	2005	– 1 year	1 to 5 years	+ 5 years
Gross	18 177	24 867	24 867	-	-
Provision	(8 354)	(12 926)	-	-	-
NET AMOUNT	**9 823**	**11 942**	**-**	**-**	**-**

Increases in the Trade Receivables account are mainly due to the integration of Groupe de Divonne for €3.6 million and the rise in gaming trade receivables at the Palm Beach casino in Cannes for €2.9 million.
The provision for impairment of trade receivables essentially covers cheques or credit card payments made by casino patrons that are not honoured, including €5.3 million recorded at the Palm Beach.

.

Note 9 - Other receivables

€'000 at 31 October	2005	2004
Corporate Income Tax	2 792	5 414
VAT	7 055	6 696
Other taxes	3 073	3 677
Employee advances and down payments	143	134
Social benefits	798	186
Sundry receivables	23 528	19 925
Gross total	**37 389**	**36 032**
Provision	(14 717)	(14 497)
NET TOTAL	**22 672**	**21 535**

Breakdown	– 1 year	1 to 5 years	+ 5 years
NET TOTAL	**22 672**	**-**	**-**

Note 10 - Cash and cash equivalents

€'000 at 31 October	2005	2004
SICAV-type mutual fund units	33 077	1 391
FCP-type mutual fund units	148	1 595
Unlisted shares and share equivalents	791	585
Treasury shares *	169	169
Accrued interest on marketable securities	-	4
Provision for impairment	(2)	(3)
Marketable securities (net)	**34 183**	**3 741**
Positive cash balances	**83 605**	**65 916**
NEGATIVE CASH BALANCE	**117 788**	**69 657**

* Stock market price of Groupe Partouche's share at 31 October 2004: €14.

Note 11 - Prepaid expenses

€'000 at 31 October	2005	2004
NET TOTAL	**8 933**	**7 653**

The components of this heading are essentially related to operations and are attributable to all of the companies in the Group's consolidation scope.

Note 12 - Change in shareholders' equity and minority interests

12.1 Composition of the share capital

The share capital at 31 October 2005 is fixed at 86,194,836 euros, divided into 43,097,418 fully-paid shares with a par value of 2 euros each. The shares are in registered or in bearer form, at the choice of the shareholders. In accordance with the Articles of Association, all of the shares registered carry a single voting right.

12.2 Group share of shareholders' equity

12.2.1 Distribution of dividends

Please see the summary table at the beginning of the section on the consolidated financial statements.

12.3 Change in minority interests:

Net income attributable to minority interests comes to €6.246 million, with the corresponding share of the dividend payout being €7.194 million.

Note 13 - Contingency and loss provisions

Each known lawsuit in which Groupe Partouche or its subsidiaries are involved is provided for in the amount of the estimated risks based on available data at the year-end. Following the advice of the Company's legal counsel, legal provisions are, where applicable, allocated to cover the estimated risks.

PROVISIONS FOR CONTINGENCIES

€'000 at 31 October	2005	2004
Tax and social security re-assessments	915	-
Employee arbitration	1 529	1 772
Other provisions for contingencies	994	2 289
TOTAL	**3 438**	**4 061**

PROVISIONS FOR LOSSES

€'000 at 31 October	2005	2004
Jackpots	753	623
Retirement benefit provisions	2 633	1 472
Tax and social security re-assessments	2 155	2 334
Other provisions for losses	9 295	4 144
TOTAL	**14 836**	**8 573**

BREAKDOWN OF REVERSALS OF PROVISIONS FOR CONTINGENCIES AND LOSSES

31/10/2004 *	Changes in scope	Allocations	Non-utilised reversals	Utilised reversals	31/10/05
12 607	**2 484**	**8 018**	**(289)**	**(4 547)**	**18 274**

* The opening balance records foreign exchange differences at the financial year-end exchange rates for foreign companies.

Note 14 - Borrowings

BANK LOANS AND OVERDRAFTS

€'000 at 31 October	2004	2005	– 1 year	1 to 5 years	+ 5 years
Bank loans	334 340	464 126	40 623	175 295	248 208
Accrued interest on borrowings	150	91	91	-	-
Restated capital lease	4 769	4 095	882	3 213	-
Bank overdrafts	361	326	326	-	-
TOTAL	**339 620**	**468 638**	**41 922**	**178 508**	**248 208**

A new syndicated loan represents the major portion of the Group's bank debt and has the following characteristics:
Original loan amount: €431,000,000.
Principal outstanding at the year-end: €431,000,000
Remaining term: 7 years
Rate: variable rate based on 3-month Euribor, with a decreasing banking margin (25 basis points) in proportion to an improved ratio of: Consolidated financial debt net of cash / Consolidated operating income plus depreciation, amortisation and operating provisions, less reversals of depreciation, amortisation and operating provisions.

Guarantees:

- pledging of the shares of the major subsidiaries of the Group,
- compliance with financial ratios relating to the Group's profitability, financial structure and investments:

– The ratio of Operating income plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals / Finance costs must be greater or equal to 4.25% at 31/10/2006.

–The ratio of Available cash flow after tax and exceptional items before debt servicing costs / Debt servicing costs must be greater or equal to 1 at 31/10/2006.

–The ratio of Financial debt net of cash / Operating income plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals must be less than or equal to 3.50 at 31/10/2006.

Investments net of disposals are limited to €37,000,000 excluding investments concerning the towns of Le Havre, La Tremblade, Sanary-sur-Mer and St-Cast-le Guildo.

For the 2005 financial year, the authorised amount of investments net of disposals was €40 million. The unused amount may be carried forward to the following year.

OTHER LOANS

€'000 at 31 October	2004	2005	– 1 year	1 to 5 years	+ 5 years
Other borrowings	108 704	108 752	52	146	108 554
Employee profit-sharing	5 000	10 427	1 181	9 246	
Deposits and guarantees	607	589	10	433	146
Liabilities in respect of shareholdings in associated entities	963	964	964	-	-
TOTAL	**115 274**	**120 732**	**2 207**	**9 824**	**108 700**

The change in Other borrowings is due to a €100 million advance granted by Financière Partouche to Groupe Partouche SA in accordance with the shareholders' advance agreement signed on 29 August 2003.

BREAKDOWN BY INTEREST RATE AT THE YEAR-END

€ million, excl. accrued interest, at 31 October	2005 Before interest rate hedging	2005 After interest rate hedging	2004 Before interest rate hedging	2004 After interest rate hedging
Fixed rate financial debt	10,55	11,06	13,33	206,45
Variable rate financial debt	453,58	453,07	321,01	127,89
Financial debt at year-end	**464,13**	**464,13**	**334,34**	**334,34**
Average interest rate – fixed-	5,55 %	5,57 %	5,71 %	6,14 %
Average interest rate – variable	3,59 %	3,62 %	3,81 %	3,69 %
Average interest rate at the year-end	3,64 %	3,66 %	3,89 %	5,21 %

At the financial year-end, the outstanding principal of variable-rate loans represented 97% of total borrowings. We have therefore hedged a portion of the interest-rate fluctuation risk that this implies.

A contract for exchanging variable rate into fixed rate loans (5.145%) covers the total amount of the debt for an amount of €0.508 million at the balance sheet date. A zero-premium collar was put in place to hedge the syndicated credit facility for a remaining term of 1 year and to limit exposure to any rise in the reference rate (3-month Euribor) up to a maximum of 4.50%.

A cap was also purchased to limit exposure to any rise in the reference rate (3-month Euribor) up to a maximum of 3.50% for a period of 3 years. The total amount of syndicated loan principal in respect of which hedging has been obtained comes to €238 million at 31 October 2005, an amount which will gradually decrease as the capital is repaid.

Note 15 - Tax and social security liabilities

€'000 at 31 October	2005	2004
Personnel costs	5 969	3 563
Employee profit sharing	8 279	7 879
Social security	10 691	7 965
Accrued vacation	15 735	12 750
Gaming levies - Other tax	65 704	51 160
Corporate income tax	6 625	11 006
VAT	3 964	3 115
TOTAL	**116 967**	**97 438**

Note 16 - Liabilities in respect of fixed assets

€'000 at 31 October	2005	2004
Liabilities in respect of fixed assets	6 172	7 601

Note 17 - Other liabilities

€'000 at 31 October	2005	2004
Current accounts of associates	1 479	1 684
Other	14 023	9 144
TOTAL	**15 502**	**10 827**

Note 18 - Deferred tax assets and liabilities

The deferred tax assets recognised in these consolidated financial statements are offset by taxable entity.

€'000 at 31 October	2005	2004
Deferred tax asset	1 123	1 030
Deferred tax liability	34 291	23 171

TAX LOSSES AVAILABLE FOR CARRYFORWARD AND DEPRECIATION TREATED AS DEFERRED (ARD)

Tax losses available for carryforward that have not been recognised as deferred tax assets are:

€'000 at 31 October	2005
Tax losses	62 968

Note 19 - Commitments

Capital lease commitments

Restating the value of assets financed by capital lease would not have had a material impact on financial aggregates, given that capital leases are rarely used.

Retirement benefit commitments

As provided by the regulations and law of each country, the Group's companies have mandatory commitments in respect of retirement bonuses.

These commitments have been subject to an actuarial valuation using the prospective method. The entire amount of the expense corresponding to the rights acquired by employees is determined on the basis of agreements in place at each company. This valuation takes into account probabilities that employees will remain in Group employment until retirement, mortality rates based on gender, expected change in salary levels and financial discounting. An individual set of assumptions is applied by each subsidiary. A 5.5% discount rate is applied.

The Group did not use its option of recognising these commitments as provisions in the consolidated financial statements for the year ended 31 October 2004. Within the Group, retirement benefit commitments are entirely contracted in France and relate solely to retirement bonuses. The amount of the commitments at 31 October 2005 is €2.633 million.

OFF BALANCE SHEET FINANCIAL COMMITMENTS

COMMITMENTS GIVEN: Contractual obligations and commercial commitments at 31 October 2005

€'000 at 31 October	Total	Payments falling due		
Commitments		- 1 year	1 to 5 years	+ 5 years
Long term liabilities (bank debts with guarantees)	458 732	36 904	173 651	248 177
Obligations in respect of finance leases (other than hire purchase agreements)	796	538	258	-
Operating leases (property leases, non-property asset rentals)	62 021	6 279	19 232	36 509
Irrevocable purchase obligations (Vendor credit)	1 680	274	1 406	-
Other long-term obligations (Guarantees and pledges)	5 345	5 345	-	-
Bills of exchange issued	159	159	-	-
Liability guarantee	5 481	-	5 481	-
Other commercial commitments	35 166	4 756	11 069	19 341
TOTAL	**569 380**	**54 255**	**211 097**	**304 027**

COMMITMENTS RECEIVED AT 31 OCTOBER 2005 (€'000):

Liability guarantee	17 731
Guarantees	986
TOTAL	**18 717**

The presentation of off balance sheet commitments above does not exclude any significant off-balance sheet commitment, based on accounting standards in force.

Note 20 - Directors' remuneration

Total compensation (including benefits in kind) granted to members of the Executive and Supervisory Boards of Groupe Partouche SA in respect of services rendered in financial year 2005 for controlled entities, amounts to €2,217 million.

Notes to the income statement

FINANCIAL YEAR ENDING 31 OCTOBER 2005

Note 1 - Reversals of depreciation, amortisation and provisions and expense transfers

€'000 Years ending at 31 October	2005	Pro forma 2005	2004
Reversals of depreciation, amortisation and provisions	2 690	6 433	5 793
Expense transfers	6 997	7 377	7 852
TOTAL	**9 688**	**13 810**	**13 645**

Note 2 - Other purchases and external charges

€'000 Years ending at 31 October	2005	Pro forma 2005	2004
Raw materials	15 597	17 383	15 493
Lease payments on current assets	144	144	108
Lease payments on fixed assets	-	-	-
Fixed assets leases	9 026	9 450	9 223
Current assets leases	3 446	4 480	3 638
Maintenance	9 430	11 309	9 127
Insurance premiums	2 280	2 915	2 293
External staff	3 018	3 181	2 927
Professional fees	12 969	15 491	12 780
Advertising	20 799	23 577	21 636
Entertainment	2 259	2 636	2 262
Post and telecoms	2 334	2 654	2 432
Banking fees	4 814	4 999	3 938
Other	11 238	13 536	11 194
TOTAL	**97 355**	**111 755**	**97 051**

Note 3 - Personnel costs

€'000 Years ending at 31 October	2005	Pro forma 2005	2004
Wages and salaries	125 668	143 413	118 571
Social security costs	44 312	55 487	43 876
Employee profit sharing	6 948	7 609	7 351
TOTAL	**176 929**	**206 509**	**169 799**

AVERAGE WORKFORCE

At 31 October	2005	2004
France	5 505	4 906
Abroad	677	613
TOTAL AVERAGE WORKFORCE	**6 182**	**5 519**

2,690 people work in the gaming sector.

BREAKDOWN OF WORKFORCE BY SOCIAL/PROFESSIONAL CATEGORY

At 31 October	2005	2004
Executive staff	839	678
Junior executive staff	321	238
Other non-manual labourers	4 788	4 473
Manual labourers	234	130
TOTAL	**6 182**	**5 519**

Note 4 - Financial items

€'000 Years ending at 31 October	2005	Pro forma 2005	2004
Income from marketable securities	-	-	12
Other interest income	952	1 028	994
Provision reversals, expense transfers	2 744	2 744	1 884
Positive foreign exchange differences	752	2 792	386
Net gain on the sale of marketable securities	395	414	154
Interest and equivalent expenses	(27 242)	(31 830)	(27 779)
Negative foreign exchange differences	(151)	121	(611)
FINANCIAL ITEMS	**(22 550)**	**(24 730)**	**(24 960)**

Note 5 - Exceptional items

€'000 Years ending at 31 October	2005	Pro forma 2005
Exceptional income on management transactions	4 950	8 091
Exceptional income on capital transactions	13 166	13 282
Of which: Asset disposals	11 804	11 874
Subsidies	1 362	1 408
Provision reversals and expense transfers	3 281	6 954
Other exceptional income	1 018	1 346
TOTAL EXCEPTIONAL INCOME	**22 415**	**29 672**

€'000 at 31 October	2005	Pro forma 2005
Exceptional expenses on management transactions	(4 674)	(4 855)
Of which: fines, tax and social security re-assessments	(1 391)	(1 461)
other expenses on management transactions	(3 283)	(3 394)
Exceptional expenses on capital transactions	(10 632)	(10 712)
Exceptional depreciation, amortisation and provision charges	(6 182)	(6 182)
Other exceptional expenses	(5 122)	(5 587)
TOTAL EXCEPTIONAL EXPENSES	**(26 610)**	**(27 337)**
EXCEPTIONAL ITEMS	**(4 195)**	**2 335**

Note 6 - Corporate income tax and deferred tax

ANALYSIS OF THE TAX EXPENSE

€'000 at 31 October	2005
Income before tax	**60 160**
Current tax	22 315
Deferred tax	(435)
Total tax expense	**21 880**
EFFECTIVE TAX RATE	**36,37 %**

TAX PROOF

€'000 at 31 October	2005
Net Income before tax	151 564 271
Total consolidation adjustments	– 113 864 727
Income taxable at the current rate of corporate income	**37 699 544**
French corporate income tax rate	**33,83 %**
Tax charge based on current corporate income tax rate (theoretical)	**– 12 755 011**
Temporary timing differences	367 083
Permanent differences	31 434 651
Net effect of consolidation operations	– 41 131 547
Tax losses generated by Group companies during the year	– 20 713 889
Impact of tax consolidation	14 702 036
Income taxed at the reduced tax rate and impact of differences in foreign companies' tax rates	3 187 078
Utilisation of tax losses carried forward and depreciation treated as deferred (ARD)	194 508
Tax credit and other	2 823 674
Other eliminations	10 908
Group tax charge	**– 21 880 509**
Consolidated net income before tax and the amortisation of goodwill on acquisition	**60 160 088**
RECONSTITUTED GROUP TAX RATE	**36,37 %**

In France, Groupe Partouche has set up five tax consolidation groups with the following sub consolidation group heads:

- Groupe Partouche SA (Groupe Partouche, Azur Bandol, Baratem, Bourbonnaise de casino, C.D.T.H, Cannes Balnéaires, Casino d'Evaux-les-Bains, Casino de Bourbon Lancy, Casino de Contrexéville, Casino de Gréoux-les-Bains, Casino de la Grande-Motte, Casino de Palavas, Casino de St-Cast-le-Guildo, 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, Eden Beach Casino, European Gaming Company, 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, Sonecar, Sté de brasserie et casino Les Flots Bleus, Thermes de Contrexéville, Thermes de Vittel, Villa du Havre, Holding Garden Pinède, Aquabella, Lydia Investissement, Sci des Thermes, Thermpark, Centre de balnéothérapie d'Aix-en-Provence, Casino de Pornichet, Casino de Pornic, Casino d'Andernos, Sci Leriche Rostagne, Casino Val André, Sinoca, Grand Casino du Havre, Grand Casino de la Trinité, Casino de St-Honoré).
- SFC (Société française de Casinos, Aménagement Zone Touristique de Gruissan, Café Carmen, Casino de Port-la-Nouvelle, Centre Animation Le Phoebus, Châtel Casino, G.C.J Beaulieu, S.E.D, S.F.2.D, SIHCT).
- SEMCG (S.A. SEMCG, S.A.R.L Cie Thermale de Châtel-Guyon, SCI Foncière des Grands Hôtels, S.A. Sté hôtelière Splendid Hôtel).
- Hôtel International de Lyon (HIL, GCL).
- GROUPE DE DIVONNE SA* (SA GROUPE DE DIVONNE, SA SOMARG, S.T.T.H.DIVONNE, Société du Grand Casino D'Annemasse, Sci de l'Arve, S.C.H.L., S.E.C.S.J.)

* These companies will join the Groupe Partouche SA tax scope of consolidation as from 1 November 2005.

BREAKDOWN OF CORPORATE INCOME TAX

€'000 Years ending at 31 October	2005			2004		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Income from ordinary operations	64 355	(21 393)	42 962	74 260	(28 283)	45 977
Exceptional items	(4 195)	(923)	(5 118)	7 559	5 788	13 347
Amortisation of goodwill on acquisition	(22 493)	-	(22 493)	(22 339)	-	(22 339)
Deferred tax	-	435	435	-	(7 475)	(7 475)
TOTAL	**37 667**	**(21 881)**	**15 786**	**59 480**	**(29 970)**	**29 510**

Note 7 - Amortisation of goodwill

€'000 Years ending at 31 October	2005	2004	2003
Companies consolidated by:			
– Full consolidation	22 460	22 306	22 361
– Equity method	33	33	22
Ordinary amortisation	**22 493**	**22 339**	**22 383**
Exceptional amortisation	-	-	-
TOTAL AMORTISATION EXPENSE	**22 493**	**22 339**	**22 383**

Information on the scope of consolidation

FINANCIAL YEAR ENDED 31 OCTOBER 2005

Note 1 - Major changes in the scope of consolidation

The major changes in the scope of consolidation during the financial year ending 31 October 2005 are as follows:

A) First time consolidation

The consolidated financial statements for the year ending 31 October 2005 include:

- full consolidation over one month of Casino de Divonne, Casino d'Annemasse, Casino de St-Julien, Casino de Hauteville, Casino de Crans-Montana, SOMARG, SCI de l'Arve, and SA Groupe de Divonne.
- full consolidation over 12 months of the Hôtel "Pavillon de la Rotonde" at Charbonnières-les-Bains.

B) Purchase of minority interests

Over the course of the year, Groupe Partouche:

- acquired the minority interests in Sathel SA (the Lyon Vert casino) for €2 thousand. The change in ownership interests induced by this operation had only a very limited impact, which is presented in the table below.
- subscribed to a €12.7 million share issue by its subsidiary Cannes Balnéaires SA, which resulted in a decrease in minority interests. The impact of this operation on ownership interests was not material.

C) Deconsolidation

At the end of March 2005, GROUPE PARTOUCHE sold its interests in Casino de Cazaubon for €10.9 million.

Note 2 - Changes in ownership interests

All of the companies entering the consolidation scope were acquired during the financial year, and were therefore not consolidated previously. The percentages of control and ownership are indicated in the table of consolidated companies presented below.

Years ended 31 October	2005		2004	
	Control	Interest	Control	Interest
SA CANNES BALNÉAIRES PALM BEACH	99,99	99,99	99,97	99,97
SNC GARDEN BEACH	100,00	99,67	100,00	99,66
SA LCL France (Casino CARLTON)	100,00	99,99	100,00	99,97
CASINO LE LYON VERT	99,88	99,88	99,87	99,87
CASINO LE LION BLANC	100,00	99,88	100,00	99,87
SARL SEK	100,00	99,88	100,00	99,87
CASINO EDEN BEACH	99,78	99,66	99,78	99,65
CASINO LA CIOTAT	99,98	99,40	99,98	99,39
SCI PALAVAS	100,00	99,89	100,00	99,88
CASINO DE GRASSE	49,96	49,74	49,96	49,73
SCI DE GRASSE	50,00	49,78	50,00	49,77
CASINO DE PORT-LA-NOUVELLE	99,95	55,53	99,96	55,53
CASINO DE ROYAT	100,00	99,88	100,00	99,87
HÔTEL 3/14	100,00	99,99	99,97	99,94
SCI EDEN BEACH	100,00	99,88	100,00	99,87
CASINO D'AIX-EN-PROVENCE	99,49	99,42	99,49	99,41
CASINO DE PALAVAS	100,00	99,89	100,00	99,88

Note 3 - List of consolidated entities

The following companies are consolidated by Groupe Partouche SA: * Newly acquired companies

Companies	Headquarters	Percentage		Consolidation Method
		Control	Interest	
CASINOS				
SA CASINO DE St-AMAND	FRANCE	100,00	100,00	FC
SA GRAND CASINO DE CABOURG	FRANCE	100,00	100,00	FC
SA CASINO DU GRAND CAFÉ	FRANCE	61,99	61,91	FC
SA GRAND CASINO DE BEAULIEU	FRANCE	100,00	100,00	FC
SA FORGES THERMAL	FRANCE	58,75	58,75	FC
SA CASINO & BAINS DE MER DE DIEPPE	FRANCE	100,00	100,00	FC
SA JEAN METZ	FRANCE	100,00	100,00	FC
SA LE TOUQUET'S	FRANCE	90,05	90,05	FC
SA CASINOS DU TOUQUET	FRANCE	99,53	99,53	FC
SA CASINOS DE VICHY	FRANCE	99,93	91,68	FC
CASINO DE CONTREXÉVILLE	FRANCE	100,00	100,00	FC
SA NUMA	FRANCE	100,00	100,00	FC
SA GRAND CASINO DE LYON	FRANCE	100,00	94,00	FC
SA LCL France & Cie (CASINO CARLTON)	FRANCE	100,00	99,99	FC
SA PHOEBUS CASINO GRUISSAN	FRANCE	99,89	55,49	FC
SA ECK	BELGIUM	100,00	99,90	FC
SA CASINO LE MIRAGE	MOROCCO	99,70	55,39	FC
SA LE GRAND CASINO DE DJERBA	TUNISIA	85,00	84,91	FC
CASINO NUEVO DE SAN ROQUE	SPAIN	99,00	98,90	FC
SA SATHEL	FRANCE	99,88	99,88	FC
SA CASINO MUNICIPAL DE ROYAT	FRANCE	100,00	99,88	FC
SA CASINO LE LION BLANC	FRANCE	100,00	99,88	FC
SA EDEN BEACH CASINO	FRANCE	99,78	99,66	FC
SA CASINO MUNICIPAL D'AIX THERMAL	FRANCE	99,49	99,42	FC
SA CASINO DES FLOTS BLEUS	FRANCE	99,98	99,40	FC
SA CASINO DE PALAVAS	FRANCE	100,00	99,89	FC
SA CASINO DE GRASSE	FRANCE	49,96	49,74	PC
SA CASINO CHATELGUYON	FRANCE	99,91	55,51	FC
CASINO DE PORNICHET	FRANCE	100,00	100,00	FC
CASINO DE PORNIC	FRANCE	100,00	100,00	FC
CASINO D'ANDERNOS	FRANCE	99,78	99,78	FC
CASINO D'ARCACHON	FRANCE	98,65	98,65	FC
CASINO DE SALIES-DE-BÉARN	FRANCE	100,00	100,00	FC
CASINO DE LA GRANDE MOTTE	FRANCE	99,98	99,98	FC
CASINO DE GRÉOUX	FRANCE	100,00	100,00	FC
CASINO DE St-NECTAIRE	FRANCE	100,00	100,00	FC

CASINO DE ÉVAUX-LES-BAINS	FRANCE	100,00	100,00	FC
CASINO DE St-HONORÉ	FRANCE	97,22	97,22	FC
CASINO DE PLOMBIÈRES	FRANCE	100,00	100,00	FC
CASINO D'OSTENDE	BELGIUM	99,98	59,99	FC
CASINO DE CHAUDFONTAINE	BELGIUM	100,00	59,99	FC
CASINO DE LA ROCHE-POSAY	FRANCE	89,70	89,70	FC
CASINO DE AGON COUTAINVILLE	FRANCE	89,36	89,36	FC
CASINO DE HYÈRES	FRANCE	99,90	99,90	FC
CASINO DE VAL-ANDRÉ	FRANCE	100,00	100,00	FC
CASINO DE PLOUESCAT	FRANCE	97,00	97,00	FC
CASINO DE BANDOL	FRANCE	100,00	100,00	FC
CASINO LAC MEYRIN	SWITZERLAND	40,00	39,76	FC
SA LYDIA	FRANCE	97,30	97,30	FC
CASINO DU HAVRE	FRANCE	100,00	100,00	FC
CASINO DE LA TRINITÉ	FRANCE	100,00	100,00	FC
CASINO DU PALAIS DE LA MÉDITERRANNÉE	FRANCE	25,00	25,00	EM
INTERNATIONAL CASINO OF MADRID	EGYPT	30,00	17,63	EM
CASINO DE DIVONNE*	FRANCE	98,69	98,69	FC
CASINO D'ANNEMASSE*	FRANCE	99,94	99,94	FC
CASINO DE HAUTEVILLE-LOMPNES*	FRANCE	100,00	100,00	FC
CASINO DE St-JULIEN*	FRANCE	100,00	100,00	FC
CASINO DE CRANS-MONTANA*	SWITZERLAND	80,00	80,00	FC

HOTELS

SA ÉLYSÉE PALACE HÔTEL	FRANCE	99,80	91,55	FC
SA HÔTEL INTERNATIONAL DE LYON	FRANCE	94,00	94,00	FC
SNC GARDEN BEACH HOTEL	FRANCE	100,00	99,67	FC
SARL AQUABELLA	FRANCE	99,80	99,79	FC
HÔTEL CASINO PHOEBUS	FRANCE	99,99	55,49	FC
HÔTEL 3.14	FRANCE	100,00	99,99	FC
SPLENDID HÔTEL	FRANCE	99,84	33,93	FC
GRANDS HÔTELS DU PARC	FRANCE	100,00	100,00	FC
HÔTEL COSMOS	FRANCE	100,00	100,00	FC
HÔTEL EHC CHARBONNIÈRE*	FRANCE	100,00	99,88	FC
SARL SINOCA	FRANCE	100,00	100,00	FC

OTHER COMPANIES

SA CANNES BALNÉAIRES PALM BEACH	FRANCE	99,99	99,99	FC
SA C.H.M.	FRANCE	93,67	86,56	FC
SA BARATEM	FRANCE	99,72	99,25	FC
SA HOLDING GARDEN PINEDE	FRANCE	100,00	100,00	FC
SCI HOTEL GARDEN PINEDE	FRANCE	100,00	100,00	FC

SCI RUE ROYALE	FRANCE	99,99	99,99	FC
ÉLYSÉE PALACE EXPANSION	FRANCE	99,80	91,55	FC
ÉLYSÉE PALACE SA	FRANCE	99,97	91,53	FC
CASINO DE PORT-LA-NOUVELLE	FRANCE	99,96	55,53	FC
SA GCJB	FRANCE	99,80	55,44	FC
SARL SED	FRANCE	99,90	55,50	FC
SARL SF2D	FRANCE	99,90	55,50	FC
SA SFC	FRANCE	55,56	55,56	FC
SARL SIHCT	FRANCE	97,54	54,19	FC
SCI PHOEBUS	FRANCE	99,98	54,18	FC
SCI AZT	FRANCE	99,00	54,94	FC
SCI LYDIA INVESTISSEMENT	FRANCE	97,00	97,00	FC
SCI LES THERMES	FRANCE	99,99	99,99	FC
SARL THERM'PARK	FRANCE	100,00	99,99	FC
SA GROUPE PARTOUCHE Belgique	BELGIUM	99,90	99,90	FC
SA SIKB	BELGIUM	100,00	99,90	FC
SPRL CASKNO	BELGIUM	70,00	69,93	FC
SARL SEK	FRANCE	100,00	99,88	FC
SCI DE L'EDEN BEACH CASINO	FRANCE	100,00	99,88	FC
SCI PALAVAS INVESTISSEMENT	FRANCE	100,00	99,89	FC
SCI DU CASINO DE GRASSE	FRANCE	50,00	49,78	PC
SA SEMCG	FRANCE	61,22	34,01	FC
SCI FONCIÈRE GRANDS HÔTELS	FRANCE	100,00	34,08	FC
CIE THERMALE	FRANCE	96,62	33,20	FC
CAFÉ CARMEN	FRANCE	99,95	55,53	FC
CBAP CENTRE BALNÉOTHÉRAPIE	FRANCE	100,00	99,99	FC
VILLA DU HAVRE	FRANCE	100,00	100,00	FC
A.D.NOR TECHNOLOGIE	FRANCE	100,00	69,93	FC
ÉTABLISSEMENT THERMAL VITTEL	FRANCE	100,00	100,00	FC
ÉTABLISSEMENT THERMAL CONTREX	FRANCE	100,00	100,00	FC
SCI FONCIÈRE DE VITTEL ET CONTREX	FRANCE	100,00	100,00	FC
EUROPÉENNE DE CASINO HOLDING	FRANCE	100,00	100,00	FC
BELCASINOS	BELGIUM	60,00	60,00	FC
SA CHAUDFONTAINE LOISIRS	BELGIUM	100,00	59,99	FC
CASINO DE MAZELKA SAXON	SWITZERLAND	100,00	100,00	FC
SCI GAFA	FRANCE	100,00	89,80	FC
SCI AZUR BANDOL	FRANCE	100,00	100,00	FC
CASINO VIRGINIAN DE RENO	USA	100,00	100,00	FC
HÔTEL DU PARC	SWITZERLAND	99,83	99,83	FC
SCI MIAMI	FRANCE	100,00	99,78	FC
SCI LES MOUETTES	FRANCE	100,00	100,00	FC
SCI LES JARRES	FRANCE	100,00	100,00	FC
HOLDING SONECAR	FRANCE	100,00	100,00	FC
HOLDING LUDICA	FRANCE	100,00	100,00	FC

GIE EUROP. GESTION COMPANY	FRANCE	100,00	100,00	FC
SCI LERICHE ROSTAGNE	FRANCE	100,00	100,00	FC
HOLDING EUROPÉENNE GAMING COMP.	FRANCE	100,00	100,00	FC
SCI JMB	FRANCE	100,00	100,00	FC
CASINO DE LA SEYNE-SUR-MER	FRANCE	87,91	87,88	FC
VZW	BELGIUM	100,00	60,00	FC
CIE CASINO HOLDING	SWITZERLAND	99,40	99,40	FC
VISTALEASING	SWITZERLAND	100,00	99,40	FC
SANDTON	IRELAND	100,00	100,00	FC
SCI PARC DE POSAY	FRANCE	100,00	89,71	FC
SARL PARC DU CHATEAU	FRANCE	80,00	71,76	FC
STÉ FRANCAISE INVEST HÔTEL	FRANCE	25,00	25,00	EM
SAS HÔTEL DU PALAIS DE LA MÉDITERRANNÉE	FRANCE	25,00	25,00	EM
CINÉMA ÉLYSÉE VICHY	FRANCE	96,00	88,01	FC
QUARISMA	FRANCE	75,20	75,20	FC
CASINO DE SAXON	SWITZERLAND	100,00	99,40	FC
CASINO SLUIS NV	NETHERLANDS	40,00	39,96	FC
GROUPE DE DIVONNE*	FRANCE	100,00	100,00	FC
SCI DE L'ARVE*	FRANCE	100,00	99,94	FC
SOMARG*	FRANCE	100,00	100,00	FC

Statutory auditors' report on the consolidated financial statements

FINANCIAL YEAR ENDED 31 OCTOBER 2005

Ladies and Gentlemen,

In accordance with the terms of the assignment with which we were entrusted by your Annual General Meeting, we have audited the consolidated financial statements of Groupe Partouche SA as at 31 October 2005.
These consolidated financial statements are prepared under the responsibility of the Executive Board. Our responsibility is to express an opinion on these accounts based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with French professional standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material aspects, the financial position of the Group as at 31 October 2005 and the results of the Group's operations included in the consolidation for the year then ended, in accordance with French accounting principles.

Without prejudice to our aforementioned opinion, we wish to draw your attention to the section relating to key events of the financial year included in the notes to the consolidated financial statements, where it is indicated that Groupe Partouche acquired the companies of Groupe de Divonne, which resulted in the preparation of pro forma financial statements for 2005.

2. Justification of our assessments

Pursuant to the terms of Article L.823-9 of the Commercial Code relating to the justification of our assessment, introduced by the Financial Security Act of 1 August 2003, we bring the following matters to your attention:

The notes to the consolidated financial statements relating respectively to the key events of the financial year and the accounting principles discuss:

- the preparation by the company of pro forma financial statements for 2005 due to the acquisition of Groupe de Divonne,
- the accounting methods relating to the determination of goodwill and its amortisation.

As part of our assessment of the accounting principles and policies observed by your company, we have reviewed the methods adopted to prepare pro forma financial statements, verified the appropriateness of these methods as well as that of the abovementioned accounting policies and the information provided in the notes to the financial statements and have obtained assurance that they were correctly applied.

Our assessments were made as part of our audit approach of the consolidated financial statements, taken in their entirety, and thus contributed to the formulation of our unqualified opinion, expressed in the first section of this report.

3. Specific verification

Moreover, we also verified the information provided in the Group's management report, in accordance with French professional standards. We have no comment to make with regard to its accuracy and consistency with the consolidated financial statements.

Saint-Cloud and Sceaux, 23 March 2006

BDO Marque Gendrot
Joël Assayah
Jean-Louis Mathieu

José David

Holding company accounts
2005

80 Balance sheet

82 Income statement

83 Notes to the holding company accounts

99 Statutory auditors' report

100 Statutory auditors' special report on regulated agreements

102 Draft resolutions for the combined ordinary and extraordinary general meeting



Balance sheet

FINANCIAL YEAR ENDING 31 OCTOBER 2005

ASSETS (NET VALUES)

€'000	Notes	2005	2004	2003
FIXED ASSETS				
Intangible fixed assets	2.1 / 2.2			
Concessions and similar rights		184	39	51
Internally generated goodwill		1 667	1 743	1 761
Deposits and downpayments on fixed assets		22	-	-
Tangible fixed assets	2.1 / 2.2			
Land		145	145	145
Buildings		5 230	5 568	5 906
Technical equipment		-	-	-
Other tangible fixed assets		148	191	182
Assets under construction		-	180	222
Deposits and downpayments		1	-	15
Financial investments				
Other investments in associates	2.3 / 2.4	625 750	529 180	529 341
Other investments	2.3	-	-	38
Loans	2.5	11	14	700
Other financial investments	2.4 / 2.5	125	85	77
Total fixed assets		**633 283**	**537 145**	**538 438**
CURRENT ASSETS				
Advances and downpayments to suppliers		6	7	31
Trade receivables	2.5	106	104	841
Other receivables	2.4 / 2.5	233 038	199 384	218 868
Marketable securities		32 725	1 022	3 598
Cash and equivalents		831	1 028	898
Prepaid expenses	2.5 / 2.10	1 275	812	772
Total current assets		**267 980**	**202 357**	**225 008**
REGULARISATION ACCOUNTS				
Capitalised expenses		5 183	9 581	12 129
Translation adjustment - asset		464	523	545
TOTAL ASSETS		**906 910**	**749 606**	**776 120**

SHAREHOLDERS' EQUITY AND LIABILITIES

€'000	Notes	2005	2004	2003
Share capital (o/w fully paid: 86,195) (1)	2.13	86 195	86 195	86 195
Share premium, merger and contribution reserves		54 285	54 285	54 285
Revaluation reserve (2)		-	-	-
Legal reserve		8 619	8 619	8 606
Statutory reserve (3)		-	5 566	5 566
Other reserves		14 423	3 054	3 054
Retained earnings		111 898	105 262	90 080
NET INCOME FOR THE YEAR		**32 776**	**12 718**	**15 194**
Shareholders' equity	2.12	**308 196**	**275 699**	**262 980**
Provisions for contingencies	2.4	413	523	462
Provisions for losses	2.4	407	407	407
Provisions for contingencies and losses		**821**	**930**	**869**
Bank loans (5)	2.6	539 307	402 395	442 131
Other borrowings	2.6	992	991	1 028
Advances and deposits on outstanding orders		-	-	-
Trade creditors	2.6	732	384	291
Tax and social security liabilities	2.6	6 598	8 621	1 212
Liabilities in respect of fixed assets	2.6	41	41	41
Other liabilities	2.6	50 154	60 522	67 446
Deferred income	2.6 / 2.11	19	19	40
Total (4)		**597 843**	**472 973**	**512 189**
Translation adjustment – liability		51	4	82
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**906 910**	**749 606**	**776 120**

(1) Capitalised revaluation differential	294	294	294
(2) Includes a special revaluation reserve (1959)	-	-	-
Free revaluation reserve	-	-	-
Revaluation reserve (1976)	-	-	-
(3) Includes a statutory reserve for long-term capital gains	-	5 566	5 566
(4) Liabilities and deferred income due falling due or to be released to the income statement in less than one year	97 013	116 927	111 514
(5) Includes current account bank balances and bank overdrafts	6 469	7 840	3 721

Income statement

FINANCIAL YEAR ENDING 31 OCTOBER 2005

€'000	Notes	2005	2004	2003
Sales of goods held for resale		0	0	0
Sales of services		10 681	8 592	7 465
Net turnover	2.14	10 681	**8 592**	**7 465**
Reversals of depreciation, amortisation, provisions and expense transfers (7)		1 390	187	8 534
Other revenue		30	-	-
Total operating revenue (2)		**12 101**	**8 779**	**15 999**
OPERATING EXPENSES				
Purchases of goods (and customs duties)		0	0	0
Other purchases and external expenses (6a)		6 847	3 752	11 904
Tax		343	293	308
Personnel costs		3 474	3 199	2 322
Social security expenses		1 413	1 332	1 009
Depreciation and amortisation charges and provisions on fixed assets		10 439	3 056	13 522
Impairment of current assets		4 963	17 732	245
Other expenses		67		3
Total operating expenses		**27 546**	**29 364**	**29 313**
OPERATING INCOME		**(15 445)**	**(20 585)**	**(13 314)**
Income allocated or loss transferred		32	43	0
Loss borne or income transferred		0		
Income from associates (5)	2.16	54 757	38 275	39 721
Income from other marketable securities and receivables (5)		57	53	1 440
Other interest income (5)		5 193	5 856	6 577
Provision reversals and expense transfers		4 403	462	75
Positive foreign exchange differences		0	0	1
Net gains on the disposal of marketable securities		341	102	228
Total financial income		**64 750**	**44 748**	**48 042**
Finance costs				
Depreciation, amortisation and provision charges		702	1 341	12 728
Interest expense (6)		31 446	27 275	32 393
Negative foreign exchange differences		61		2
Total finance costs		**32 208**	**28 616**	**45 123**
FINANCIAL ITEMS		**32 542**	**16 132**	**2 919**
INCOME ON ORDINARY ACTIVITIES BEFORE TAX		**17 129**	**(4 410)**	**(10 395)**
Exceptional income on management transactions		1 422	157	583
Exceptional income on capital transactions			1 813	13 951
Provision reversals and expense transfers		4	91	
Total exceptional income		**1 426**	**2 061**	**14 534**
Exceptional expense on management transactions		93	125	15
Exceptional expense on capital transactions			269	12 385
Exceptional depreciation, amortisation and provision charges			6 864	
Total exceptional expense		**93**	**7 258**	**12 400**
EXCEPTIONAL ITEMS	2.17	**1 333**	**(5 197)**	**2 134**
Employee profit sharing				
Corporate income tax	2.18	(14 314)	(22 325)	(23 455)
Total income		**78 310**	**55 631**	**78 575**
Total expense		**45 534**	**42 913**	**63 381**
NET INCOME		**32 776**	**12 718**	**15 194**
(2) Includes property rental income		503	482	511
(2) Includes operating revenue relating to prior financial years		68	144	94
(4) Includes operating expenses relating to prior financial years		5	33	1
(5) Includes income from associated entities		59 767	43 935	47 146
(6) Includes interest from associated entities		10 411	7 285	2 701
(6a) Includes contributions made to organisations deemed to be in the public interest		18	207	158
(7) Includes expense transfers		1 390	187	8 442

Notes to the holding company accounts

Notes to the balance sheet before appropriation for the financial year ending 31 October 2005 which totals €906.910 million and the income statement for the financial year, presented in list format, showing total revenues of €78.310 million and net income of €32.776 million.
The financial year included 12 months, covering the period from 1 November 2004 to 31 October 2005, during which the following key events occurred:

■ On 30 September 2005, acquisition of control of Groupe de Divonne SA through the buyout of all interests in this holding company operating four casinos in France and one in Switzerland.

■ €431 million loan secured with Natexis Banques Populaires to refinance existing debt and permit the acquisition of Groupe de Divonne SA.

Post-balance sheet event: The signature on 18 January 2006 with La Tête Dans les Nuages SA of a memorandum of understanding on the sale of the Group's interests in Française de Casinos SA.
The following notes and tables form an integral part of the financial statements.
There were no changes of accounting policy or presentation in the holding 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:

- The new 1999 chart of accounts adopted by the CRC on 29 April 1999 (Regulation 99-03),
- Law 83-353 of 30 April 1983,
- Decree 83-1020 of 29 November 1983.

CRC Regulation 2002-10 relating to asset depreciation and impairment will apply as from the financial year beginning on 1 November 2005, its main consequence being the introduction of a component approach to the valuation of assets. In order to prepare for this change in method, for the year ending 31 October 2005, the company carried out an analysis of its buildings based on three components contributing to the net carrying value of these assets as of 31 October 2005 which break down as follows:

- Structures: 51 %
- Fluids: 24 %
- Fixtures and fittings: 25 %

Early application of CRC Regulation 2002-10 was nevertheless adopted for deferred charges since these expenses were originally tax-deducted. The impact of this application was an expense of €1,588 thousand.
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:	20 to 50 years
Equipment:	5 to 8 years
Fixtures and fittings:	5 to 10 years
Vehicles:	5 years
Office and computer equipment:	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.

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 losses".

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.

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 income from ordinary activities 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 THE INCOME STATEMENT (€'000)

2.1 Intangible and tangible fixed assets

€'000 at 31 October 2005	Gross value of fixed assets at beginning of year	Increases: Revaluation during the year	Increases: Acquisition, creation, inter-account
Setup costs, research			
Other intangible assets	2 503	-	287
Land	145	-	-
Buildings on own land	7 785	-	-
Buildings on other land	-	-	2 239
Fixtures and fittings - buildings	-	-	2 364
Machinery and equipment	0	-	-
Other equipment, fixtures and fittings	158	-	-
Vehicles	133	-	5
Office and computer equipment, furniture	132	-	7
Fixed assets under construction	180	-	25
Advances and down payments	-	-	1
Total fixed assets	**8 532**	**-**	**4 642**

€'000 at 31 October 2005	Decreases: Inter-account Transfer	Decreases: by sale or withdrawal	Gross value of asset at end of financial year	Legal revaluation original value at end of financial year
Set-up costs, research				
Other intangible assets	-	-	2 791	-
Land	-	-	145	-
Buildings on own land	4 603	-	3 182	-
Buildings on other land	-	-	2 239	-
Fixtures and fittings - buildings	-	-	2 364	-
Machinery and equipment	-	-	0	-
Other equipment, fixtures and fittings	-	-	158	-
Vehicles	-	-	138	-
Office and computer equipment, furniture	-	-	139	-
Fixed assets under construction	-	-	205	-
Advances and downpayments	-	-	1	-
Total fixed assets	**4 603**	**0**	**8 571**	**-**

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 from 1 November 2005.

2.2 Depreciation and amortisation

€'000 at 31 October 2005	Positions and movements during the financial year			
	Beginning of the financial year	Appropriation during financial year	Decrease during financial year	End of financial year
Set-up costs, research				
Other intangible assets	722	197	-	919
Land	-	-	-	-
Buildings on own land	819	112	-	931
Buildings on other land	596	112	-	708
Fixtures and fittings - buildings	801	115	-	916
Machinery and equipment *	0	0	-	0
Other equipment, fixtures and fittings	59	18	-	78
Vehicles	84	19	-	103
Office and computer equipment, furniture	88	18	-	106
Recoverable packaging and other	-	-	-	0
Fixed assets under construction	-	-	-	0
Advances and downpayments	-	-	-	0
Total	**2 448**	**393**	**0**	**2 842**
GRAND TOTAL	**3 170**	**590**	**0**	**3 760**

The component approach did not entail any change in amortisation rates in the holding company financial statements.

2.3 Investments in associates

€'000 at 31 October 2005	Gross value beginning of financial year	Acquisition, inter-account transfer
Equity-accounted investments	-	-
Other investments in associates	542 885	96 755
Other long-term investment securities	-	-
Loans and other long-term investments	768	139
Total	**543 654**	**96 895**

€'000 at 31 October 2005	Decrease		Gross value of asset at end of financial year	Legal revaluation original value at end of financial year
	Inter-account Transfer	by sale or Withdrawal		
Equity-accounted investments	-	-	-	-
Other investments in associates	0	-	639 641	-
Other long-term investment securities	-	-	0	-
Loans and other long-term investments	-	4	904	-
Total	**0**	**4**	**640 545**	**-**

The main changes in the financial year were:

- Acquisition of control of Groupe de Divonne SA through the buyout of all interests,
- Participation in the share issue by Cannes Balnéaire SA.

The share price of Société Fermière du Casino Municipal de Cannes at 31 October 2005 was €765.

2.4 Provisions

€'000 at 31 October 2005	Beginning of the financial year	Increase Allocation	Decrease Recovery	End of the financial year
Provisions				
For litigation	-	-	-	-
For foreign exchange losses	519	413	519	413
For tax	407	-	-	407
Other provisions for contingencies and losses	4	-	4	0
Total	**931**	**413**	**523**	**821**
For property, plant and equipment	-	205	-	205
Provisions for investments in associates	13 706	184	-	13 890
Provisions for financial investments	669	104	5	768
Other provisions for impairment	26 018	4 963	-	30 981
Total	**40 393**	**5 456**	**5**	**45 844**
GRAND TOTAL	**41 324**	**5 870**	**528**	**46 665**

	Operating allocations and recoveries	5 168	-
Including:	Financial allocations and recoveries	702	524
	Exceptional allocations and reversals	-	4
	Impairment of shares in equity accounted affiliates	-	-

The tax provisions mainly concern the tax re-assessments for the years 1981 to 1984.

A provision of €4 thousand allocated in 2004 following an URSSAF (social security) inspection was reversed during the financial year.

Provisions for financial investments in the amount of €205 thousand relate to the expenses incurred in the preparation of bids for the Lille and Toulouse casinos. Provisions for investments in associates amounting to €13,890 thousand relate to our investments in various companies – Sandton SA (€12,266 thousand), Elysée Palace Hotel SA (€1,240 thousand), Groupe Partouche International (€153 thousand), Villa du Havre SAS (€40 thousand), Thermes de Vittel SARL (€50 thousand), Thermes de Contrexéville SARL (€50 thousand) and others (€91 thousand) – which were written down in light of their net worth.

A participating loan together with the related interest was fully provided in the amount of €768 thousand.

Other provisions break down as follows:

- Certain current account receivables, which were provisioned in respect of our subsidiaries in light of their net worth. These provisions amounted to €22,795 thousand.
- The balance of other provisions concerns third party receivables, notably €6,860 thousand in respect of a third party that has not delivered a title to land rights that has been acquired by contract and for which a lawsuit is in progress as well as a receivable amounting to €1,031 thousand generated on the acquisition of Lydia SCI.

2.5 Maturities of receivables

€'000 at 31 October 2005	Gross amount	1 year maximum	+ 1 year
Loans	779	779	-
Other long-term investments	125	125	-
Other trade receivables	106	106	-
Employee accounts payable	8	8	-
Corporate income tax	689	689	-
VAT	849	849	-
Other taxes	0	0	-
Other receivables	0	0	-
Subsidiaries and associates	244 808	244 808	-
Sundry receivables	17 665	17 665	-
Prepaid expenses	1 275	1 275	-
GRAND TOTAL	**266 304**	**266 304**	**0**
Repayment of loans during the financial year	99	-	-
Loans granted during the financial year	4	-	-

2.6 Maturities of debts

€'000 at 31 October 2005	Amount	- 1 year	1 to 5 years	+ 5 years
Bank loans and overdrafts	539 307	38 477	158 608	342 222
Sundry loans and debts	992	992	-	-
Trade accounts payable	732	732	-	-
Liabilities to personnel	189	189	-	-
Social security and other social benefits	266	266	-	-
State and other public authorities:				
Corporate income tax	4 659	4 659	-	-
VAT	1 082	1 082	-	-
Other taxes	403	403	-	-
Miscellaneous	-	-	-	-
Liabilities to fixed assets suppliers	41	41	-	-
Subsidiaries and associates	49 875	49 875	-	-
Other liabilities	279	279	-	-
Deferred income	19	19	-	-
GRAND TOTAL	**597 843**	**97 013**	**158 608**	**342 222**
Bank loans contracted during the financial year	431 000	-	-	-
Bank loan repayments during the financial year	292 717	-	-	-

2.7 Elements related to more than one balance sheet item

Gross amount in respect of affiliated undertakings (participating interests) €'000 at 31 October 2005	Amount
Fixed assets	
Participating interests	627 978
Current assets	
Trade receivables	0
Other receivables	251 796
Debts	
Loans, sundry financial debts	100 003
Trade accounts payable	0
Other liabilities	49 440

The information related to financial items is included in Notes 5 and 6 to the income statement.

2.8 Accrued income

Accrued income recognised in the following balance sheet accounts €'000 at 31 October 2005	Amount
Accrued interest	5
Other long-term investments	**5**
Trade receivables	**9**
Accrued income on management fees	7 048
Accrued income	1 365
Other receivables	**8 413**
Total	**8 427**

2.9 Accrued expenses included in the following balance sheet items

€'000 at 31 October 2005	Amount
Bank loans and overdrafts	17
Trade notes and accounts payable	6
Tax and social charges	406
Other liabilities	203
Accrued interest on overdrafts	17
Total	**650**

2.10 Prepaid expenses

€'000 at 31 October 2005	Amount
Prepaid operating expenses	1 275
Total	**1 275**

2.11 Deferred income

€'000 at 31 October 2005	Amount
Deferred operating income	19
Total	**19**

2.12 Statement of changes in shareholders' equity

Equity accounts €'000 at 31 October 2005	Year-end 2004	Appropriation of Income 2004	Position after appropriation	Financial year movements	Year-end 2005
Share capital	86 195	-	86 195	-	86 195
Share premium account, merger reserve	7 881	-	7 881	-	7 881
Contribution reserve	46 404	-	46 404	-	46 404
Revaluation reserve	0	-	0	-	0
Legal reserve	8 619	-	8 619	-	8 619
Statutory reserve	5 566	– 5 566	0	-	0
Other reserves	3 054	11 369	14 423	-	14 423
Retained earnings	105 262	6 636	111 898	-	111 898
Net income for the year	12 718	– 12 718	0	32 776	32 776
Net shareholders' equity carried forward	**275 699**	**– 279**	**275 420**	**32 776**	**308 196**

In accordance with the third resolution of the Extraordinary General Meeting of 26 April 2005 relating to the reform of the tax regime for capital gains introduced by Article 39-IV of the amended French Finance Law for 2004, the amounts recognised under the reserve for long term capital gains were transferred to an ordinary reserve account (other reserves), after an exceptional 2.5% tax charge, which amounted to €279 thousand.

2.13 Breakdown of share capital

Categories of securities	Year-end	Number of shares issued during the financial year	Nominal value	Total
Ordinary shares	43 097 418	-	2 €	86 194 836 €

19,166 shares are self-held by the Company. These shares are presented under marketable securities.
The share price of Groupe Partouche at 31 October 2005 was €14.

2.14 Breakdown of net turnover

€'000 at 31 October 2005	Amount France	Amount Rest of World	Amount Total
Group management fees	9 276	783	10 060
Rent	503	-	503
Other	119	-	119
Total	**9 898**	**783**	**10 681**

2.15 Expense transfers

€'000 at 31 October 2005	Amount
Related to the operating expenses for the €431 million syndicated credit facility arranged by Natexis	1 366
Miscellaneous operating expense transfers	24
Total operating expense transfers	**1 390**
Related to the finance costs for the €431 million syndicated credit facility arranged by Natexis	3 879
Total finance cost transfers	**3 879**

2.16 Financial income from associates

€'000 at 31 October 2005	Amount
Financial income from associates	54 757
Total	**54 757**

2.17 Breakdown of exceptional items

€'000 at 31 October 2005	Exceptional expense	Exceptional income
Late payment penalties, fines	1	-
Damages and other judgements	83	1 350
URSSAF penalty	4	-
Reversal of provision for URSSAF risk	-	4
Other exceptional expenses and income for the year	-	4
Other regularisations from prior years	5	68
Total	**93**	**1 426**

2.18 Breakdown of corporate income tax

€'000 at 31 October 2005	Income before tax	Tax due	Net income After tax
Income from ordinary activities	17 129	– 14 765	31 894
Exceptional items	1 333	451	882
Accounting income	**18 461**	**– 14 314**	**32 775**

N.B. Groupe Partouche SA is head of a tax consolidation group comprising 56 subsidiaries.

2.19 Financial commitments

€'000 at 31 October 2005	
Commitments given	**Amount**
Collateral *	11 762
Guaranteed bank debt	432 086
Liability guarantee	5 481
Total	**449 330**
* Of which, related to subsidiaries	8 667

Commitments received	**Amount**
Financial recovery commitments *	14 788
Liability guarantee	17 731
Total	**32 519**
* Of which, related to subsidiaries	14 788

2.20 Autres informations

At the end of the financial year, there were 26,848,500 outstanding Groupe Partouche shares pledged as collateral.
A new syndicated loan represents the major portion of the Group's bank debt and has the following characteristics:
Original loan amount: €431,000,000.
Principal outstanding at the year-end: €431,000,000
Remaining term: 7 years
Rate: variable rate based on 3-month Euribor, with a decreasing banking margin (25 basis points) in proportion to an improved ratio of Consolidated financial debt net of cash / Consolidated operating income plus depreciation, amortisation and operating provisions, less reversals of depreciation, amortisation and operating provisions.

Guarantees:

- pledging of the shares of the major subsidiaries of the Group,
- compliance with financial ratios relating to the Group's profitability, financial structure and investments:

– The ratio of Operating income plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals / Finance costs must be greater or equal to 4.25% at 31/10/2006.

–The ratio of Available cash flow after tax and exceptional items before debt servicing costs / Debt servicing costs must be greater or equal to 1 at 31/10/2006.

–The ratio of Financial debt net of cash / Operating income plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals must be less than or equal to 3.50 at 31/10/2006.

Investments net of disposals are limited to €37,000,000 excluding investments concerning the towns of Le Havre, La Tremblade, Sanary-sur-Mer and St-Cast-le-Guildo.

For the 2005 financial year, the authorised amount of investments net of disposals was €40 million. The unused amount may be carried forward to the following year.

2.21 Average workforce

At 31 October 2005	Staff
Executives	27
Non-executives	20
Total	**47**

2.22 Management remuneration

Management remuneration amounted to €1,557,371 and consisted of:

- remuneration allocated to the members of the Supervisory Board: €317,615
- remuneration allocated to the members of the Executive Board: €1,239,756

Directors' fees were allocated to the members of the Supervisory Board in the amount of €66,000.

2.23 Commitments for pensions and other retirement costs

Due to their insignificant amount, no provisions were established in respect of pensions and other retirement costs.

2.24 Sundry information

At the end of the financial year, Groupe Partouche SA's outstanding variable rate borrowings represented more than 99.69% of total borrowings.
Accordingly, partial coverage against the risk associated with variable rate borrowings has been established. One swap contract fixing the interest rate on variable rate debt at 5.145% covers a total debt amount of €508 thousand at the balance sheet date.
A zero-premium collar was put in place to hedge the syndicated credit facility for a remaining term of 1 year and to limit exposure to any rise in the reference rate (3-month Euribor) up to a maximum of 4.50%. A cap was purchased to limit exposure to any rise in the reference rate (3-month Euribor) up to a maximum of 3.50% for a period of 3 years. The total amount hedged for the syndicated credit facility amounted to €238 million as of 31 October 2005 and will be reduced as the facility is amortised.

2.25 Deferred tax

€'000 at 31 October 2005	Amount
Tax to be paid on:	
Pre-deducted expenses	– 1 910
Prepaid tax on:	
Temporarily non-deductible expenses (to be deducted on the following financial year)	150
Taxed income to be deducted at a later date	51
Net deferred tax	**– 1 709**

3 - SUBSIDIARIES AND ASSOCIATED ENTITIES AT 31/10/2005

€'000

Name	Head office	Share capital	Equity	%	Dividends	Value of investments		Loans,	Guarantees	Turnover	Net income
						gross	net				
Subsidiaries (more than 50% of share capital)											
Centre Formation Professionnel Casinos	Forges-les-Eaux	8	Nc	100,00 %	-	8	8	-	-	Nc	Nc
Cie Européenne de Casinos	Paris	24 813	157 330	100,00 %	-	316 504	316 504	-	-	-	17 746
Holding Garden Pinède	Paris	15 417	13 570	100,00 %	-	336	336	3 092	-	-	81
Hôtel Cosmos	Contrexéville	50	(1 030)	100,00 %	-	50	50	1 250	-	2 154	(163)
Sandton Trading Limited	Dublin	0	60	100,00 %	-	12 348	82	75	-	-	(8)
Soc exploit° casino et hôtels Contrexéville	Contrexéville	75	634	100,00 %	710	6 833	6 833	608	-	3 936	549
Thermes de Contrexéville	Contrexéville	50	(1 379)	100,00 %	-	50	0	1 547	-	1 373	(504)
Thermes de Vittel	Vittel	50	(1 572)	100,00 %	-	50	0	1 906	-	3 352	(525)
Villa du Havre	Le Havre	40	(1 308)	100,00 %	-	40	0	1 490	-	667	(442)
Société du casino de St Amand-les-Eaux	St Amand-les-Eaux	17 786	27 056	100,00 %	14 880	18 371	18 371	14 634	-	25 670	6 745
Société du grand casino de Cabourg	Cabourg	300	(213)	100,00 %	-	564	564	324	-	3 490	(414)
Grand casino de la Trinité-sur-Mer	La Trinité-sur-Mer	75	(373)	100,00 %	-	76	76	2 119	-	134	142
Grand casino de Beaulieu	Beaulieu	150	(664)	100,00 %	-	152	152	2 137	-	4 745	(473)
Jean Metz	Berck-sur-Mer	80	1 320	100,00 %	1 570	3 025	3 025	13	-	4 720	1 224
Numa	Boulogne-sur-Mer	80	1 242	100,00 %	1 450	3 458	3 458	-	-	3 507	1 147
Sa du casino et des Bains-de-Mer	Dieppe	396	865	100,00 %	416	4 611	4 611	-	-	6 473	422
Groupe de Divonne	Paris	39 900	87 135	100,00 %	-	84 002	84 002	47 822	-	19	7 610
Société foncière de Vittel et Contrexéville	Contrexéville	50	(138)	100,00 %	-	50	50	3 130	-	372	(23)
Grand casino du Havre	Le Havre	150	(1 727)	100,00 %	-	150	150	7 603	-	3 056	(301)
Sci les Thermes	Aix-en-Provence	150	(2 659)	99,99 %	-	0	0	9 747	-	999	(105)
Sci de la rue Royale	Paris	134	161	99,99 %	-	534	534	-	-	60	32
Société Cannes Balnéaire	Cannes	2 551	(3 025)	99,99 %	-	48 424	48 424	7 645	-	978	(6 207)
Groupe PARTOUCHE International	Brussels	144	(18 368)	99,90 %	-	153	0	44 561	-	189	(688)
Sathel	La Tour de Salvagny	323	42 206	99,88 %	28 189	93 539	93 539	9 935	-	34 530	17 807
Casino des 4 saisons	Le Touquet	392	3 862	99,53 %	-	5 593	5 593	-	-	4 537	1 111
Sa Lydia Invest	Le Barcarès	40	(1 319)	97,30 %	-	444	443	3 448	-	1 609	230
Sci Lydia Investissement	Le Barcarès	2	(308)	97,00 %	-	991	991	945	-	137	15
Hôtel International de Lyon	Lyon	300	6 150	94,00 %	3 553	287	287	13 199	-	13 355	5 729
Le Touquet's	Calais	92	1 698	90,05 %	1 324	4 668	4 668	-	-	5 941	1 553
Casinos de Vichy	Vichy	240	(339)	79,93 %	-	371	371	12 521	-	4 067	(656)
Élysée Palace Expansion	Vichy	40	(371)	79,80 %	-	1 309	1 309	3 888	-	-	(64)
Élysée Palace Hôtel	Vichy	40	(403)	79,80 %	-	1 240	0	149	-	-	(230)
Soc chemins fer et hôtels montagne pyrénées	Vichy	701	922	76,43 %	-	601	601	-	-	54	23
Sarl Quarisma	Paris	8	63	75,20 %	-	6	6	-	-	214	102
Casino de Tremblade	Paris	38	12	69,76 %	-	53	9	15	-	-	(2)
Forges thermal	Forges-les-Eaux	15 600	43 648	58,75 %	2 327	11 207	11 207	-	-	27 444	4 670
Société Française de Casinos	Paris	2 304	10 137	55,56 %	-	4 573	4 573	486	-	202	1 360
Associated entities (10 to 50% of share capital)											
Société du casino municipal d'Aix thermal	Aix-en-Provence	2 160	33 846	38,63 %	-	2 780	2 780	110	-	32 432	6 485
Societat de l'oci dels pyreneus	Escaldes engordany	38	Nc	33,00 %	-	13	13	40	-	Nc	Nc
Bastide ii Rich Tavern	Montpellier	46	Nc	25,00 %	-	46	0	-	-	Nc	Nc
Palavas investissement	Palavas-les-Flots	8	(858)	10,00 %	-	122	122	818	-	174	94
Other interests											
Casino de Palavas	Palavas-les-Flots	330	1 628	9,09 %	240	183	183	-	-	8 420	1 166
Fermière du casino municipal de Cannes (2004)	Cannes	2 157	31 183	4,95 %	-	11 415	11 415	-	-	28 410	(500)
Casino municipal de Royat	Royat	240	2 954	1,91 %	82	73	73	-	-	8 608	2 643
Eden Beach Casino	Juan-les-Pins	1 056	11 105	1,44 %	-	155	155	12	-	11 765	772
Sci Tremblade	Paris	1	(24)	1,00 %		-	-	81		-	(24)
Semtee	Escaldes engordany	25 242	Nc	0,71 %	14	181	181	-	-	Nc	Nc
Casino d'Agon Coutainville	Agon Coutainville	52	6 206	0,05 %	-	2	2	-	-	2 906	751
Casino d'Arcachon	Arcachon	60	5 036	0,03 %	-	1	1	-	-	5 945	857
Société thermale de Plombieres-les-Bains	Plombières-les-bains	38	26	0,00 %	-	2	0	-	-	3 764	(2)
Casino le Lion Blanc	St-Galmier	240	2 187	0,16 %	3	0	0	-	-	7 142	1 296
Casino les Flots Bleus	La Ciotat	200	1 199	0,02 %	0	0	0	26	-	4 465	957
Casino le Miami	Andernos	758	3 070	0,00 %	-	0	0	246	-	4 256	880
Casino de la Roche-Posay	La Roche-Posay	177	17 464	0,00 %	-	0	0	-	-	8 564	2 522
Casino du Palais de la Méditerranée	Nice	40	(12 468)	0,03 %	-	0	0	68	-	7 264	(8 059)
Exploitation hôtelière de Charbonnière	La Tour de Salvagny	1	(411)	0,10 %	-	0	0	56	-	40	(412)

4 - CAPITAL GAINS ON WHICH TAX HAS BEEN DEFERRED (€'000)

Contributing company: SIHB
Company absorbed by Compagnie Fermière des Eaux
(now GROUPE PARTOUCHE)

Beneficiary company: GROUPE PARTOUCHE
141 bis, Rue de Saussure - 75017 PARIS

Nature of the operation: Merger

Date of the operation: Extraordinary General Meeting of 29 July 1994 which authorised the merger with retroactive effect as of 1 November 1993

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

Land	Tax and book value	Contribution value	Capital gains for which tax is deferred
Land at Bagnoles	5	145	140
Cliff	1	0	– 1

Investments in associates Company name	Number of shares	Tax and book value	Contribution value	Capital gains for which tax is deferred
SA Casino des 4 Saisons 26, rue St-Jean - 62520 Le Touquet	22 050	1 210	5 488	4 278
SA Eden Beach Casino Bd Edouard Baudouin - 06160 Juan-les-Pins	924	305	155	– 150
SA Forges Thermal Av. des Sources - 76440 Forges-les-Eaux	6 210	2 310	9 072	6 762
SA Jean Metz Av. 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 Bd. de Verdun - 76200 Dieppe	4 600	991	3 825	2 834
SA Sathel 200, av. 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**

Receivable	Tax and book value	Contribution value	Capital gains for which tax is deferred
Jatek	778	778	0

CAPITAL GAINS ON DEPRECIABLE ASSETS (*)

Building	Tax and book value	Contribution value	Capital gains for which tax is deferred
Granville cellar	0	1	1
Bagnoles building	3	1 303	1 300
St-Placide apartment	19	76	57
Subtotal	**22**	**1 380**	**1 358**
TOTAL	**16 937**	**61 097**	**44 160**

(*) Capital gains on depreciable assets have been recognised.

5 - EARNINGS FOR THE LAST FIVE YEARS (€)

	Year ended 31/10/01 (12 months)	Year ended 31/10/02 (12 months)	Year ended 31/10/03 (12 months)	Year ended 31/10/04 (12 months)	Year ended 31/10/05 (12 months) before AGM approval
I- Share capital at the end of the financial year					
Share capital	85 412 067	86 194 836	86 194 836	86 194 836	86 194 836
Number of existing ordinary shares	6 156 774	6 156 774	6 156 774	43 097 418	43 097 418
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	6 389 823	5 083 989	7 465 090	8 591 972	10 681 419
Income before tax, employee profit-sharing, Depreciation, amortisation and regulated provisions	27 050 690	33 890 441	18 067 330	18 832 413	34 036 752
Corporate income tax	– 2 258 379	– 14 690 152	– 23 455 020	– 22 325 358	– 14 314 350
Employee profit-sharing for the financial year	-	-	-	-	-
Net income	27 778 435	45 039 480	15 194 134	12 718 223	32 775 803
Distributed income	4 925 419	0	0	0	0
III- Earnings per share					
Income after tax and employee profit-sharing, but before depreciation, amortisation and regulated provisions	4,76	7,89	6,74	0,95	1,12
Income after tax, employee profit-sharing, depreciation, amortisation and regulated provisions	4,51	7,32	2,47	0,30	0,76
Dividend per share	0,80	0,00	0,00	0,00	0,00
IV- Personnel costs					
Average workforce during the financial year	29	29	43	48	47
Payroll for the financial year	1 255 243	1 541 005	2 322 073	3 199 275	3 473 872
Social benefits paid for the financial year	526 781	645 656	1 009 590	1 331 673	1 413 263

Statutory auditors' general report on the financial statements of the holding company

FINANCIAL YEAR ENDED 31 OCTOBER 2005

Ladies and Gentlemen,

In accordance with the terms of the assignment with which we were entrusted by your Annual General Meeting, we submit to you our report for the financial year ended 31 October 2005 on:

- our audit of the annual financial statements of Groupe Partouche SA, as attached to this report;
- the justification of our assessments;
- specific legally-required verifications and information disclosures.

The financial statements are prepared under the responsibility of your Executive Board. Our responsibility is to express an opinion on these accounts based on our audit.

1. Our opinion on the annual financial statements

We conducted our audit in accordance with French professional standards. These standards required that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual financial statements present fairly, in all material aspects, the financial position of the Group as at 31 October 2005 and the results of the Company's operations included in the consolidation for the year then ended, in accordance with French accounting principles.

2. Justification of our assessments

Pursuant to Article L.823-9 of the Commercial Code relating to the justification of our assessments, as introduced by the Financial Security Act of 1 August 2003 we draw to your attention the following issues:

Note 1.3 of the notes to the financial statements details the accounting policies relating to long-term investments, notably the assessment criteria for book value versus value-in-use or market value of securities. In the course of our assessment of the accounting policies adopted by your company, we verified the above-mentioned accounting policies and the information provided in the notes and we obtained assurance that they were correctly applied.

Our assessments were made in the course of our audit of the annual financial statements, taken in their entirety, and therefore contributed to the formulation of our unqualified audit opinion, expressed in the first section of this report.

3. Specific verifications and information disclosures

We have also carried out, in accordance with the professional standards that are applicable in France, specific legally-required verifications.
We have no comment to make as to their good faith and their consistency with the annual financial statements, of the information provided in the Executive Board's Management Report and in the documents addressed to the shareholders in respect of the Company's financial position and annual financial statements.

As provided by the law:

- we ensured that the various elements of information related to shareholder identification have been included in the Management Report,
- we inform you that during the financial year Groupe Partouche SA acquired more than two-thirds of the capital of Groupe de Divonne SA.

Saint-Cloud and Sceaux, 23 March 2006

BDO Marque Gendrot
Joël Assayah
Jean-Louis Mathieu

José David

Statutory auditors' special report on regulated agreements

FINANCIAL YEAR ENDED 31 OCTOBER 2005

Ladies and Gentlemen,

As the Statutory Auditors of your company, we hereby report to you on regulated agreements.

According to the provisions of Article L. 225-88 of the Commercial Code, we have been informed about agreements that have been authorised by your Supervisory Board.

We are not responsible for identifying the potential existence of other agreements, but simply for presenting you with the key terms and conditions of the agreements about which we have been informed, on the basis of the information we received, without expressing our opinion on their utility and validity. It is your responsibility, as provided by Article 117 of the Decree of 23 March 1967, to assess the beneficial nature of these transactions with a view to approving them.

We performed our work in accordance with professional standards; these standards require that we take the necessary measures to verify the consistency of the information with which we have been provided and the source documents from which it has been extracted.

1. Agreements made during the financial year that were authorised before becoming binding

1.1 Debt forgiveness in favour of SAS Casino de la Trinité-sur-Mer

During the financial year ended 31 October 2005, your company granted SAS Grand Casino de la Trinité-sur-Mer a write-off in the amount of €1,000,000. This agreement includes a financial recovery clause and was recorded in the current account that your company holds on SAS Grand Casino de la Trinité-sur-Mer.

Agreement authorised by your Supervisory Board on 31 May 2005.

Member of the Supervisory Board and/or Executive Board concerned:

- Richard Partouche
- Ari Sebag

1.2 Debt forgiveness in favour of SAS Casino de la Tremblade

During the financial year ended 31 October 2005, your company granted SAS Casino de la Tremblade a write-off in the amount of €25,000. This agreement includes a financial recovery clause and was recorded in the current account that your company holds on SA Casino de la Tremblade.

Agreement authorised by your Supervisory Board on 22 August 2005.

Member of the Supervisory Board and/or Executive Board concerned:

- Ari Sebag

1.3 Debt forgiveness in favour of SA Lydia Invest

During the financial year ended 31 October 2005, your company granted SA Lydia Invest a write-off in the amount of €1,600,000. This agreement includes a financial recovery clause and was recorded in the current account that your company holds on SA Lydia Invest.

Agreement authorised by your Supervisory Board on 2 September 2005.

Members of the Supervisory Board and/or Executive Board concerned:

- Isidore Partouche
- Patrick Partouche
- Hubert Benhamou

1.4 Debt forgiveness in favour of SA Grand Casino du Havre

During the financial year ended 31 October 2005, your company granted SA Grand Casino du Havre a write-off in the amount of €1,600,000. This agreement includes a financial recovery clause and was recorded in the current account that your company holds on SA Grand Casino du Havre.

Agreement authorised by your Supervisory Board on 2 September 2005.

Members of the Supervisory Board and/or Executive Board concerned:

- Katy Zenou
- Ari Sebag
- Hubert Benhamou
- Patrick Partouche
- Maurice Sebag

1.5 Exceptional bonus awarded to Mr Isidore Partouche

Your Supervisory Board has awarded an exceptional bonus to Mr Isidore Partouche with respect to his term in office as Chairman for a gross amount of €240,000. This charge was recognised in operating expenses.

This agreement was authorised by your Supervisory Board on 31 January 2005.

Furthermore, in application of the Decree of 23 March 1967, we were informed that the execution of the agreements described in the next section continued during the financial year.

2. Agreements made during previous years whose execution continued during the financial year

2.1 Tax consolidation agreement

During the financial year ended 31 October 2005, the tax consolidation agreement which incorporated 56 subsidiaries, was extended to the following eight companies which will be integrated as of 1 November 2005: SA Groupe de Divonne, SA Société Touristique et Hôtelière de Divonne, SA Grand Casino d'Annemasse, SCI de L'Arve, SA SOMARG, SA Société d'exploitation du Casino de St-Julien, SA Société du Casino d'Hauteville Lompnes and SCI Foncière de Vittel Contrexéville.

This tax consolidation agreement is performed as provided by the Article 223 A of the General Tax Code.

Under the terms of this agreement, your Company generated tax savings of €14 314 350.

2.2 With SA Financière Partouche

During the financial year ended 31 October 1998, your Company entered into a lease agreement with Financière Partouche SA. This lease covers the letting of your company's head office that is located 141 bis, rue de Saussure – 75017 Paris. An endorsement to this agreement was signed on 1 August 2002 in consideration of the enlargement of the surface area occupied by Groupe Partouche SA. This lease agreement is valid for a period of nine years, commencing on 1 August 2002 and ending on 31 July 2011. The annual rent for these premises is set at €160,000 excluding taxes.

2.3 Shareholder advance agreement with S.A. Financière Partouche

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 amount of €100,000,000 for a period of 7 years and 3 months, commencing on 29 August 2003. This advance bears interest at the annual rate of Euribor plus 2%.

During the financial year ended 31 October 2005, two supplemental clauses to this agreement were agreed as follows:

- under the terms of the first supplemental clause signed on 26 April 2005, Financière Partouche SA raised its shareholder advance to the amount of €120,000,000.
- under the terms of the second supplemental clause signed on 30 September 2005, the additional €20,000,000 advance was reimbursed by Groupe Partouche SA to Financière Partouche SA and the period for the granting of the shareholder advance was extended until 30 November 2012.

Pursuant to this agreement, your Company recognised a financial expense of €5 443 091.

Saint-Cloud and Sceaux, 23 March 2006

BDO Marque Gendrot
Joël Assayah
Jean-Louis Mathieu

José David

Draft resolutions for the combined ordinary and extraordinary general meeting

HELD ON THURSDAY 27 APRIL 2006 AT 4 P.M.

1. Within the jurisdiction of the ordinary general meeting

First resolution: Approval of the financial statements – Final discharge

The General Meeting, having examined the reports of the Executive Board, the Supervisory Board and the Statutory Auditors, approves the annual financial statements, namely the balance sheet, the income statement and the notes to the accounts for the year ended 31 October 2005, as submitted to them, as well as the transactions reflected in these statements and summarised in these reports. The General Meeting therefore grants final discharge to the members of the Executive Board in respect of the performance of their duties for the said financial year.

Second resolution: Appropriation of earnings

The General Meeting resolves that the net income for the financial year of €32 775 803 be appropriated as follows:
– Net income for the year €32,775,803
– €32,775,803 is appropriated to Retained earnings, which thus amounts to €144,673,556. As required by law, the General Meeting takes note that the dividends distributed for the last three financial periods were:

Year ended	Number of shares	Net dividend in euros	Tax credit in euros (1)
31 October 2002	6.156.774	0,00	0,00
31 October 2003	6.156.774	0,00	0,00
31 October 2004	43.097.418 (2)	0,00	0,00

(1) the tax credit has been systematically calculated at the rate 50%.

(2) The number of shares was modified following the General Meeting of 10 November 2003.

Third resolution: Approval of the consolidated financial statements

The General Meeting, having examined the report of the Executive Board and the Statutory Auditors approves the consolidated financial statements, i.e. the balance sheet, the income statement and the notes for the year ended 31 October 2005, as well as the transactions stated in these reports.

Fourth resolution: Agreements referred to in Article L. 225-86 of the Commercial Code

The General Meeting having examined the special report of the Statutory Auditors on the agreements referred to in Article L. 225-86 of the Commercial Code, and ruling on this report, hereby approves in succession each of the agreements set out therein.

Fifth resolution: Establishment of a procedure enabling the company to repurchase its own shares pursuant to Article L. 225-209 of the Commercial Code

The General Meeting having heard the report of the Executive Board in accordance with Article L. 225-86 of the Commercial Code and of the General Regulations of the Autorité des Marchés Financiers:

1. Authorises the Executive Board to carry out a programme to repurchase its own shares under the following conditions:
- the Company may perform transactions in its own shares to buy and sell shares in accordance with market conditions, to deliver shares by way of exchange or payment, particularly for external growth operations;
- the number of shares that the Company may buy under the share buyback programme may not cause the number of such shares held by the Company to exceed 10% of its share capital;
- the Company may purchase such shares at a maximum price of €30 per share and sell them at a minimum price of €10 per share. These prices are fixed subject to any adjustments relating to the Company's capital;
- shares may be bought and sold under this programme by any means on a regulated or over-the-counter market (including a simple purchase, recourse to any financial instrument or derivatives, or options); the maximum portion of share capital that may be purchased or sold in the form of a bloc of shares is equal to the total permitted by the share buyback programme.

2. Sets the period of validity of this authorisation at 18 months commencing on the date of this General Meeting;

3. Grants all necessary powers to the Executive Board to decide, as stipulated by the legal and regulatory dispositions in force, together with those stipulated in this resolution, to implement a share repurchase programme and set its terms and conditions (with a sub delegation facility for general operations) and, notably, to set the hierarchy of the programme's objectives, execute any stock market transaction, conclude any agreement, maintain registers of the purchase and sale of shares, carry out any declaration required by regulations to any authority, carry out any formality and, in general, do anything deemed necessary. The Executive Board will inform the shareholders subject to conditions stipulated by legal and regulatory provisions of the use of the authorisation covered by this resolution and notably any purchases and sales that have been carried out.

4. Terminates the authorisation to carry out transactions in shares in the Company given to the Executive Board under the terms of the fifth resolution of the Ordinary General Meeting of 26 April 2005.

Sixth resolution: Setting of directors' fees

The General Meeting sets the total amount of directors' fees allocated to the Supervisory Board at 66,000 euros.
This decision applies for the financial year in progress and for future years until a decision to amend it is delivered by the General Meeting.

2. Within the jurisdiction of the Extraordinary General Meeting

Seventh resolution: Amendment of Article 34 of the Articles of Association, entitled "Quorum and majority"

The General Meeting, having examined the report of the Executive Board, decides to amend Article 34 of the Articles of Association as follows:

Article 34 – Quorum and majority

I - In order to pass valid resolutions, the Ordinary General Meeting, convened annually or on an extraordinary basis upon first notice, must consist of shareholders, present or represented, holding at least one-fifth of total voting shares.

In the event that certain shareholders have voted by post, in calculating the quorum, only those votes received by the company at least three days prior to the Meeting shall be included.
Should the quorum not be reached, the Meeting is reconvened in the manner and within the time period indicated under Article 25 above and its deliberations shall be valid irrespective of the number of shareholders present or represented, but these deliberations may only relate to the issues included on the agenda of the meeting convened upon first notice.

II - The resolutions of the Ordinary General Meeting convened annually or on an extraordinary basis shall be carried by a majority vote of the shareholders present or represented.

Eighth resolution: Amendment of Article 36 of the Articles of Association, entitled "Quorum and majority"

The General Meeting, having examined the report of the Executive Board, decides to amend Article 36 of the Articles of Association as follows:

Article 36 – Quorum and majority

I - In order to pass valid resolutions, the Extraordinary General Meeting, convened upon first notice, must consist of shareholders, present or represented holding at least one-quarter, and upon second notice at least one-fifth, of total voting shares. Should the latter quorum not be reached upon second notice, the second meeting may be postponed to a date up to two months following that on which this meeting was convened. In all of these meetings, the quorum is only calculated once shares deprived of voting rights pursuant to legal or statutory provisions have been deducted from the total.

II - In all Extraordinary General Meetings, whether convened upon first or second notice, resolutions shall be carried by a two-thirds majority vote of the shareholders present or represented. The deliberations of an Extraordinary General Meeting convened upon second notice may only relate to the issues included on the agenda of the meeting convened upon first notice.

III - In constitutive Extraordinary General Meetings convened to approve a contribution in kind or advantages granted to individuals, the quorum and majority requirements included in paragraph I above are only calculated once shares held by the contributor in kind or the beneficiary of the specific advantage, who may vote neither for themselves nor as proxies, have been deducted.

Ninth resolution: Powers

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

General information on the company and its capital

106 Corporate governance

111 Risk analysis

115 General information on the company

124 Person responsible for the reference document and statutory auditors

126 Reference document concordance table



Corporate governance

Composition of the Executive and Supervisory Boards

MEMBERS OF THE EXECUTIVE BOARD

Executive Board Member	Positions held	Date of birth	Date of first appointment	Date of last renewed appointment	Expiration of appointment	Number of shares held	Other functions held outside the Group
Mr. Patrick PARTOUCHE	Chairman of the Executive Board	13 June 1964 in Oran (Algeria	Supervisory Board of 20 June 1996	Supervisory Board of 1 Nov. 2001	31 October 2007	27 986 shares	None
Mr. Hubert BENHAMOU	Member of the Executive Board General Manager	15 December 1948 in Tiaret (Algeria)	Supervisory Board of 20 June 1996	Supervisory Board of 1 Nov. 2001	31 October 2007	19 950 shares	None
Mr. Ari SEBAG	Member of the Executive Board General Manager	25 September 1961 in Tiaret (Algeria)	Supervisory Board of 20 June 1996	Supervisory Board of 1 Nov. 2001	31 October 2007	22 300 shares	None
Mrs Katy ZENOU	Member of the Executive Board General Manager	6 August 1961 in Tiaret (Algeria)	Supervisory Board of 20 June 1996	Supervisory Board of 1 Nov. 2001	31 October 2007	35 469 shares	None
Mr. Richard PARTOUCHE	Member of the Executive Board General Manager	7 December 1946 in Tiaret (Algeria)	Supervisory Board of 20 June 1996	Supervisory Board of 1 Nov. 2001	31 October 2007	17 276 shares	None

List of company offices held by the members of the Executive Board

Mr. Patrick PARTOUCHE,
Chairman of the Executive Board of Groupe Partouche SA
also serves as: **Chairman and General Manager** of SA FINANCIÈRE PARTOUCHE. **Chairman** of GRAND CASINO DE DJERBA (Tunisia). **Deputy General Manager-Director** of EDEN BEACH CASINO SA (Juan-les-Pins), CANNES BALNÉAIRE SA Palm Beach Casino (Cannes). **Director** of SAS CASINO DE ST-AMAND- LES-EAUX, SAS LE TOUQUET'S (Calais), SAS DU CASINO ET DES BAINS DE MER (Dieppe), SAS SOCIÉTÉ D'EXPLOITATION DU CASINO DE CONTREXÉVILLE, SAS GRAND CASINO DE LYON, SAS HÔTEL INTERNATIONAL DE LYON, SAS GRAND CASINO DE BEAULIEU, SAS CASINO DE PALAVAS, SAS CASINO DE ST-CAST-LE-GUILDO, SA FORGES THERMAL, SA SOCIÉTÉ DU CASINO MUNICIPAL D'AIX THERMAL, SA CASINO DE GRASSE, SA LYDIA INVEST (Le Barcarès), SA BARATEM (Le Touquet Paris Plage, SAS EUROPEAN GAMING COMPANY (Paris), SA SOCIÉTÉ DU GRAND CASINO D'ANNEMASSE (Annemasse), SA GROUPE DE DIVONNE (Paris), SA DU GRAND CASINO D'HAUTEVILLE-LOMPNES (Hauteville-Lompnes) SA SOCIÉTÉ TOURISTIQUE THERMALE ET HÔTELIÈRE DE DIVONNE TTH (Divonne-les-Bains), EUROPÉENNE DE CASINOS GESTION CONSEIL COMMUNICATION "ECC" (Paris), SA SIKB (Belgium), SA ECK (Belgique), CASINO DE NUEVO SAN ROQUE (Spain), SOCIÉTÉ DU CASINO LE MIRAGE – AGADIR (Morocco). **Corporation Manager** of SARL SEK (Juan-les-Pins), SCI DU CASINO DE GRASSE. **Member of the Executive Committee** of SOCIÉTÉ FRANCAISE DE CASINOS SAS (Paris). **Permanent Representative** of SA CANNES BALNÉAIRE, **General Partner** of SCS LCLP (France) SA et Cie, SAS COMPAGNIE EUROPÉENNE DE CASINOS **Director** of SA SOCIÉTÉ DU CASINO DU PALAIS DE LA MÉDITERRANÉE (Nice), GROUPE PARTOUCHE SA, SA GROUPE PARTOUCHE INTERNATIONAL (Brussels). **Chairman** of GROUPE PARTOUCHE BAHAMAS LIMITED.

Mr. Hubert BENHAMOU, member of the Executive Board, General Manager of Groupe Partouche SA
also serves as: **Managing Director** of SAS CASINO LE LION BLANC (St-Galmier), SAS HÔTEL INTERNATIONAL DE LYON (Lyon), SA GROUPE DE DIVONNE (Paris), SA SOCIÉTÉ TOURISTIQUE THERMALE ET HÔTELIERE DE DIVONNE TTH (Divonne-les-Bains). **Member of the Executive Committee** of SAS SOCIÉTÉ FRANCAISE DE CASINOS. **Deputy General Manager** of SAS COMPAGNIE EUROPÉENNE DE CASINOS (Paris). **Deputy General Manager and Director** of SA FINANCIÈRE PARTOUCHE, SA GRAND CASINO DU HAVRE (Le Havre), SA DU CASINO D'HAUTEVILLE-LOMPNES (Hauteville-Lompnes). **Director** of SAS GRAND CASINO DE LYON (Lyon), SAS SOCIÉTÉ D'EXPLOITATION DU CASINO DE CONTREXÉVILLE, SAS JEAN METZ (Berck-sur-Mer), SAS LE TOUQUET'S (Calais), SAS DU CASINO ET DES BAINS DE MER (Dieppe), SAS PLOMBINOISE DE CASINOS (Plombières les Bains), SAS CASINOS DE VICHY (Vichy), SAS CASINOS DU TOUQUET (Le Touquet Paris Plage), SAS CASINO DE PALAVAS, SAS CASINO DE ST AMAND-LES-EAUX, SAS CASINO DE ST CAST LE GUILDO, SAS EUROPEAN GAMING COMPANY (Paris), SAS SOCIÉTÉ D'EXPLOITATION DU CASINO DE LA ROTONDE (Val-André), SAS HOLDING GARDEN PINEDE (Juan-les-Pins), SA CANNES BALNÉAIRE – PALM BEACH CASINO (Cannes), SA FORGES THERMAL (Forges les Eaux), SA SOCIÉTÉ DU CASINO MUNICIPAL D'AIX THERMAL, SA CASINO DE GRASSE, SA BARATEM (Le Touquet), SA SOCIÉTÉ DE L'ÉLYSÉE PALACE (Vichy), GIE EUROPÉENNE DE CASINOS GESTION CONSEIL COMMUNICATION "ECC" (Paris), SA SOCIÉTÉ DU GRAND CASINO D'ANNEMASSE (Annemasse), SA SOCIÉTÉ DU CASINO DE ST-JULIEN (St-Julien en Genevois), SA SOMARG (Paris), SA E.C.K. (Belgium), SA SIKB (Belgium), SA GROUPE PARTOUCHE INTERNATIONAL (Belgium), CASINO DE NUEVO SAN ROQUE (Spain), SA GRAND CASINO DE DJERBA (Morocco), SA DU CASINO LE MIRAGE – AGADIR (Maroc). **Permanent Representative** of GROUPE PARTOUCHE SA, **Director** of SAS COMPAGNIE POUR LE DÉVELOPPEMENT DU TOURISME HYÈROIS, SAS GRAND CASINO DE CABOURG, SAS GRAND CASINO DE BEAULIEU, SAS NUMA (Boulogne), SAS CASINO DE ST HONORÉ-LES-BAINS, SA LYDIA INVEST (Le Barcarès), SA CANNES BALNÉAIRE – PALM BEACH CASINO. **Representative** of GROUPE PARTOUCHE SA, **Corporation Manager** of SCI Rue Royale (Paris).

Mr. Ari Sebag, Member of the Executive Board, General Manager of Groupe Partouche SA
also serves as: **Managing Director** of SA FORGES THERMAL. **Chairman** of SAS CASINO ET BAINS DE MER DE DIEPPE, SAS LA VILLA DU HAVRE (Le Havre), SA GRAND CASINO NUEVO SAN ROQUE (Spain). **Deputy General Manager – Director** of SA FINANCIÈRE PARTOUCHE, SA GRAND CASINO DU HAVRE. **General Manager** of SOCIÉTÉ GROUPE PARTOUCHE BAHAMAS LIMITED. **Director** of SA SOMARG (Paris), SA SOCIÉTÉ DU GRAND CASINO D'ANNEMASSE (Annemasse), SA GROUPE DE DIVONNE (Paris), SA DU CASINO D'HAUTEVILLE-LOMPNES (Hauteville-Lompnes), SA CANNES BALNÉAIRES (Cannes), SA BARATEM (Le Touquet), SA SOCIÉTÉ DU CASINO DU PALAIS DE LA MÉDITERRANÉE (Nice), GIE EUROPÉENNE CASINOS GESTIONS COMMUNICATION (Paris), SA DU CASINO LE MIRAGE – AGADIR (Morocco), SAS HOLDING GARDEN PINEDE (Juan-les-Pins), SAS HÔTEL INTERNATIONAL DE LYON (Lyon), SAS SOCIÉTÉ DU GRAND CASINO DE CABOURG (Cabourg), SAS CASINO DE LA TREMBLADE (La Tremblade), SAS GRAND CASINO DE LA TRINITÉ. **Deputy Managing Director** of SARL NOA. **Permanent Representative** of SA GROUPE PARTOUCHE INTERNATIONAL, **Director** of SA GRAND CASINO DE DJERBA (Tunisia).

Mrs. Katy ZENOU, Member of the Executive Board, General Manager of Groupe Partouche SA
also serves as: **Managing Director** of SA ÉLYSÉE PALACE EXPANSION (Vichy). **Deputy General Manager and Director** of SA FINANCIÈRE PARTOUCHE, SAS CASINOS DU TOUQUET. **Director** of SAS NUMA (Boulogne-sur-Mer), SAS HÔTEL INTERNATIONAL DE LYON (Lyon), SA SOCIÉTÉ DU GRAND CASINO D'ANNEMASSE, SA GROUPE PARTOUCHE INTERNATIONAL (Brussels). **Representative** of de GROUPE PARTOUCHE SA, **Director** of SA GRAND CASINO DU HAVRE.

Mr. Richard PARTOUCHE, Member of the Executive Board, General Manager of Groupe Partouche SA
also serves as: **Chairman** of SAS CASINO DE ST AMAND-LES-EAUX, SAS CASINO DE ST-NECTAIRE. **Deputy General Manager and Director** of SA FINANCIÈRE PARTOUCHE. **Director** of SAS GRAND CASINO DE LYON, SAS GRAND CASINO DE LA TRINITÉ-SUR-MER, SAS HÔTEL INTERNATIONAL DE LYON, SAS LE TOUQUET'S (Calais), SA SOCIÉTÉ DU GRAND CASINO D'ANNEMASSE, SA SOCIÉTÉ DU CASINO D'HAUTEVILLE- LOMPNES (Hauteville-Lompnes), SA SOCIÉTÉ D'EXPLOITATION DU CASINO DE ST-JULIEN (St Julien en Genevois), SA GROUPE PARTOUCHE INTERNATIONAL (Brussels), SA GRAND CASINO DE DJERBA (Tunisia). **Corporation Manager** of SNC EXPLOITATION HÔTELIÈRE DE CHARBONNIÈRE – EHC. **Permanent Representative** of SAS Société du Casino de St Amand-les-Eaux. **General Partner** of SCS LCLP (France) SA et CIE (Cannes).

MEMBERS OF THE SUPERVISORY BOARD

Supervisory Board member	Positions held	Date of birth	Date of first appointment	Date of last renewed appointment	Expiration of appointment*	Number of shares held	Other functions held outside the Group
Mr. Isidore PARTOUCHE	Chairman of the Supervisory Board	21 April 1931 in Trezel (Algeria))	AGM of 20 June 1996	AGM of 9 April 2002	31 October 2007	1 160 915 shares	None
Mr. Marcel PARTOUCHE	Vice-Chairman of the Supervisory Board	24 February 1920 In Tiaret (Algeria))	AGM of 20 June 1996	AGM of 9 April 2002	31 October 2007	11 500 shares	None
Mr. Maurice SEBAG	Member of the Supervisory Board	1 December 1926 In Tiaret (Algeria)	AGM of 20 June 1996	AGM of 9 April 2002	31 October 2007	5 100 shares	None
Mr. Gaston GHRENASSIA Aka Enrico MACIAS	Member of the Supervisory Board	11 December 1938 in Constantine (Algeria)	Co-opted to replace Jacques BENHAMOU by decision of the Supervisory Board of 11/12/1998	AGM of 9 April 2002	31 October 2007	70 shares	Artist Singer Actor Member of Unesco

(*) on completion of the AGM called to approve the financial statements for the year ending 31 October 2007.

List of company offices held by the members of the Supervisory Board

Mr. Isidore PARTOUCHE,
Chairman of the Supervisory Board of Groupe Partouche SA

also serves as: **Managing Director, General Manager** of SA SOCIÉTÉ EUROPÉENNE DES GRANDS RESTAURANTS (Paris). **Chairman, Director Delegate** of SA GROUPE PARTOUCHE INTERNATIONAL – GPI (Bruxelles). **Chairman** of SAS COMPAGNIE EUROPÉENNE DE CASINOS – CEC (Paris), SAS SOCIÉTÉ D'EXPLOITATION DU CASINO DE CONTREXÉVILLE, GIE EUROPÉENNE DE CASINOS GESTION CONSEIL COMMUNICATION "ECC" (Paris). **Member of the Executive Committee** of SAS SOCIÉTÉ FRANCAISE DE CASINOS (Paris). **Administrateur :** SA FINANCIÈRE PARTOUCHE, SAS SOCIÉTÉ DU CASINO DE ST-AMAND (Saint-Amand), SAS CASINOS DU TOUQUET (Touquet), SAS DU GRAND CASINO ET DES BAINS DE MER (Dieppe), SAS GRAND CASINO DE CABOURG (Cabourg), SAS HÔTEL INTERNATIONAL DE LYON (Lyon), SAS SOCIÉTÉ DU CASINO MUNICIPAL DE ROYAT (Royat), SAS CASINOS DE VICHY (Vichy), SA SOCIÉTÉ DES CHEMINS DE FER ET HÔTELS DE MONTAGNE AUX PYRÉNÉES – CHM (Vichy), SAS GRAND CASINO DE BEAULIEU (Beaulieu), SAS CASINO DE ST-CAST-LE-GUILDO, SAS CASINO DE PALAVAS (Palavas), SA LYDIA INVEST (Port-Barcarès), SA SOCLE (Lille), SA LOSC LILLE MÉTROPOLE – SASP (Lille), SA FORGES THERMAL (Forges-les-Eaux), SA SATHEL (La Tour de Salvagny), SA SOCIÉTÉ TOURISTIQUE THERMALE ET HÔTELIÈRE DE DIVONNE – TTH DIVONNE (Divonne-les-Bains), SA GROUPE DE DIVONNE (Paris), SA SOCIÉTÉ DE BRASSERIE ET CASINOS "LES FLOTS BLEUS" (La Ciotat), SA SOCIÉTÉ CANNES BALNÉAIRE – Palm Beach Casino (Cannes), SA SOCIÉTÉ DU CASINO MUNICIPAL D'AIX THERMAL (Aix-en-Provence), SA L'EDEN BEACH CASINO (Juan-les-Pins), SAS HOLDING GARDEN PINEDE (Juan-les-Pins), SAS EUROPEAN GAMING COMPANY (Paris), SA DU CASINO LE MIRAGE – AGADIR (Morocco), SA LE GRAND CASINO DE DJERBA (Tunisia), CASINO DE NUEVO SAN ROQUE (Spain). **Director Delegate** of SA ECK (Belgium), SA SIKB (Belgium). **Corporation Manager** of SCI FONCIÈRE DE VITTEL ET CONTREXÉVILLE (Paris), SCI LES THERMES (Aix-en-Provence), SARL THERM PARK (Aix-en-Provence), SCI AZUR BANDOL (Bandol).

Mr. Marcel PARTOUCHE,
Vice-Chairman of the Supervisory Board of Groupe Partouche SA

also serves as: **Chairman** of SAS CASINO D'ÉVAUX-LES-BAINS (Évaux-les-Bains), SAS SOCIÉTÉ D'EXPLOITATION DU CASINO DE LA ROTONDE (Val-André). **Deputy General Manager, Director** of SAS JEAN METZ (Berck). **Director** of SAS NUMA (Boulogne-sur-Mer), SAS CASINOS DU TOUQUET (Le Touquet-Paris-Plage), SAS PLOMBINOISE DE CASINO (Plombières-les-Bains), SA BARATEM (Le Touquet).

Mr. Maurice SEBAG,
Member of the Supervisory Board of Groupe Partouche SA

also serves as: **Chairman** of SAS NUMA (Boulogne-sur-Mer), SAS CASINO DE PORNICHET (Pornichet). **Chairman of the Board of Directors** of SA GRAND CASINO DU HAVRE. **Permanent Representative** of SA GROUPE PARTOUCHE **administrateur** de la SAS PLOMBINOISE DE CASINO (Plombières les Bains). **Director** of SAS CASINOS DU TOUQUET (Le Touquet), SAS JEAN METZ (Berck-sur-Mer), SA CASINO NUEVO SAN ROQUE (Spain).

Mr. Gaston GHRENASSIA,
Member of the Supervisory Board of Groupe Partouche SA

also serves as: **Managing Director** of SA SOCIÉTÉ DU CASINO D'ARCACHON. **Deputy General Manager, Director** of SA SOCIÉTÉ EUROPÉENNE DES GRANDS RESTAURANTS (Paris).

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 2005 amounted to 1,557,371 euros.

Remuneration of company officers

Pursuant to the provisions of Article L.225-102-1 of the Commercial Code, all of the company officers' remuneration that is received during the financial year ended 31 October 2005 from Groupe Partouche, is summarised in the table below on an individual basis:

List of company officers of Groupe Partouche SA

In Euros	Total remuneration	Of which benefits In kind
Patrick Partouche	319 359	6 915
Hubert Benhamou	320 784	-
Ari Sebag	342 583	6 407
Richard Partouche	268 640	-
Katy Zenou	233 924	-
Isidore Partouche	330 000	-
Marcel Partouche	204 522	-
Maurice Sebag	154 179	-
Gaston Ghrenassia	30 000	-

Directors' fees paid to the members of the Supervisory Board

The total amount of directors' fees paid in 2005 for the 2004–05 financial year was €66,000 and was divided as follows:

Isidore Partouche	33 000 €
Marcel Partouche	11 000 €
Maurice Sebag	11 000 €
Gaston Ghrenassia	11 000 €

Potential conflicts of interest involving the members of the Executive and Supervisory Boards

The company is not aware of any potential conflicts of interest between the members of the Executive and Supervisory Boards and the Group.

Risk analysis

1 - Liquidity risk

DEBT

LIABILITIES	31/10/2005	– 1 year		1 to 5 years		+ 5 years	
€'000		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Syndicated Loan	431 000	-	30 170	-	158 608	-	242 222
Other bank borrowings	33 126	4 307	6 146	5 389	11 298	852	5 134
TOTAL	**464 126**	**4 307**	**36 316**	**5 389**	**169 906**	**852**	**247 356**

ASSETS	31/10/2005	– 1 year		1 to 5 years		+ 5 years	
€'000		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Investment securities	33 225	-	33 225	-	-	-	-
NET PROVISION BEFORE HEDGING	**430 901**	**4 307**	**3 091**	**5 389**	**169 906**	**852**	**247 356**
Interest rate heding	-	508	(508)	-	-	-	-
NET PROVISION AFTER HEDGING	**430 901**	**4 815**	**2 583**	**5 389**	**169 906**	**852**	**247 356**

Principal characteristics of the syndicated loan:

Original loan amount: €431,000,000
Principal outstanding at the year-end: €431,000,000
Remaining term: 7 ans
Rate: variable rate based on 3-month Euribor, with a decreasing banking margin in proportion to an improved ratio of Consolidated financial debt net of cash / Consolidated operating income plus depreciation, amortisation and operating provisions, less reversals of depreciation, amortisation and operating provisions.
Guarantees: pledging of the shares of the principal subsidiaries of the Group.
The syndicated loan also includes certain financial ratios that evolve over time, based on the Group's consolidated data, non-compliance with which would constitute a mandatory early repayment event:
The ratio of Operating income plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals / Finance costs must be greater or equal to 4.25 at 31/10/2006. The ratio of Available cash flow after tax and exceptional items before debt servicing costs / Debt servicing costs must be greater or equal to 1 at 31/10/2006.
The ratio of Financial debt net of cash / Operating income plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals must be less than or equal to 3.50 at 31/10/2006.

2 - Interest rate risk

The Company had the following exposure to interest rate risk (excluding in respect of cash balances). The total amount of short and medium term bank borrowings excluding bank overdrafts comes to €464.13 million. The portion on which interest is charged at a variable rate is €453.07 million.
After hedging, the amount of borrowings exposed to fluctuations in variable interest rates was €419.85 million, or 90.5% of total bank debt. This significant exposure to interest rate risk is mitigated by hedging arrangements protecting the company in the event of a rise in the reference rate above 3.50% and above 4.50%. At the year-end, these hedges were inactive.
A 1% increase in the interest rate applied to the portion falling due in less than one year of the total amount exposed to potential fluctuations in the variable interest rate, namely €419.85 million, would have an effect on consolidated financial items of €4,198,500.
All of the interest rate hedging instruments set in place to hedge interest rate risks correspond to risks identified by the Group and are not made for any speculative purpose.
Exposure to interest rate risk is periodically assessed by the Group's management, with the assistance of the Treasurer, among others. The finance department implements the favoured solutions.

3 - Exchange risk

In order to measure the Group's exposure to exchange rate risk, we should point out that Groupe Partouche's overseas' activities are performed by subsidiaries which operate in the country in which they are located; the consolidated financial statements thus include 23 companies outside France, 11 of which are located in the euro zone. Some foreign exchange risk exposure remains, however, given the Group's operations in the US, Tunisia, Morocco, Switzerland and Egypt. The total of these activities represents only 6.0% of total consolidated turnover.
Turnover generated outside France is not hedged.
Given the Group's low exposure to foreign exchange risk, no specific procedures are applied to monitor such risks.

4 - Equity risk

The Group's treasury department does not invest in quoted shares and only conducts transactions in highly liquid money market products.
The amount of treasury shares recognised in the Company's balance sheet at an amount of €169 thousand breaks down into:
• Self-owned Groupe Partouche SA shares totalling 168,767 euros.

Groupe Partouche SA shares:

These shares were purchased under the terms of share purchase programmes authorised by General Meetings, with the primary aim of regulating the share price.

Number of shares	Book Value	Market value (share price at 31.10.05)	Potential capital (share price at 31.10.05
19 166	€168 767	€268 324	€99 557

A 10% drop in the share price of Groupe Partouche would not have an impact on the consolidated financial statements.
Given that the investment policy for cash excludes any support for self-held shares, no specific measures are used to monitor this risk.

5 - Transaction risk

As explained above, the purchases and sales performed in the course of Groupe Partouche's business are made primarily in euros. Similarly, the risk related to the ownership of financial assets and liabilities denominated in foreign currencies is not very significant. Therefore, no exchange risk is attached to transaction risk.

6 - Translation risk

Consolidating the financial statements of foreign subsidiaries entails the translation of the financial statements into euros (assets, liabilities, income and expenses) denominated in foreign currencies. This translation at the applicable year-end exchange rate, may, if exchange rates change, generate a financial gain or loss. Given the long-term nature of these investments, Groupe Partouche does not hedge this exposure.

7 - Legal risk and lawsuits

Legal risk

The Group has not, during the last financial year or since, been the subject of any legal proceeding that is likely to have a material impact on its financial position, earnings or business activity.

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.

Lawsuits

• In its judgement of 15 June 2005, the Court of Cassation upheld the decision of 20 February 2003 by the Court of Appeal of Aix-en-Provence according to which Syndicat des Propriétaires de la Pointe Croisette was acknowledged as owner since its founding in 1858 of the land leased by Cannes Balnéaire until 2027.Therefore, the claim of the city of Cannes, which had cited a donation in its favour dating back to 1927, has now been definitively dismissed and the right of Cannes Balnéaire to occupy these premises, sublet at present to LCLP France SA et Cie as operators of the Palm Beach casino, has been firmly established.
Two ground-breaking lawsuits brought against Group subsidiaries by gamblers demanding reparations for moral damages as well as the return of gambling losses claiming that the casinos they frequented should be partly responsible for their addiction to gambling were dismissed by the respective civil courts.

• Outstanding tax claims are estimated based on available information at the balance sheet date.

8 - 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, motor fleet, works of art, etc.
The Group 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 2004 to 31 October 2005.

CASINOS

	Coverage	Guarantees	Premiums (including claims management expenses)
Casino multirisk	Damage to assets (DA) and operating losses	Limit of liability €19.5–42 million	€1,147,476
Civil responsibility			0.20 °/°° of turnover+ taxes
	Civil liability - operations:		
	Physical, material and non-material damages	€15m per year and €8m per claim	
	Goods consigned to the hotel	€250,000 per year	
	Valet parking liability	€100,000 per year	
	Non consecutive non-material assets	€160,000 per claim	
	Pollution due to accident	€350,000 per claim and per year	
	Civil liability post 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	€19,434
Art			€29,675
Vehicles		All risks	
	Motor fleet		€57,166
	Staff missions		€3,177

HOTELS

Hotel multirisk	Damage to assets (DA) and operating losses	Limit of liability €5–40 million	€103,438
	Damage to assets (DA) and operating losses and Liability RI index = 4402 at 01.11.04	Damage to assets: Limit of liability €6 million	€32,903
		Civil liability:	
		Physical damage: 1,738,221 x RI ind	
		Material and non-material: 347,340 x RI ind	
	Second layer – Damage to assets (as from 1 August 2006)	Limit of liability €6 million	€1,266
Hotel operator's liability	Physical, material and non-material damage	€7,622,000 per claim	€18,812
	of which material and non-material damage	€1 525 000 per claim	

9 - Pledges

As a guarantee of payment and reimbursement of all amounts due by Groupe Partouche to the banks in respect of the loan contract in principal, interest, commission, fees and other expenses, Groupe Partouche pledged the shares that it held in the following subsidiaries to the banks:

For all of the following subsidiaries:

- **Beneficiary:** the banking pool led by Natexis Banques Populaires comprises the following banks: BRED Banque Populaire, Commerzbank AG – Paris branch, IKB, Lloyds TSB Bank PLC, CIC Lyonnaise de Banque, Natexis Banques Populaires, Scotiabank Europe PLC, WEST LB AG, Bank of Scotland, HSBC, Crédit Agricole Nord de France, Crédit Agricole Normandie Seine, Bank of Ireland, Crédit du Nord, BCME, Banque Populaire des Alpes, Banque Populaire Loire et Lyonnais.
- **Condition for removal of the pledge:** repayment of the loan.

a-Commencement date of the pledge: 30 September 2005 and termination date of the pledge: 30 September 2012.

Subsidiary	Number of shares pledged	% of capital pledged of subsidiary
COMPAGNIE EUROPÉENNE DE CASINOS SAS	4 962 577	100,00 %
FORGES THERMAL SA	7 000	58,33 %
SOCIÉTÉ DU CASINO DE ST-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 %

b-Commencement date of the pledge: 1 March 2006 and termination date of the pledge: 30 September 2012.

Subsidiary	Number of shares pledged	% of capital pledged of subsidiary
GROUPE PARTOUCHE INTERNATIONAL SA	5 990	99,83 %
CASINOS DE VICHY SAS	11 978	79,85 %
SARL HÔTEL COSMOS	49 950	99,90 %
CASINOS DU TOUQUET SAS	24 384	99,52 %
SARL THERMES DE CONTREXÉVILLE	49 950	99,90 %
ÉLYSÉE PALACE EXPANSION SA	1 895	75,80 %
SARL THERMES DE VITTEL	49 950	99,90 %
LA VILLA DU HAVRE SAS	4 000	100,00 %
SOCIÉTÉ CIVILE IMMOBILIÈRE DE LA RUE ROYALE	8 917	99,98 %
NUMA SAS	5 000	100,00 %
SOCIÉTÉ CIVILE IMMOBILIÈRE LES THERMES	9 950	99,90 %
SOCIÉTÉ DES CHEMINS DE FER ET HÔTELS DE MONTAGNE AUX PYRÉNÉES SA	178 000	76,17 %
SCI SOCIÉTÉ FONCIÈRE DE VITTEL ET CONTREXÉVILLE	49 950	99,90 %
SOCIÉTÉ D'EXPLOITATION DU CASINO ET HÔTELS DE CONTREXÉVILLE SAS	4 950	99,00 %
SOCIÉTÉ DU CASINO ET BAINS DE MER SAS	6 600	100,00 %
JEAN METZ SAS	1 000	100,00 %
LE TOUQUET'S SAS	1 801	90,05 %
CANNES BALNÉAIRES PALM BEACH SA	5 099 366	99,97 %
GRAND CASINO DU HAVRE	149 993	99,99 %
LYDIA INVEST	973	97,30 %
SCI LYDIA INVESTISSEMENT	97	97,00 %

General information on the company

Description of the Group

Groupe Partouche, via its directly or indirectly owned subsidiaries operated 58 casinos at 31 March 2006; 50 of these are located in France and eight in other countries.

75.2% of the Group's turnover is generated from gaming which remains the dominant business sector. Groupe Partouche's 58 casinos are spread throughout France and abroad as follows:

France Region	Town or resort
NORD/PAS-DE-CALAIS	ST-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	PLENEUF-VAL-ANDRÉ, PLOUESCAT, LA TRINITÉ-SUR-MER
PAYS DE LA LOIRE	PORNICHET, PORNIC
POITOU-CHARENTES	LA ROCHE-POSAY
BOURGOGNE	ST-HONORÉ-LES-BAINS
LORRAINE	CONTREXÉVILLE, PLOMBIÈRES-LES-BAINS
RHÔNE-ALPES	LYON, LA TOUR DE SALVAGNY, ST-GALMIER, DIVONNE-LES-BAINS, ANNEMASSE, HAUTEVILLE-LOMPNES, ST-JULIEN-EN-GENEVOIS
AUVERGNE	ÉVAUX-LES-BAINS, VICHY (LES 4 CHEMINS ET GRAND CAFÉ), CHÂTELGUYON, ROYAT, ST-NECTAIRE
AQUITAINE	ANDERNOS, ARCACHON, SALIES-DE-BÉARN
LANGUEDOC-ROUSSILLON	GRUISSAN, PALAVAS-LES-FLOTS, LA GRANDE MOTTE, PORT-BARCARÈS, PORT-LA-NOUVELLE
PROVENCE-ALPES-CÔTE D'AZUR	GRÉOUX-LES-BAINS, AIX-EN-PROVENCE, LA CIOTAT, BANDOL, HYÈRES, GRASSE, CANNES, JUAN-LES-PINS, BEAULIEU-SUR-MER, NICE

Abroad - country	Town or resort
BELGIUM	KNOKKE LE ZOUTE, OSTEND, CHAUDFONTAINE
TUNISIA	DJERBA
SPAIN	SAN ROQUE
MOROCCO	AGADIR
SWITZERLAND	MEYRIN, CRANS-MONTANA

The Group's internal organisation

Groupe Partouche SA is a holding company for all the companies whose activity is primarily directed towards leisure, casinos, hotels, restaurants, dancehalls and bars. It is the parent company quoted on the Premier Marché of the Paris Stock Exchange (ISIN code FR0000053548).

Groupe Partouche assumes the role of directing the group as a whole, granting it the benefit of its knowledge and skills, particularly in terms of human and technical resources. It provides its subsidiaries with a package of services defined under a head office services agreement. These services include, among others: strategic planning, marketing, communication, commercial

services, administration, legal and financial services and IT. The remuneration paid by each of Groupe Partouche's subsidiaries is calculated based on an allocation of the expenses borne by them, in terms of human and technical resources, which is allocated on the basis of turnover of the subsidiaries bound by the head office services contract.
For the financial year ended 31/10/2005, the total amount received in this regard came to €10.06 million excluding VAT.

Casino operating concessions

A casino operating concession never exceeds 18 years in France. At 1 March 2005, Groupe Partouche had 50 casinos in France with a concession contract and a ministerial authorisation for gaming operation.

Property assets

The Group's property, plant and equipment includes property assets in which it holds full ownership. Groupe Partouche has commissioned an expert1 to provide a succinct appraisal of these properties located in France, excluding the sites of Gruissan, Châtelguyon, Port-la-Nouvelle and those of the Groupe de Divonne companies.
Apart from the inventory of buildings, the appraisal focuses mainly on applying market values for premises considered as "occupied", with the exception of those manifestly known to be unoccupied. According to the expert's analysis in 2005, the value of these property assets may be estimated at €238 million, excluding the valuation of long leases for €87 million.

(1) Gérard Naulet: former officer representing the French government in the chamber of the Paris district court responsible for real estate expropriation. Address: 17, allées des Eidres, 75019 Paris

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

Any significant assets that are used by the Company and which belong to the directors or their families are held within the companies SOGESIC and FINANCIÈRE PARTOUCHE:

• SOGESIC assets: all real estate assets used by Le Touquet Casino
• FINANCIÈRE PARTOUCHE assets:
– A 3% investment in SCI Lydia Invest, the owner of a moored boat in Port-Barcarès, which houses the casino.
– Co-ownership units comprising 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.

Research & Development

Given its main business in the leisure sector, Groupe Partouche did not engage in any research and development activities during the period under review.

Description of the business environment

■ **Description of the competitive environment in 2004**
In financial year 2004/2005 the French casino sector generated total GGR of €2,647.9 million, rising 1.3% year-on-year. Slot machines accounted for 93.5% of total GGR, up 1.5%, while table gaming revenue fell 0.8% from the prior year.
Levies represent in total 58.3% of GGR for financial year 2004/2005.
The casino sector in France has shown a relatively recent move towards concentration. Of the 190 licensed casinos in France (two more than the previous year), more than two-thirds are operated by groups. The main groups are as follows:

Name of groups In France	Number of casinos operated	2005 real gross Gaming revenue (€m)
GROUPE PARTOUCHE	50	804,0
GROUPE LUCIEN BARRIÈRE	31	751,7
GROUPE MOLIFLOR LOISIRS	20	237,7
GROUPE TRANCHANT	18	221,5
GROUPE COGIT	8	77,2
GROUPE ÉMERAUDE	7	55,9

Source: Syndicat des Casinos Modernes de France (figures at 31/10/05).

■ **Description of main clients**
In the early 1990s, casinos in France experienced a real revolution when permission was granted by the authorities to operate slot machines. Their potential clientele, which traditionally consisted of the happy few among the high income population, including tradesmen, self-employed individuals, and people with independent means ready to play high stakes, now includes the entire working population who previously would have bet on the horses or played the Lottery. Consequently, casino attendance figures have seen exponential growth and the vast majority of clients have an average monthly gaming budget of around 50 to 100 euros. The clientele over 50 and retirees now constitutes the main segment.

■ **Suppliers**
The casino business is very heavily regulated.
All suppliers of gaming equipment and fittings are subject to an approval by the Minister of the Interior, ensuring that the draconian standards of compliance are met.
This applies, inter alia, to suppliers of slot machines (such as Bally France and Ludi), roulette cylinders, table game chips (Bourgogne and Grasset) and slot machines tokens (La Monnaie de Paris, etc.).

Breakdown of human resources by category (average workforce)

Category at 31 October	2005	2004	2003
Management and executives	839	678	558
Supervisors and technicians	321	238	216
Other non-manual workers	4 788	4 473	4 437
Manual workers	234	130	136
TOTAL	**6 182**	**5 519**	**5 347**

Profit sharing
SA Groupe Partouche does not currently have any employee profit share scheme.

General information on the Group and its share capital

1 - General information on the Group

Company name (Article 2 of the Articles of Association)
The name of the company is Groupe Partouche SA – Ticker "G.P.".

Head office (Article 4 of the Articles of Association)
The head office is located at 141 bis, rue de Saussure, 75017 Paris, France.
Telephone: +33 (0) 1.47.64.33.45
Fax: +33 (0) 1.47.64.19.20

Applicable legislation
The company is governed by the French legislation.

Legal form
The company is a Société Anonyme company with an Executive Board and a Supervisory Board. Its legal and accounting documents may be consulted at the registered office of Groupe Partouche.

Term (Article 5 of the Articles of Association)
The term of the company was initially fixed at 31 October 2008. The Extraordinary General Meeting held on 27 April 1994 extended it by 50 years. It will expire in year 2058, except in the case of early dissolution or extension as provided by the Articles of Association.

Purpose (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.

Commercial Register
The company is registered under number 588 801 464 RCS PARIS.

APE code
741 J.

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

■ **Appropriation and allocation of earnings (Article 40 of the Articles of Association**
I/ Net earnings are constituted by the net revenue for the financial year, less expenses, as well as the depreciation or amortisation of company assets and provisions for commercial and industrial contingencies.

II/ Net earnings are appropriated as follows:

• A deduction of 5% is taken from net income 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 are constituted by the net income for the financial year, less prior-year losses and legally required reserves, plus retained earnings carried forward. The General 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-in outstanding shareholdings. However, except in the case of capital reduction, 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 the Law or by the Articles of Association.

The General Meeting may resolve 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.

Losses (if any) are, after the approval of the financial statements by the General Meeting, recorded in a special account for offset against future years' profits until the expiry of their availability for carry-forward.

• The General Meeting convened to approve on the financial statements of a given financial year may grant each shareholder, in respect of all or 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 the law. The offer of payment in shares should be made simultaneously to all shareholders. Requests by shareholders in this regard must be made during a period fixed by the General Meeting which may not exceed three months from the said meeting.

■ General regulations for General Meetings

Notice of meeting procedures – Announcements to shareholders (Article 27 of the Articles of Association).

I/ General Meetings may be convened by the Executive Board, or failing this, by the Supervisory Board or the Statutory Auditors, as provided by Article 194 of the Decree, 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.

II/ General Meetings are held either in the head office or in any other place that should be specified in the notice.

III/ 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.

IV/ 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 income for the last five years. Moreover, the following should be enclosed:

– in advance of an Annual General Meetings, the income statement, the balance sheet and the special report of the statutory auditors,

– in advance of an Extraordinary General 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.

V/ 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 General Meeting. Forms which do not indicate a clear vote or which express an abstention are considered as nay votes.

■ Admission to General Meetings – (Article 28 of the Articles of Association)

All shareholders may attend and vote at General 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 General 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 five 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.

2 - General information on the capital

■ Share capital – (Article 7 of the Articles of Association)

The issued share capital is €86,194,836 (eighty six million one hundred and ninety four thousand eight hundred and thirty six euros).

It is divided into 43,097,418 shares (forty three million ninety seven thousand four hundred and eighteen) with a nominal value of 2 euros (two) each, the nominal values of which are all fully paid.

■ 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 Commercial Code, 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 General Meeting, of one or more shareholders, holding 5% at least of the capital of the company, when the shares of the company are officially listed on a stock exchange.

■ Authorisation for the company to buy back its own shares

By a decision of the Annual General Meeting of 24 April 1998, we granted ourselves the authorisation each year to buy back the Company's own shares pursuant to the provisions of Article 225-209 of the Commercial Code.

The Extraordinary General Meeting of 26 April 2005 renewed the authorisation of the Executive Board to buy back its own shares on the stock exchange in accordance with the provisions of Article L.225-209 of the Commercial Code for the primary purpose of stabilising the share price and using the shares as consideration to make acquisitions, or with a view to the allocation of share purchase options to the group's employees and directors, or in the scope of a financial or asset management policy. The maximum purchase price was fixed at €30 per share with a minimum sale price of €10. This authorisation which carries a maximum term of 18 months and which is set to expire on 26 October 2006, was not used.

Capital authorised but not issued

The Executive Board has the following authorisations granted by the Extraordinary General Meeting of 26 April 2005, which could lead to the issue of equity securities. These authorisations are summarised as follows:

Nature of transaction authorised by EGM of 26 April 2005	Expiration of authorisation (1)	Maximum amount	Terms
Capital increase			
• In cash	26 June 2007	500,000,000 euros	• With preferential right of subscription • Without preferential right of subscription
• By capitalisation of reserves, Premiums or net income	26 June 2007	Amount of premiums, reserves and earnings available	
• By issue of debt securities	26 June 2007	500,000,000 euros	• With preferential right of subscription • Without preferential right of subscription

(1) For a period of twenty-six months following the Extraordinary General Meeting of 26 April 2005.

No authorisations were followed by an increase.

Issue of bonds or similar securities

Authorisation date	15 April 2003
Expiry date	14 April 2008
Amount of the authorisation	500 000 000 €
Amount used	-

Employee saving plans

The General Meeting of 23 April 2004, in compliance with a) the Commercial Code, and notably, its Articles L.225-129 VII and L.225-138, and b) Articles L.443-1 and subsequent of the Labour Code, in its thirteenth resolution, delegated to the Executive Board, for a period of five years commencing on the date of this Meeting full powers to increase the share capital, at its sole discretion, in one or several stages and based on the terms and conditions which it shall determine, via the issue of shares to be subscribed in cash, the subscription of which shall be reserved for the employees of the Company and of companies deemed to be related to it, as defined By Article L.225-180 of the Commercial Code, members of Company Savings Plan (PEE) or a voluntary employee savings plan (PPESV) run by the Company.

The capital increase may not exceed 5,860,000 euros. This amount is fixed independently of the maximum ceilings for capital increases resulting from issues of shares or securities authorised by the preceding delegations.

Changes in share capital over the five preceding financial years

Year (1 November 2000 to 31 October 2005)		Amount of change in share capital	Successive amounts of share capital	Cumulative number of shares
2001	EGM of 2 April 2001 Conversion of the share capital into euros via the conversion of the nominal value of shares from € 13.87 to € 14 via the capitalisation of reserves	782 768,75 €	86 194 836 €	6 156 774
2002			86 194 836 €	6 156 774
2003	EGM of 10 November 2003 Division by 7 (seven) of the nominal value of shares and the total number of shares was therefore multiplied by 7 (seven)		86 194 836 €	43 097 418
2004			86 194 836 €	43 097 418
2005			86 194 836 €	43 097 418

Ownership of share capital and voting rights

Principal shareholders at 1 March 2006	Number of shares	% of capital
FINANCIÈRE PARTOUCHE SA (1)	26 848 500	62,30 %
SOGESIC SARL (2)	1 991 500	4,62 %
PARTOUCHE Family	1 564 821	3,63 %
Subtotal	**30 404 821**	**70,55 %**
Public (4)	12 692 597	29,45 %
TOTAL (5)	**43 097 418**	**100,00 %**

(1) SA FINANCIÈRE PARTOUCHE is a family holding company.
(2) SARL SOGESIC is the Group's central procurement company owned by members of the family.
(3) There are no double-voting rights.
(4) Including the following identified parties: JP Morgan Chase Investor Services acting as a registered intermediary owning 5.62% of the share capital via a notification of having crossed the shareholding threshold dated 8 April 2003 and E.E.M. (Belgium), owning 5.44% of the share capital.

Groupe Partouche requested Euroclear France to perform a survey on 9 February 2005 of intermediaries holding at least 11,000 shares. This survey enabled us to identify 5,699 shareholders, representing 20.73% of the share capital. Taking into account the 139 shareholders holding registered shares at this date, we have thereby established that at this date 99.92% of the share capital of Groupe Partouche was owned by 5,838 shareholders.

A very substantial proportion of the shareholders identified by the Euroclear France survey – some 80% – were institutional investors.

To the best of the company's knowledge, no shareholders own 5% or more of the share capital or voting rights other than those listed above. No securities are owned by employees under a dedicated share ownership programme. At the balance sheet date, the Company held 19,166 self-owned shares.

Changes in the ownership structure during the three preceding financial years

Identity of the principal shareholder groups	31 October 2005 (y)	31 October 2004 (y–1)	31 October 2003 (y–2)
FINANCIÈRE PARTOUCHE SA	62,30 %	62,30 %	62,30 %
SOGESIC SARL	4,62 %	4,62 %	4,62 %
PARTOUCHE Family	3,63 %	3,58 %	3,73 %
Subtotal	**70,55 %**	**70,50 %**	**70,65 %**
Public	29,45 %	29,50 %	29,35 %
TOTAL	**100,00 %**	**100,00 %**	**100,00 %**

■ **Shareholder pact**

To the best of the company's knowledge, there are no shareholder pacts.

■ **Options**

To date, there are no share option, purchase or subscription plans.

■ **Potential share capital**

There are no other securities other than those listed above.

Pledged Groupe Partouche SA's registered shares and shares of its subsidiaries

Name of the registered shareholder	Beneficiary	Start date of pledge	Termination date of pledge	Condition for removing pledge	Number of shares pledged	% of issuer's capital pledged
FINANCIÈRE PARTOUCHE SA	Banking pool led by Natexis (1)	30 Sep 2005	31 Sep 2012	Repayment of loan	26,848,500	62.30 %

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

Stock Exchange information

Groupe Partouche SA shares were admitted to the "Premier Marché" of the Euronext Paris stock exchange (code ISIN FR0000053548) on 2 November 1998 and are included in the SBF 250 and Next 150 indices.

■ **Institution providing financial services for the company**

Share transfers and payments of dividends are handled by Lyonnaise de Banque - Direction des Traitements Administratifs - Division titres émetteurs, Chemin Antoine Pardon - 69160 Tassin-la-Demi-Lune, France.

Number of shares traded, movements in the share prices in the last 18 months (Source: Euronext)

Period	Share price (in euros)		Number of shares traded	Share capital in (€million)
	High	Low		
2004				
September	15,19	13,65	1 035 600	14,80
October	15,25	14,39	1 051 185	15,70
November	14,95	13,42	965 663	13,86
December	14,70	13,70	491 677	6,99
2005				
January	16,88	11,30	1 085 138	17,10
February	17,26	16,01	1 060 875	17,71
March	16,70	15,50	523 981	8,36
April	16,90	15,87	468 383	7,62
May	16,45	14,16	311 471	4,70
June	15,25	13,99	325 978	4,69
July	14,50	13,70	162 740	2,29
August	14,36	13,80	191 675	2,70
September	14,85	13,21	630 251	8,62
October	14,98	13,65	517 712	7,63
November	14,00	13,32	92 322	1,27
December	15,00	13,85	159 140	2,32
2006				
January	16,15	14,30	391 940	5,86
February	15,49	14,30	155 005	2,31

Dividends

No dividend was proposed for the financial year ended 31 October 2005.
Dividends distributed for the previous five financial years are as follows:

In F.F. and euros	Year ended 31.10.2000	Year ended 31.10.2001	Year ended 31.10.2002	Year ended 31.10.2003	Year ended 31.10.2004
Total dividend amount	67 724 514 F 10 324 535,60 €	4 925 419 €	no distribution	no distribution	no distribution
Net dividend per share	11,00 F	0,80 €	-	-	-
Tax paid	5,50 F	0,40 €	-	-	-
Total income per share	16,50 F	1,20 €	-	-	-

During the financial year ended 31 October 2005, no interim dividends were paid.
Any dividend that is not claimed within five years as from its due date will be prescribed by the State, as provided by law (payment to the Service des Domaines).

Person responsible for the reference document and statutory auditors

Testimonial of the person responsible for the reference document

To our knowledge, the information provided in this reference document is true. It includes all the information required by investors to form an assessment of the assets, business, financial position, earnings and the outlook of the company; no information is omitted which, had it been included, would have affected its interpretation.

We have obtained a letter from the statutory auditors certifying that they have verified the financial and accounting information provided in this reference document and that they have read the document as a whole.

Patrick PARTOUCHE
Chairman of the Executive Board

Persons responsible for auditing the financial statements

Statutory auditors	Date of last renewal of appointment	Date of first appointment	Expiration of appointment(*)
PRINCIPAL			
BDO GENDROT 25, Quai Carnot – 92000 SAINT CLOUD	AGM of 23 April 2004	AGM of 23 April 2004	AGM convened to approve the financial statements for the year ended 31 October 2009
PRINCIPAL			
Mr. José DAVID 47, Av. du Pt F. Roosevelt – 92330 Sceaux	AGM of 23 April 2004	AGM of 4 February 1995	AGM convened to approve the financial statements for the year ended 31 October 2009
ALTERNATE			
Société FIDUCIAIRE MCR 232 Av. du Prado – 13000 MARSEILLE	AGM of 23 April 2004	AGM of 23 April 2004	AGM convened to approve the financial statements for the year ended 31 October 2009
ALTERNATE			
Mr. Emmanuel QUINIOU 62, rue de la Faisanderie – 75116 Paris	AGM of 23 April 2004	AGM of 8 March 1996	AGM convened to approve the financial statements for the year ended 31 October 2009

Information officer

Alain CENS
Chief Financial Officer
Tél. : +33 (0)1 47 64 33 45

Historical financial information

Historical financial information may be accessed on the Web site www.partouche-finance.com and on the site of the AMF as referenced below:

- 2003 Reference Document filed under the number D.04-0399 on 5 April 2004,
- 2004 Reference Document filed under the number D.05.0345 on 5 April 2005.

All of these documents are also available at the registered office of the company, 141 bis, rue de Saussure, 75017 Paris.

Documents on display

The following documents may also be accessed on the site www.partouche-finance.com or on the site of the AMF:

- The reference document filed in the form of an annual report with the AMF on 6 April 2006,
- The updates to the 2003 Reference Document filed with the AMF on 8 April and 14 December 2004 under the numbers D.04-0399-A01 and D.04-0399-A02,
- The 2003 and 2004 Reference Documents filed with the AMF on 5 April 2004 and 5 April 2005 under the numbers D.04-0399 and D.05-0345.

Reference document concordance table

In order to facilitate the reader's access to information in the annual report, for which the orginal Fench version has been registered as a document de référence, the following table presents the headings relating to the minimum disclosure requirements under Annex 1 of Commission Regulation (EC) 809/2004.

Information	Page
1. PERSONS RESPONSIBLE	124
2. STATUTORY AUDITORS	124
3. SELECTED FINANCIAL INFORMATION	20-24
4. RISK FACTORS	111
5. INFORMATION ABOUT THE ISSUER	
• History and development of the Company	13-15
• Investments	25, 29
6. BUSINESS OVERVIEW	
• Principal activities	20-28
• Principal markets	115,116
7. ORGANISATIONAL STRUCTURE	Insert
8. PROPERTY, PLANT AND EQUIPMENT	
• Existing or planned material tangible fixed assets	58-61
• Environmental issues that may affect utilization of the tangible fixed assets	33
9. OPERATING AND FINANCIAL REVIEW	
• Financial condition	48-77
• Operating results	23,50
10. CAPITAL RESOURCES	51-52
11. R&D PATENTS AND LICENCES	115
12. TREND INFORMATION	25
13. PROFIT FORECASTS OR ESTIMATES	NA
14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
• Administrative, management and supervisory bodies and senior management	106-110
• Administrative, management and supervisory bodies and senior management conflicts of interest	110
15. REMUNERATION AND BENEFITS	110
16. BOARD PRACTICES	36-41
17. EMPLOYEES	32, 117
18. MAJOR SHAREHOLDERS	121

Information	Page
19. RELATED PARTY TRANSACTIONS	NA
20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
• Historical financial information	20-24
• Pro forma financial information	48-53
• Financial statements – holding company financial statements	80-103
• Auditing of historical annual financial information	99
• Age of latest financial information	NA
• Interim and other financial information	25
• Dividend policy	122-123
• Legal and arbitration proceedings	112
• Significant change in the issuer's financial or trading position	NA
21. ADDITIONAL INFORMATION	
• Share capital	117-122
• Memorandum and Articles of Association	117-122
22. MATERIAL CONTRACTS	64-65
23. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST	NA
24. DOCUMENTS ON DISPLAY	125
25. INFORMATION ON HOLDINGS	73-76, 86, 94-95



The original French language version of this reference document was filed with the Autorité des Marchés Financiers on 6 April 2006, pursuant to article 212-13 of the AMF" s general regulations.
The original French language version of this reference document may be used as supporting document for a financial transaction if supplemented by a prospectus duly granted a visa by the Autorité des Marchés Financiers.

Design & Production: Agence Ferrari
Tel.: +33 (0)1 42 96 05 50 – email: agencecorporate@wanadoo.fr
Photos: Marcel Partouche Sebban, X.



GROUPE PARTOUCHE

141 bis, rue de Saussure – 75017 PARIS
Telephone: +33 (0) 1 47 64 33 45 – Fax: +33 (0) 1 47 64 19 20
http://www.partouche.fr