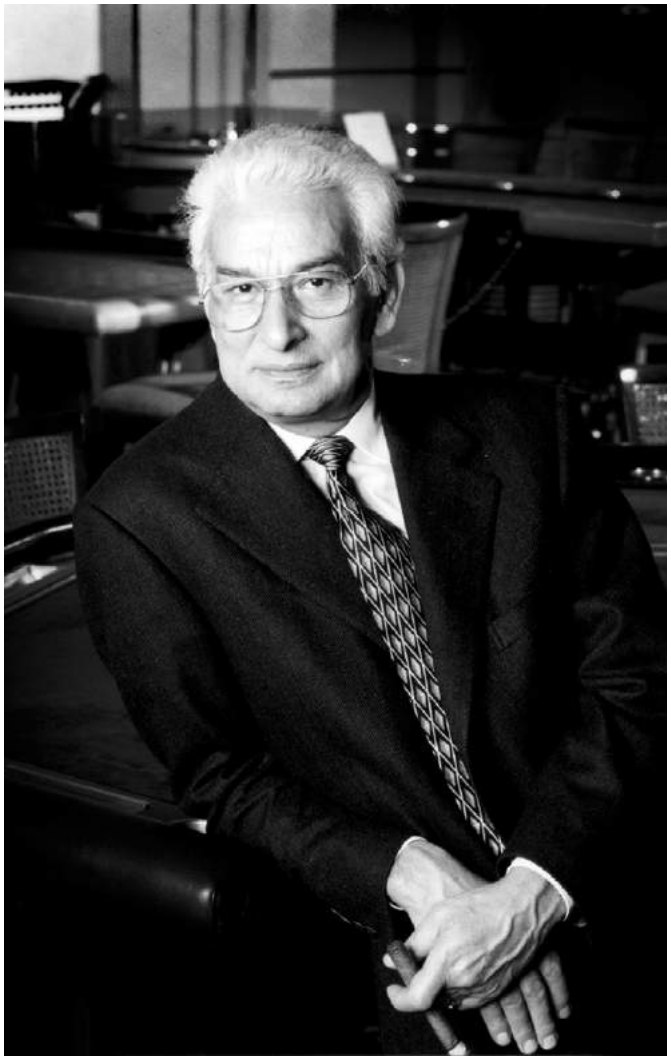
GROUPE PARTOUCHE



2017
FINANCIAL REPORT

A WORD FROM THE FOUNDER
2017 FINANCIAL REPORT

This document is a free translation into English of the original French "Rapport annuel 2017", hereafter referred to as the "2017 Annual Report". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.



A WORD FROM THE FOUNDER

2017 brought fresh impetus to our country with the arrival of a new political leadership team that wants to give back hope and gusto to our citizens, and therefore to business leaders like us.

This sea change was accompanied by the almost complete renewal of our political class, implying the need to develop new relations with our elected representatives.

The programme that has been announced, which entails a number of positive measures to boost our economy, has supported our view that the many investments made recently were just what was needed.

However, as the months go by, the less the measures announced seem to be targeted to us. For example, the increase in the CSG social security contribution, intended to make up for the reduction in certain charges imposed on all French companies, will have precisely the opposite effect from that intended on our businesses, as we are the only legal entities governed by private law that have to pay this tax, which is charged on the personal income of natural persons.

Another disappointing observation is that even though the politicians have changed, our government administrations are continuing to deal with the matters that concern us in the same way. I nevertheless believe that once the government team has had time to settle in, our legitimate concerns will receive the attention they deserve.

It therefore required a great deal of energy and willpower from my son Patrick and his team to carry on proactively innovating and constantly look at the possibilities of new models for our business, as brilliantly illustrated this summer by the opening of the PleinAir casino in La Ciotat and the 3.14 casino in Cannes. These two resolutely modern, exceptional casinos are helping to create a paradigm shift and offer something new. And their success once again confirms that we are – and remain – at the cutting edge of our profession.

Isidore Partouche

CONTENTS

01 PERSONS RESPONSIBLE / 06
02 AUDITORS / 07
03 SELECTED FINANCIAL INFORMATION / 08
04 RISK FACTORS / 13
05 INFORMATION ABOUT THE ISSUER / 30
06 BUSINESS OVERVIEW / 34
07 ORGANISATIONAL STRUCTURE / 43
08 PROPERTY, PLANT AND EQUIPMENT / 49
09 REVIEW OF FINANCIAL POSITION AND RESULTS / 51
10 CASH AND CAPITAL RESOURCES / 64
11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES / 66
12 TREND INFORMATION / 67
13 COMPANY PROJECTIONS AND TARGETS / 68
14 ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT / 70
15 REMUNERATION AND BENEFITS / 89
16 OPERATION OF DIRECTORS' AND EXECUTIVE BODIES / 96
17 LABOUR INFORMATION / 110
18 MAIN SHAREHOLDERS / 120
19 RELATED-PARTY TRANSACTIONS / 123
20 FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL POSITION AND PERFORMANCE / 127
21 ADDITIONAL INFORMATION / 219
22 MATERIAL CONTRACTS / 230
23 THIRD-PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST / 231
24 DOCUMENTS ON DISPLAY / 232
25 INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS / 233
26 CROSS-REFERENCE TABLE / 234

01

PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Fabrice Paire, Chairman of the Executive Board.

1.2 CERTIFYING STATEMENT BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

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

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

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

Paris, 21 February 2018

Fabrice Paire

Chairman of the Executive Board

02

AUDITORS

2.1 STATUTORY AUDITORS

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

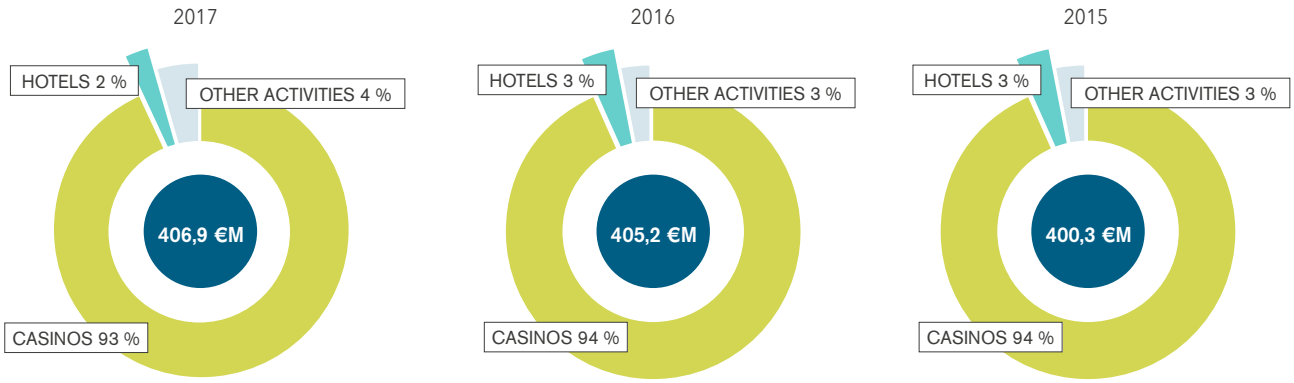
03

SELECTED FINANCIAL INFORMATION

The tables below present extracts of the Group's consolidated balance sheet and income statement for the financial years ended 31 October 2015, 2016 and 2017, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

BUSINESS ACTIVITY

BREAKDOWN OF TURNOVER



Under IFRS 8 Operating Segments, division data is presented based on the internal reporting used by management to assess the performance of the Group's different divisions. The Group is currently managed as three divisions:

- The "Casino" division, which comprises gaming, catering and entertainment;
- The "Hotel" division, which comprises accommodation and hospitality services;
- The Group's "Other activities", which mainly comprise the business of Groupe Partouche SA, the Group's parent company, and all the other secondary businesses (holding companies, thermal baths, real estate companies and all activities that contribute to organising and operating gaming on media such as TV and Internet in France).

CASINOS €000 AT 31 OCTOBER	2017	2016	2015
Gross Gaming Revenue of table games	119 717	105 325	94 405
Gross Gaming Revenue of slot machines	519 068	530 434	524 679
TOTAL GROSS GAMING REVENUE	**638 784**	**635 759**	**619 084**
Levies	317 978	318 537	307 710
As % of GGR	49,8 %	50,1 %	49,7 %
NET GAMING REVENUE	**320 807**	**317 222**	**311 375**
Number of casinos	43	43	44
o/w number of casinos in France	39	39	40
Number of slot machines in France	5 112	5 074	5 106

"Gross Gaming Revenue" (GGR) corresponds to income from the various games operated after payment of player wins. This sum is debited from "Levies" (State, municipalities, CSG and CRDS social security contributions).

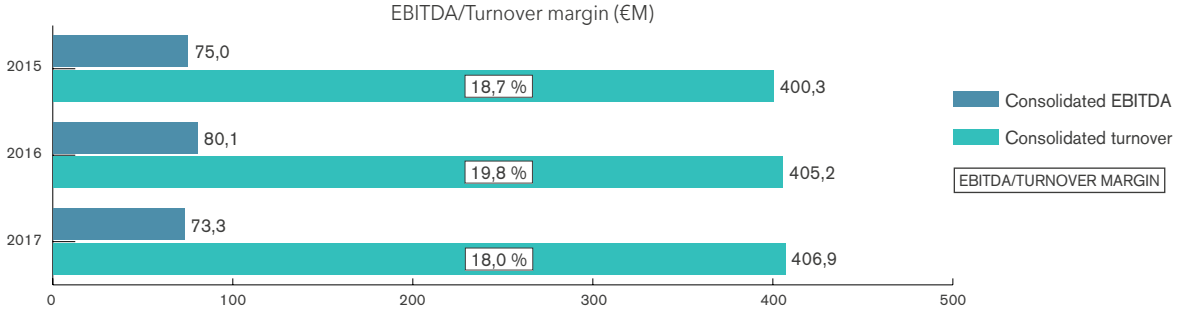
After levies, "Gross Gaming Revenue" becomes "Net Gaming Revenue", i.e. a component of turnover. See Section 6.1.1 for information on the types of games operated and levies.

HOTELS AT 31 OCTOBER	2017	2016	2015
Number of hotels	12	13	14
Number of rooms	726	831	870
Occupancy rate	63,11 %	60,71 %	59,07 %

PROFITABILITY

INCOME STATEMENT €000 AT 31 OCTOBER (EXCEPT DATA PER SHARE)	2017	2016	2015
Turnover	406 885	405 203	400 342
Current operating profit	36 358	41 286	33 824
Operating profit	46 512	22 084	21 954
Total net profit	**45 542**	**18 647**	**9 304**
o/w Group share	37 430	11 144	1 975
Net earnings per share attributable to the Group	3,89	1,16	0,2
Dividend distributed per share	(0,31)	-	-

EBITDA €000 AT 31 OCTOBER	2017	2016	2015
Consolidated EBITDA	73 318	80 073	75 014
As % of turnover	18,0 %	19,76 %	18,74 %



CASINO TIER



PASSIONATELY PROFESSIONAL
INDEPENDENT
HONEST

BALANCE SHEET AND FINANCIAL STRUCTURE

ASSETS €000 AT 31 OCTOBER	2017	2016	2015
Non-current assets	530 292	511 227	519 627
Current assets	168 191	194 465	199 750
Assets held for sale	-	-	867
TOTAL ASSETS	**698 583**	**705 692**	**720 243**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	2017	2016	2015
Equity attributable to the Group	343 409	310 962	303 400
Minority interests	24 509	24 197	28 849
Total equity	367 918	335 159	332 250
Total non-current liabilities	178 274	214 158	238 825
Total current liabilities	152 391	156 375	148 952
Held for sale liabilities	-	-	216
TOTAL LIABILITIES AND EQUITY	**698 583**	**705 692**	**720 243**

CASH LESS GAMING LEVIES

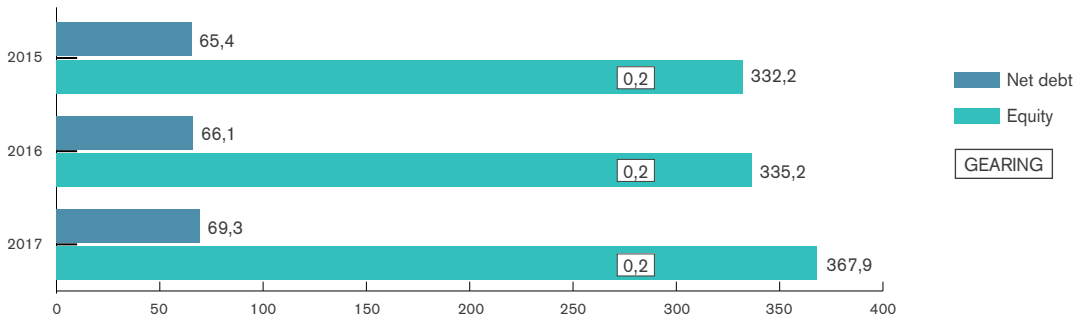
€000 AT 31 OCTOBER	2017	2016	2015
Cash and cash equivalents (assets)	116 406	152 492	164 858
- Gaming levies	(30 708)	(32 136)	(29 791)
= CASH LESS GAMING LEVIES	**85 698**	**120 356**	**135 067**

DEBT AND RATIOS

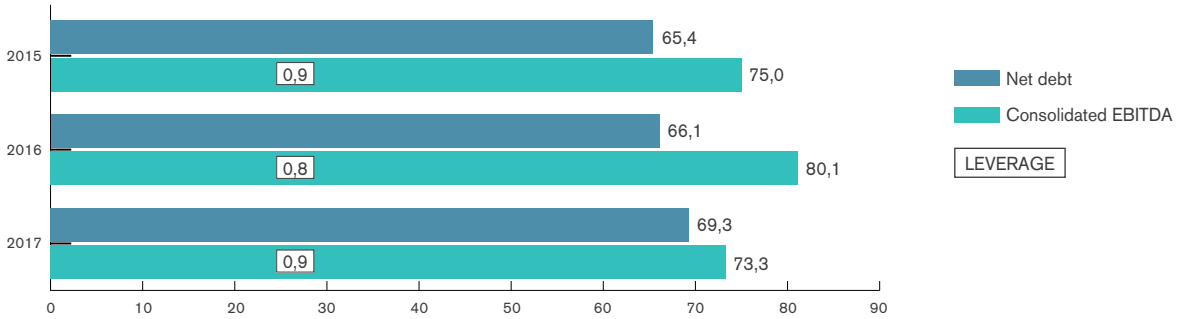
€000 AT 31 OCTOBER	2017	2016	2015
Equity	367 918	335 159	332 250
Consolidated EBITDA	73 318	80 073	75 014
Gross debt*	155 037	186 455	200 458
Available cash less gaming levies**	85 698	120 356	135 067
Net debt	69 339	66 099	65 391
Net debt to equity (“gearing”) ratio	0.20	0.21	0.20
Net debt to consolidated EBITDA (“leverage”) ratio	0.9x	0.8x	0.9x

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

NET DEBT / EQUITY (€M)



NET DEBT / EBITDA (€M)



CASH FLOW

CASH FLOW €000 AT 31 OCTOBER	2017	2016	2015
Cash flow from/(used in) operating activities	65 728	54 231	56 891
Cash flow from/(used in) investing activities	(58 087)	(43 795)	13 063
Cash flow from/(used in) financing activities	(41 521)	(23 419)	(24 273)
CLOSING CASH POSITION	**116 390**	**152 300**	**164 841**

04

RISK FACTORS

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

4.1 RISQUES FINANCIERS

The quantitative data presented in this section have been audited.

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

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

Since 29 September 2014, Groupe Partouche has been implementing the Safeguard Plan approved in a ruling by the Paris Commercial Court. On 2 and 8 December 2016, the Paris Commercial Court ratified an amendment to Groupe Partouche's Safeguard Plan, which received the unanimous prior approval of creditors. The plan's nine-year implementation phase continues to run, supervised by a court-appointed administrator (commissaire à l'exécution).

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

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

4.1.2 LIQUIDITY RISK

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

A breakdown of financial debt by type and maturity date can be found in Note 9.3 of Section 20.2.1 «Consolidated financial statements» for the financial year ended 31 October 2017. Readers may also refer to Note 9.2 "Cash and cash equivalents" of Section 20.2.1, and to Sections 10.3.2 "Cash pooling agreement" and 10.3.3 "Restrictions on the transfer of funds".

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

SYNDICATED LOAN

In its ruling of 19 September 2016, the Valenciennes Commercial Court, following agreements reached with OCM Luxembourg to settle disputes between the latter and both Financière Partouche and Groupe Partouche, amended Financière Partouche's Safeguard Plan. In addition, the Paris Commercial Court, in its rulings of 2 November and 8 December 2016, amended Groupe Partouche's Safeguard Plan.

This amendment – which had previously been unanimously approved by the committee of credit institutions and similar – authorises in particular:

- the immediate repayment by Groupe Partouche of the remainder of the shareholder advance to Financière Partouche, i.e. a total of €20.1m; this repayment was made on 4 April 2017;
- simultaneous early repayment to mono-holder lenders of the syndicated loan in the amount of €5.3m; this repayment was made on 4 April 2017;
- adjustment of the initial authorisation to pay dividends, advanced with effect from 1 January 2017, in accordance with certain specific application requirements and subject to consolidated EBITDA of at least €75m and consolidated cash resources, after payment of the dividend, of at least €85m.

In light of the provisions of the Safeguard Plan approved by the Paris Commercial Court in its ruling of 29 September 2014, implementation of the amended Plan approved in a ruling of the Paris Commercial Court (dated 2 November 2016 and corrected on 8 December 2016) and all payments made since that date, the balance owed on the syndicated loan is due to be repaid as follows:

MATURITY DATES €000	PRINCIPAL AMOUNT OUTSTANDING BEFORE REPAYMENT	REPAY-MENT	PRINCIPAL AMOUNT OUTSTANDING AFTER REPAYMENT
15/12/2017	120 413	16 165	104 247
15/12/2018	104 247	20 089	84 158
15/12/2019	84 158	20 089	64 069
15/12/2020	64 069	20 089	43 980
15/12/2021	43 980	22 387	21 593
15/12/2022	21 593	21 593	-

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

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

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

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

SHAREHOLDER'S ADVANCE FROM FINANCIÈRE PARTOUCHE

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

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

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

The entry into force of the aforementioned amended Groupe Partouche Safeguard Plan resulted in the immediate repayment by Groupe Partouche, on 4 April 2017, of the remainder of the shareholder advance from Financière Partouche, which totalled €20.1m.

SUBORDINATION AGREEMENT

On 26 August 2003, Groupe Partouche and Financière Partouche signed a subordination agreement governing the shareholder's advance granted by Financière Partouche. Under this agreement and before the Safeguard Procedure was initiated, repayment of the syndicated loan took precedence over the repayment of the shareholder's advance. No dividends or interest were paid by Groupe Partouche to Financière Partouche under the subordinated shareholder's advance or for any other motive except for repayments from the surplus cash flow system already in place.

Under the terms of the Paris Commercial Court ruling of 29 September 2014 on the Groupe Partouche SA Safeguard Plan, the subordination agreement was adjusted to serve the

sole purpose of implementing the Safeguard Plan, and, if and only if that plan is scrupulously executed, the purpose of clearing the debt described in the preceding paragraph.

This agreement is no longer applicable with effect from 4 April 2017, when Groupe Partouche repaid the remainder of the shareholder advance from Financière Partouche.

LINES OF CREDIT

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

MANAGEMENT OF LIQUIDITY RISK

This risk is examined by the Finance Department using, in particular, financial reporting based on actual cash flows, supplemented by a provisional cash flow budget.

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

4.1.3 INTEREST RATE RISK

The interest rates that apply to the syndicated loan resulting from the Safeguard Procedure, which makes up the majority of the Group's financial debt, are composed of a variable reference rate (one-, two- or three-month Euribor) plus a margin.

The attendant risk of changing reference rates to which the Group is exposed leads it to use interest rate hedges, with the aim of reducing its exposure. At financial year-end 2017, the net position was as follows:

LIABILITIES €000 AT 31 OCTOBER 2017	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Syndicated loan	120 413	-	16 165	-	82 655	-	21 593
Bank borrowings	30 635	5 724	1 245	11 886	6 640	4 725	415
Bank overdrafts	16	-	16	-	-	-	-
Interest accrued on loans	47	-	47	-	-	-	-
Other borrowings	3 518	244	-	1060	-	2214	-
TOTAL	154 629	5 968	17 473	12 946	89 295	6 939	22 008

ASSETS €000 AT 31 OCTOBER 2017	TOTAL	< 1 YEAR		1 TO 5 YEARS		> 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Cash (net of gaming levies)	82 326	25 001	57 325	-	-	-	-
Investments	3 372	1 721	1 651	-	-	-	-
TOTAL	85 698	26 722	58 976	-	-	-	-

NET POSITION BEFORE HEDGING AT 31 OCTOBER 2017	**68 931**	**(20 754)**	**(41 503)**	**12 946**	**89 295**	**6 939**	**22 008**
Interest rate hedging		-	-	50 000	(50 000)	-	-
NET POSITION AFTER HEDGING AT 31 OCTOBER 2017	**68 931**	**(20 754)**	**(41 503)**	**62 946**	**39 295**	**6 939**	**22 008**

Exposure to interest rate risk is reassessed by the Group's management, assisted, inter alia, by the Treasurer, notably if there is any significant change in the interest rate market and/or the Group's debt. The interest rate hedging policy is designed to protect future cash flows and reduce any volatility in financial expenses. The Finance Department implements the favoured solutions centrally. All of the interest rate hedging instruments are set in place to hedge interest rate risks, particularly interest-rate future (swap) contracts or option (caps and collar) contracts corresponding to identified risks related to the Company's future financial flows, with the Group taking no speculative positions.

A 1% increase in the interest rate applied to the net amount exposed to potential fluctuations in the variable interest rate, namely €19.8m, would have an effect on consolidated financial items of €198k.

For reference, the net position at the previous financial year-end was as follows:

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

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

4.1.4 FOREIGN EXCHANGE RISK

In order to measure the Group's exposure to exchange rate risk, it should be pointed out that Groupe Partouche's activities outside France are performed by subsidiaries which operate in the country in which they are located; the consolidated financial statements thus include 13 companies outside France, five of which are located outside the euro zone. Some foreign exchange risk exposure remains, however, given the Group's operations in Tunisia and Switzerland. The total of these activities represents less than 10% of total consolidated turnover.

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

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

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

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

The table below sets out the impact of a 1% change in the exchange rate parity with the Swiss franc on the Group's turnover and operating profit at 31 October 2017:

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

€M AT 31 OCTOBER 2017	ON TURNOVER	% GROUP'S TOTAL	OPERATING PROFIT	% GROUP'S TOTAL
CHF	0,41	0,10 %	0,16	0,35 %

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

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

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

The table below presents the local currency positions of receivables and payables denominated in thousands of Swiss francs, the main foreign currency at 31 October 2017:

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

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

CURRENCY BY COUNTRY	K CHF SWITZERLAND
ASSETS	679
LIABILITIES	11 167
Net position before hedging	(10 488)
Hedging position	-
Net position after hedging	(10 488)

The table below presents the local currency positions of receivables and payables denominated in thousands of Swiss francs, the main foreign currency in 2016:

CURRENCY BY COUNTRY	K CHF SWITZERLAND
ASSETS	954
LIABILITIES	14 585
Net position before hedging	(13 631)
Hedging position	-
Net position after hedging	(13 631)

4.1.5 TRANSLATION RISK

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

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

4.1.6 EQUITY RISK

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

Since 2000, Groupe Partouche has held some of its own shares (1,917 as of 31 October 2017) as part of a liquidity provider's agreement (see Section 21.1.3 «Acquisition by the Company of its own shares»), as well as 4,340 other shares.

At the close of financial year 2017, the Company thus owned a total of 6,257 treasury shares, recorded on Groupe Partouche's balance sheet with a par value of €125,140 and a net carrying amount of €309,151, as shown in the following table:

	NUMBER OF SHARES	CARRYING AMOUNT IN €	MARKET VALUE (PRICE AT 31 OCTOBER 2017) IN €	POTENTIAL CAPITAL LOSS IN €
Acquired in 2000	1 917	168 774	63 031	105 743
Liquidity provider's agreement	4 340	140 777	142 699	(1 922)
TOTAL	**6 257**	**309 151**	**205 730**	**103 821**

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

Such a drop would lead to an impairment provision of €20,573 in the parent company financial statements.

4.1.7 GOODWILL IMPAIRMENT RISK

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

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

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

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

▸ **Sensitivity to interest rate changes**

Sensitivity tests of realisable value based on reasonably possible changes of a key assumption were carried out, and more specifically, sensitivity tests to changes of 0.5 points in the discount rate and the growth rate to infinity. They did not reveal any situations in which the realisable value of the main CGUs would become lower than their carrying amount, with the exception of the CGUs mentioned below:

CGU	IMPACT IN €M OF A CHANGE IN			
	DISCOUNT RATE		PERPETUAL GROWTH RATE	
	+1/2 point	-1/2 point	+1/2 point	-1/2 point
Casino d'Andernos	(0,32)	0,41	0,37	(0,29)
Casino de La Grande-Motte	(1,73)	2,23	1,97	(1,52)
Casino d'Ostende	(0,76)	1,26	1,24	(0,74)
Casino de Bandol	(0,30)	0,35	0,35	(0,30)
SEGR Le Laurent	(0,10)	0,65	0,54	(0,01)

The figures shown reflect the results of sensitivity tests, with the understanding that:

- a negative impact reflects an additional impairment charge, taking into account the change in the recoverable amount of the CGU with respect to its carrying amount;
- a positive impact reflects a positive change in the recoverable amount of the CGU.

▸ **Sensitivity to changes in turnover and EBITDA**

The Group carries out an analysis of the sensitivity of recoverable amounts to reasonably possible changes in assumptions impacting certain parameters of the budget forecasts used: turnover and EBITDA.

At 31 October 2017, the results are presented below for those CGUs designated in the preceding section:

CGU	IMPACT IN €M OF A CHANGE IN			
	TURNOVER		EBITDA	
	+1,5 %	-1,5 %	+ 2%	- 2 %
Casino d'Andernos	0,12	(0,09)	0,14	(0,12)
Casino de La Grande-Motte	0,48	(0,32)	0,58	(0,42)
Casino d'Ostende	0,34	(0,02)	0,39	(0,07)
Casino de Bandol	0,13	(0,13)	0,14	(0,14)

The figures shown reflect the results of sensitivity tests, with the understanding that:

- a negative impact reflects an additional impairment charge, taking into account the change in the recoverable amount of the CGU with respect to its carrying amount;
- a positive impact reflects a positive change in the recoverable amount of the CGU.

Considering, on the one hand, the total net amount of goodwill (€237,076k) with regard to the Company's consolidated shareholders' equity (€367,918k) and, on the other hand,

the difficulties with which the Group's business sector was confronted over the last few years, it cannot be ruled out that, if there should be another adverse context in the future, the Company may have to carry out more impairments of goodwill. Such impairments could have a significant negative impact on the Group's business, its financial position, its results or outlook.

4.1.8 PLEDGES

1) PLEDGES OF SECURITIES

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

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

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

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

It should be noted that two companies belonging to the Butler Capital Partners group have entered into a sub-participation agreement with a bank that is party to the syndicated loan, relating to a receivable that the bank holds in respect of said syndicated loan, with a principal amount of €3.1m.

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

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

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

SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED	SUBSIDIARY	NUMBER OF SHARES PLEDGED	% OF SUBSIDIARY'S CAPITAL PLEDGED
COMPAGNIE EUROPÉENNE DE CASINOS SAS	4 962 577	100 %	FORGES THERMAL SA	7 000	58,33 %
SOCIÉTÉ DU CASINO DE SAINT-AMAND SAS	116 250	100 %	HOLDING IMMOBILIÈRE DE LYON SAS	18 500	92,50 %
SATHEL SA	20080	99,60 %	CASINOS DU TOUQUET SAS	24 384	99,52 %
GROUPE PARTOUCHE INTERNATIONAL SA	5 990	99,83 %	ÉLYSÉE PALACE EXPANSION SA	1 895	75,80 %
GRAND CASINO DU HAVRE	149 993	99,99 %	LE TOUQUET'S SAS	1 801	90,05 %
SOCIÉTÉ CIVILE IMMOBILIÈRE DE LA RUE ROYALE	8 917	99,98 %	NUMA SAS	5 000	100 %
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 %
SOCIÉTÉ DU CASINO ET BAINS DE MER SAS	6 600	100 %	JEAN METZ SAS	1 000	100 %

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

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

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

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

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

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

2) PLEDGES OF BUSINESS ASSETS

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

SUBSIDIARIES CONCERNED	BENEFICIARIES	AMOUNT	COMMENCEMENT DATE	END DATE
CASINO LE LION BLANC	ARKEA	600 000 €	30/10/2015	30/10/2020
CASINO DE SAINT-AMAND-LES-EAUX	CRÉDIT AGRICOLE NORD DE FRANCE	500 000 €	30/10/2015	30/10/2018
CASINO DE SAINT-AMAND-LES-EAUX	CRÉDIT AGRICOLE NORD DE FRANCE	422 000 €	29/06/2016	29/06/2019
NUMA (BOULOGNE)	CRÉDIT AGRICOLE NORD DE FRANCE	125 000 €	30/10/2015	30/10/2018
NUMA (BOULOGNE)	CRÉDIT AGRICOLE NORD DE FRANCE	101 000 €	29/06/2016	29/06/2019
CASINO MUNICIPAL DE ROYAT	BANQUE POPULAIRE DU MASSIF CENTRAL	220 000 €	20/10/2015	20/10/2018
CASINOS DU TOUQUET	CRÉDIT AGRICOLE NORD DE FRANCE	100 000 €	12/11/2015	12/11/2018
CASINOS DU TOUQUET	CRÉDIT AGRICOLE NORD DE FRANCE	100 000 €	30/09/2016	30/09/2019
CASINO DE CALAIS	CRÉDIT AGRICOLE NORD DE FRANCE	125 000 €	23/11/2015	23/11/2018

SUBSIDIARIES CONCERNED	BENEFICIARIES	AMOUNT	COMMENCEMENT DATE	END DATE
CASINO DE CALAIS	CRÉDIT AGRICOLE NORD DE FRANCE	138 000 €	29/06/2016	29/06/2019
LE MIAMI (ANDERNOS)	BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE	122 323 €	07/03/2016	07/03/2019
FORGES THERMAL	CREDIT AGRICOLE NORMANDIE SEINE	1 000 000 €	13/09/2016	13/09/2021
SATHEL	CIC LYONNAISE DE BANQUE	500 000 €	19/07/2017	25/05/2020
DÉVELOPPEMENT DE LA BAIE DE KERNIC	CIC OUEST	500 000 €	20/04/2017	20/04/2022
GRAND CASINO DE LYON	CIC LYONNAISE DE BANQUE	500 000 €	10/10/2017	30/09/2020
PLEINAIR CASINO	CIC LYONNAISE DE BANQUE	1 000 000 €	08/06/2017	08/03/2020

In connection with loans taken out by Groupe Partouche to finance works undertaken by subsidiaries, some companies have pledged business assets as collateral for intra-group loans:

SUBSIDIARIES CONCERNED	BENEFICIARIES	AMOUNT	COMMENCEMENT DATE	END DATE
CANNES CENTRE CROISETTE	Groupe Partouche	5 800 000 €	30/10/2017	15/12/2022
SOCIÉTÉ DU CASINO ET DES BAINS DE MER DE DIEPPE	Groupe Partouche	3 000 000 €	20/12/2017	15/12/2022

4.2 RISKS ARISING FROM OPERATIONS

4.2.1 GAMING ADDICTION

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

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

Groupe Partouche is therefore keen to give the staff members who have contact with gaming clients continuing training, with the aim of providing clients with information, giving help to those in difficulty as well as someone in whom they can confide. Within 90 days of assuming duties, all gaming staff undergo training to detect people who have issues with gaming. Furthermore, posters and leaflets are placed at appropriate locations in casinos to remind clients of the dangers of excessive gaming and the options available to them for assistance (Freephone number, consultation with a psychologist, voluntary limitation of access to gaming rooms, etc.).

It is also worth noting that casinos are the only gaming industry operators in France to have instituted systematic checks on entry to gaming rooms. These checks are carried out by personnel authorised by the French Interior Ministry and serve to identify and prevent access by children under the age of 18 and individuals banned from gaming by decision of the Minister of the Interior.

In accordance with regulations in force, anyone can voluntarily ask to be banned from gaming rooms by submitting a request to the Interior Ministry, which will issue a three-year ban on access to gaming rooms, renewable by tacit agreement. Lastly, certain individuals are prevented from accessing gaming rooms because they have agreed with casino management to voluntarily limit their access.

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

4.2.2 ETHICAL AND BEHAVIOURAL RISKS

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

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

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

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

It should also be noted that, in case of doubt or suspicion of money laundering, the legal representatives and directors in charge of establishments are required to advise Tracfin, the national anti-money laundering unit, of the person's identity.

Furthermore, to guard against fraudulent and criminal activities, money laundering and terrorist financing, Act 2017-257 of 28 February 2017 (Article L. 323-3 of the French Internal Security Code) stipulates that any change in ownership of the share capital or in the direct or indirect control of a company operating a casino must be authorised in advance by the Minister of the Interior, whenever such a change would allow a natural or legal person to:

- acquire control of that company, within the meaning of Article L. 233-3 of the French Commercial Code;
- exceed one third, one half or two thirds direct or indirect ownership of the share capital or voting rights;
- undertake a transaction resulting in de facto control of the company, notably by granting substantial loans or guarantees.

Article 2 of Decree 2017-913 of 9 May 2017 (Article R. 323-1 of the French Internal Security Code) sets out the terms of application and the Order of 10 July 2017 sets out the terms of implementation of the prior authorisation system.

Failure to abide by the regulation relating to the fight against money laundering and the financing of terrorism can lead to administrative and legal sanctions and have an adverse effect on the business of the subsidiary concerned and, more widely, on that of the Group, its results, its financial position or its future prospects.

4.2.3 FOOD SAFETY

Owing to its highly developed activity as an operator in the restaurant sector, Groupe Partouche is committed to ensuring a high level of food safety. The Company's main concern is of course ensuring the satisfaction and loyalty of its customers. Besides this, in the event of a breach coming to light during an inspection by the regulatory authorities (such as the Departmental Directorate for Public Health and Consumer Protection [DDPP]) the establishment's closure could be ordered, which would lead to a negative impact on the establishment's reputation and profitability. Such closures, especially if they should recur or go on for an extended period of time, could have a significant negative impact on the Group's business, results, financial position or future prospects.

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

Over the course of the 2016 financial year, Groupe Partouche equipped all of its kitchens with ePack Hygiène, as part of its partnership with Mérieux Nutrisciences. ePack Hygiène is an innovative solution to simplify the entire Hazard Analysis and Critical Control Point (HACCP) approach implemented by the

Group and maintain the documentation and records required by the EU's Food Safety Management System (FSMS). It also improves the level of food safety, secures the data collected and saves time for the teams.

In addition, Groupe Partouche began working with Convergence Achats, a buying group specialising in liquid and food purchasing for food service establishments. Launched by Groupe Flo and Disneyland, Convergence Achats, now owned by Bertrand group and Disney, represents over €300 million of purchases per annum on behalf of its customers.

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

Given these advantages, it made perfect sense for our two companies to work together to provide better service to our subsidiaries while also bolstering our strategy along two main lines. This relationship naturally involves making better purchasing decisions by relying on experts for each type of market, but it also reinforces traceability and lets us only work with suppliers whose safety processes are all clearly identified. This approach is in line with our hygiene control plan.

4.2.4 HEALTH AND SAFETY

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

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

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

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

4.2.5 SECURITY

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

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

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

Since 2012, the Group's establishments have upgraded their security systems in terms of both procedures and equipment, particularly by installing a high-tech property protection system named «Smart Water». This system has been installed in many of the casino's sensitive areas and sprays a colourless, indelible liquid on potential criminals. The chemical marker used, also known as artificial DNA, remains detectable on skin for at least six months and indefinitely on any other sur-

face by means of specific equipment used by forensic identification teams, thus enabling police officers to easily identify delinquents and produce evidence before the courts.

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

4.2.6 INFORMATION SYSTEMS RISKS

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

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

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

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

4.2.7 RISKS RELATING TO KEY INDIVIDUALS

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

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

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

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

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

4.2.8 LABOUR DISPUTES

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

4.2.9 CUSTOMER RISK

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

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

4.2.10 COUNTERPARTY RISK

Table games (excluding English electronic roulette) account for around 10% of the Group's total gross gaming revenue (GGR), which represents a significant risk of losses for the establishments concerned. This is in particular the case of Palm Beach in Cannes, which plays host to high-rolling clients and so can run the risk of losing amounts of several million euros for such clients, which would severely affect the establishment's financial position, or even that of the Group.

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

4.2.11 CASINO PUBLIC SERVICE CONCESSIONS AND GAMING LICENCES

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

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

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

See Section 6.1.1 (e) for concession expiry dates.

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

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

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

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

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

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

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

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

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

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

4.2.12 COMPETITION RISK

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

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

This phenomenon occurred in summer 2012 in the Var, where the opening of the Seyne-sur-Mer casino weighed heavily on the Bandol and Hyères casinos.

In the same area, the upcoming opening of the Sanary-sur-Mer casino is likely to cause additional difficulties for the Bandol casino.

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

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

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

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

4.2.13 REGULATORY RISK

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

As shown in Section 6.1.1 of this report, the casino industry is subject to extensive regulation. Tax rules applicable to the sector play a key role in determining the Group's profitability: over half of the Group's gross gaming revenue generated in France is paid over to the State and local councils. The Group thus remains exposed to any adverse changes in taxation (cf. rise in taxes on casinos by way of increases in social security contributions [CRDS and CSG] – such as the recent rise in the CSG rate from 9.5% to 11.2% with effect from 1 January 2018). On the other hand, some measures have had a positive effect on the Group's profitability, for example the updating and separating of sliding scale levies during previous financial years.

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

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

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

4.2.14 ONLINE GAMING LEGISLATION RISK

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

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

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

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

4.2.15 CLIMATE RISK

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

4.2.16 ECONOMIC RISKS

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

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

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

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

4.2.17 GLOBAL HEALTH RISKS

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

4.3 ENVIRONMENTAL INFORMATION

See Section 17.1.3 “Environmental information”.

4.4 INSURANCE SCHEMES

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

The programmes are contracted via brokers with highly reputed insurers.

There is no self-insurance mechanism. Groupe Partouche does not use any captive insurer.

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

The main insurance programmes cover:

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


CASINO

05

INFORMATION ABOUT THE ISSUER

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 HISTORY

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

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

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

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

1991 - 1995 INCREASED PROFITS AND STOCK EXCHANGE LISTING

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

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

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

1995 - 2005 DIVERSIFICATION AND EXTERNAL GROWTH

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

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

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

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

The Group also concentrated its efforts on developing the very concept of the casino. Following on from its experiment in Djerba, it opened a second Pasino, in 2001, in Aix-en-Pro-

vence. The first of a new generation of casinos was a great success and went on to be ranked number two in France. In 2003, the St-Amand-les-Eaux casino changed location and was transformed into a Pasino, thirty years after its acquisition.

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

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

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

2006 – 2013 NEW TECHNOLOGIES AND A DIFFICULT CONTEXT

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

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

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

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

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

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

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

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

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

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

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

2014 A PIVOTAL YEAR

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

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

2015 – 2017 ONGOING RECOVERY

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

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

Groupe Partouche can now focus fully on revitalising its business while continuing to work on improving its financial structure and consolidating its profitability.

Emphasis is also put on the renovation of the Group's casinos through a significant volume of investments.

5.1.2 COMPANY NAME

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

5.1.3 COMMERCIAL REGISTER

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

Its NAF code is 7010 Z.

5.1.4 DATE OF INCORPORATION AND TERM OF THE COMPANY

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

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

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

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

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

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

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

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

5.2 INVESTMENTS

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

2015 INVESTMENTS

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

Sale proceeds recognised in 2015 concerned:

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

Acquisitions of assets, mainly consisting of tangible assets, represented a €31.0m use of funds; in the absence of any construction of new establishments, this was limited to investments to maintain, renovate and replace the Group's slot machines.

2016 INVESTMENTS

Cash used in investing activities was a net cash outflow of €43.8m, compared to a net cash inflow of €13.1m in the previous financial year, which had been driven in particular by significant proceeds on the sale of companies and real estate assets.

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

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

2017 INVESTMENTS

Cash used in investing activities came to €58.1m, compared with €43.8m in the previous financial year. It chiefly consisted of:

- a net cash outflow of €7.2m on the acquisition of consolidated investments, primarily relating to the acquisition of minority interests in the La Roche-Posay and Agon Coutainville casinos (€3.0m) and the acquisition of SEGR Le Laurent (€4.2m);
- the impact of other changes in the scope of consolidation, which generated €11.7m in cash through the sale of Cannes Balnéaires;
- a net cash outflow of €64.0m on acquisitions of tangible fixed assets, including an outflow of €53.0m in the casino sector, consisting in particular of – in addition to the acquisition of slot machines and other electronic equipment, and replacement investments – the completion of the PleinAir de La Ciotat casino, the acquisition the Crans-Montana car parks, improvements to accommodate the Cannes casino in Hotel 3.14, and the launch of renovation work at various subsidiaries.

5.2.2 MAJOR INVESTMENTS IN PROGRESS

Fixed assets under construction, which had a net value of €7.8m at the financial year-end, mainly related to renovation work on the Aix casino for €4.2m, and work on the future Pornic casino for €1.3m.

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

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

A) CONSTRUCTION OF THE NEW PORNIC CASINO

The future Pornic Pasino obtained a building permit on 6 April 2017 concerning a developed area (including the terraces and basement) of 4,089 sq.m.

This real estate project is financed by a pool of lessors, who acquired the land on 4 August 2017; the estimated total for construction amounts to approximately €12.5m, and the delivery of the building is planned for the end of October 2018.

C) OTHER INVESTMENTS

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

- the renovation of the Aix-en-Provence casino; this project, with a provisional budget (including materials) of €23m, began in September 2017 and will be completed at the end of 2018;
- casino refurbishments, mainly at the La Roche-Posay, Royat, Dieppe, St-Amand and Hyères casinos.

5.2.4 DIVESTMENT PROGRAMME

Groupe Partouche has no further divestment obligations to meet.

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

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

5.2.5 RELATIONS BETWEEN INVESTMENTS AND FINANCING ACTIVITIES

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

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

06

BUSINESS OVERVIEW

6.1 MAIN ACTIVITIES AND NOTABLE CHANGES IN 2017

MAIN ACTIVITIES

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

Breakdown of turnover by business area

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2017	%	2016	%	2015	%
Casinos	379 100	93,2 %	379 044	93,5 %	374 530	93,6 %
Hotels	9 834	2,4 %	12 472	3,1 %	14 213	3,6 %
Other	17 950	4,4 %	13 687	3,4 %	11 599	2,9 %
TOTAL TURNOVER	**406 885**	**100,0 %**	**405 203**	**100,0 %**	**400 342**	**100,0 %**

From the outset Groupe Partouche has been a major casino operator in France; it has also developed a presence mainly in Belgium and Switzerland.

Breakdown of turnover by geographic areas

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2017	%	2016	%	2015	%
France	340 506	83,7 %	341 911	84,4 %	336 081	83,9 %
Eurozone (excluding France)	24 071	5,9 %	22 892	5,6 %	23 402	5,8 %
Non-eurozone	42 307	10,4 %	40 400	10,0 %	40 858	10,2 %
TOTAL	**406 885**	**100,0 %**	**405 203**	**100,0 %**	**400 342**	**100,0 %**

6.1.1 CASINOS

Casinos are the Group's core business.

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

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

TABLE GAMES PLAYED AGAINST THE HOUSE:

These mainly include:

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

TABLE GAMES PLAYED AGAINST OTHER PLAYERS:

These mainly include:

Texas Hold'em Poker and Omaha Poker 4 high
Bingo

ELECTRONIC VERSIONS OF TABLE GAMES:

Roulette
Blackjack
Texas Hold'em Poker

SLOT MACHINES:

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

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

INNOVATIONS :

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

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

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

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

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

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

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

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

A) LEGAL AND REGULATORY FRAMEWORK

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

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

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

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

The Gaming Advisory Committee established by the French Ministry of the Interior has 11 members, including nine senior civil servants representing the supervising ministries and two mayors appointed by the Minister of the Interior at the proposal of the association of elected representatives of tourist areas. It is chaired by a special councillor of the French Council of State.

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

The Order of 29 July 2009 on the regulation of casino gaming

sets out criteria under which slot machines may be authorised; the first gaming table entitles the casino to 50 slot machines, with each subsequent table entitling it to 25 additional machines. This reform was a major step forward for casinos in gaining greater control over the definition of their gaming offering. It means the gaming offering can now be tailored to the specific characteristics of the local market and customers' wishes without any need to embark on a cumbersome administrative procedure requiring an opinion from the Gaming Advisory Committee at the end of a four- or five-month application processing period. Changes once a casino is already authorised are now agreed by the Ministry of the Interior following notification procedures with a short processing period, allowing operators to respond more quickly to market trends.

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

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

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

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

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

Gaming licences may be withdrawn by the Ministry of the Interior in the event of failure to comply with specifications or with the laws and regulations governing gaming in casinos.

At each casino, a manager and an executive committee approved by the Ministry of the Interior ensure that games are fair and lawfully operated at all times, in compliance with applicable regulations. They are also required to comply with all clauses in the casino's operating requirements.

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

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

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

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

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

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

B) LEVIES ON GROSS GAMING REVENUE

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

A similar mechanism providing a 5% allowance for high-qua-

lity artistic productions has been replaced by a tax credit as currently stipulated in Articles L.2333-55-3 and R.2333-82-4 of the General Local Authorities Code.

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

The new mechanism does not call into question productions that had already been recognised as eligible for the allowance at the date of its entry into force. The new tax credit approach significantly reduces the time periods for reimbursement compared to the previous situation. The introduction of a decision support system using a points-based scale makes it possible to assess the production eligibility criteria objectively.

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

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

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

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

This Budget Act removed the following:

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

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

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

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

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

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

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

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

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

Produit brut des jeux

6% up to	100 000		
16% from	100 001	to	200 000
25% from	200 001	to	500 000
37% from	500 001	to	1 000 000
47% from	1 000 001	to	1 500 000
58% from	1 500 001	to	4 700 000
63.3% from	4 700 001	to	7 800 000
67.6% from	7 800 001	to	11 000 000
72% from	11 000 001	to	14 000 000
83.5% above	14 000 000		

Since 1996, a 3% CRDS (Contribution to the Repayment of

Social Debt) tax has been levied on gross gaming revenue, followed in 1997 by a 3.40% CSG (General Social Contribution) levy on gross gaming revenue from slot machines.

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

The CSG levy increased by 1.7 percentage points with effect from 1 January 2018, bringing this contribution to 11.2% on 68% of gross revenue from slot machines and 13.7% on all winnings greater than or equal to €1,500.

This contribution is collected and checked under the same rules and subject to the same guarantees, privileges and penalties as the levy provided for by Article 50 of the 1991 Budget Act (Act 90-1168 of 29 December 1990).

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

C) CASINO LOCATIONS

At 31 October 2017, Groupe Partouche operated a total of 43 casinos via its directly or indirectly owned subsidiaries; 39 of these are located in France and four in other countries.

The Group generated 78.8% of its turnover from gaming, which remains its core business. Groupe Partouche's 43 casinos are spread throughout France and abroad as follows:

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

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

D) CONCESSIONS TO OPERATE CASINOS

Concessions to operate casinos never exceed 20 years in France. At 31 October 2017, Groupe Partouche had 39 casinos in France with a concession contract and a ministerial authorisation for gaming operations.

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

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

E) CONCESSIONS EXPIRING

YEAR	NUMBER OF CONCESSIONS TO BE RENEWED
2018	2
2019	1
2020	3
2021	2
2022	5
2023	2
2024	1
2025	1
2026	2
2027	2
2028	4
2029	3
2032	3
2033	0
2034	3
2035	1
2036	1
2037	1
2038	2
GRAND TOTAL	**39**

F) ANCILLARY OPERATIONS

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

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

At 31 October 2017, the Group operated:

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

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

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

6.1.2 HOTELS

Apart from hotels tied with casinos, the Group currently owns five independent hotels rated from 3* to 4*L with a total of 310 rooms. Revenue from these hotels accounts for the Group's entire turnover in the hotel sector.

These hotels are as follows:

- Hôtel 3.14 in Cannes (closed for works throughout the financial year);
- The Aquabella hotel in Aix-en-Provence;
- The Cosmos hotel and the Grand Hôtel du Parc in Contrexéville;
- The Georges hotel in Pléneuf-Val-André (the hotel business was let out under a trading lease with effect from 1 June 2015);
- Casino de La Trinité-sur-Mer (after the casino business was wound up in June 2015, the hotel business was let out under a trading lease with effect from 1 November 2015).

6.1.3 OTHER BUSINESSES

INTERACTIVE DIVISION

A) DEVELOPMENT

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

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

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

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

These two offerings are now being actively marketed.

- In Africa, Afrigambling entered into an exclusive agreement with Senegal and Mali covering lotteries broadcast live on television. Discussions are in progress with a number of other countries;
- On an international level, Partouche Interactive entered into an exclusive agreement with a leading global cruise company relating to an interactive television casino gaming solution found in every cabin in all the company's ships.

B) COMPANIES

Through its subsidiaries, Partouche Interactive offers and markets, directly or via its subsidiaries, solutions and services designed for the web, mobile phones and interactive television. Key subsidiaries are as follows:

- **Partouche Technologies** provides a wide range of software solutions developed using various web and mobile programming languages, mainly intended for the Group's various establishments;
- **Partouche Images** offers an array of interactive game shows associated with an online gaming offering;
- **Afrigambling** is tasked with marketing gaming solutions and lotteries developed by Partouche Images in Africa;
- **Partouche Productions** produces televised programmes and events;
- **Partouche Tournois**, which organised logistics for poker tournaments, is no longer active;
- **Quarisma** is an interactive platform dedicated to the real-time management of quality services between customers and casino operators;
- **Appolonia (Caskno)** manages casino information systems as well as data communication hardware and networks;
- **Partouche Interactive Holdings Gibraltar** is a holding company that is now dormant;
- **Partouche Gaming France** held an online poker licence in France. The company began operations on 6 July 2010 and ceased trading on 17 June 2013.

6.2 MAIN MARKETS

6.2.1 FRENCH GAMING MARKET

THE CASINO SECTOR

In financial year 2016/2017, gross gaming revenue (GGR) for the French casino sector as a whole totalled €2,292m, up 2.5%. GGR from slot machines totalled €1,946m, equating to 84.9% of total GGR, up 0.7%. A 6.8% year-on-year increase in GGR was recorded for table games, while electronic games saw a 24.3% rise in GGR.

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

NAMES OF GROUPS IN FRANCE	NUMBER OF CASINOS OPERATED	ACTUAL 2017 GROSS GAMING REVENUE (IN €M)
GROUPE PARTOUCHE SA	**39**	**540,1**
GROUPE BARRIÈRE SAS	26	695,0
GROUPE JOA	22	210,4
GROUPE TRANCHANT	16	184,7
GROUPE VICKING	10	55,3
GROUPE COGIT	9	82,5
GROUPE ÉMERAUDE	8	65,6
SMCFC	2	41,8

Source: Statistical report on the 2016-2017 season, Central Racing and Gaming Department. At 31 October 2017.

6.2.2 SWISS GAMING MARKET

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

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

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

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

CHF 000	CALENDAR YEAR 2016	CALENDAR YEAR 2015	CHANGE
Gross gaming revenue	689'730	682'161	+1,10 %
Casino taxes	323'251	320'094	+0,98 %
Net gaming revenue	366'479	362'067	+1,21 %

(Source: 2016 CFMJ report)

During the year under review, the CFMJ monitored discussions concerning the new law on gaming. Although such discussions are still ongoing, the Secretariat and the Commission are already working on key questions linked to the law's implementation. Online gaming is at the heart of these discussions.

Following a steady decline in gross gaming revenue over the last few years, this trend reversed in 2016.

6.2.3 BELGIAN GAMING MARKET

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

A. BRICKS-AND-MORTAR CASINOS

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

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

Groupe Partouche owns one casino in Belgium, at Ostend.

The information provided below on market developments in 2016-2017 (covering the period from Q4 2016 to Q3 2017) does not include the figures for the Knokke casino and the Middelkerke casino (internally sourced information).

At end-September 2017, the total GGR (from slot machines and table games) of casinos in Belgium was €88m, down 5.3% year-on-year.

GGR from table games in Belgium declined by €2.6m (down 6.3%), while that generated by the Ostend casino declined by €100k over the same period (down 2.0%).

GGR from slot machines in Belgium also declined by 4.52%, while that generated by slot machines at the Ostend casino fell 9% over the same period (down €0.9m). This more pronounced decline is a result of the fact that slot machines in

smoking areas previously operated at the Ostend casino were prohibited by law with effect from August 2016. No other casinos had operated slot machines in smoking areas.

At 30 September 2017, Groupe Partouche (Ostend) had a stable market share (based on GGR from table games and slot machines, not including online gaming).

B. ONLINE CASINOS

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

In Ostend, since February 2013, an A+ licence has been operated under the name www.bwin.be, as part of a joint operation between the Ostend casino, CKO Betting and GVC Services Limited (which operates the Bwin trade name). The www.bwin.be website offers an online casino (under the Ostend casino A+ licence) and sports betting (under the CKO Betting F+ licence). During financial year 2016-2017 as defined above, the website made a contribution of €17.0m to GGR (up €2m year-on-year), comprised of €6.9m for the casino and poker offering (Ostend casino) and €10.1m from sports betting (CKO Betting).

C. GAMING LEVIES IN BELGIUM

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

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

Levies on GGR for table games

Range:	0 – 865 000,00	33 %
Range:	Over 865 000,00 euros	44 %

Levy on GGR from slot machines

Range:	0,00 - 1 199 999	20 %
Range:	1 200 000 - 2 449 999	25 %
Range:	2 450 000 - 3 699 999	30 %
Range:	3 700 000 - 6 149 999	35 %
Range:	6 150 000 - 8 649 999	40 %
Range:	8 650 000 - 12 349 999	45 %
Range:	Over de 12 350 000	50 %

Levies on online GGR (common to both regions)

Range:	From €1	11 %

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

6.3 EXCEPTIONAL EVENTS AFFECTING BUSINESS AND MARKETS

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

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

6.4 ISSUER'S DEGREE OF DEPENDENCY

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

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

6.5 EVIDENCE ON WHICH THE STATEMENT OF COMPETITIVE POSITION IS BASED

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

07

ORGANISATIONAL STRUCTURE

7.1 INTERNAL ORGANISATION OF THE GROUP

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

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

For the financial year ended 31 October 2017, the total amount received under head office services agreements was €9,720k excluding VAT.

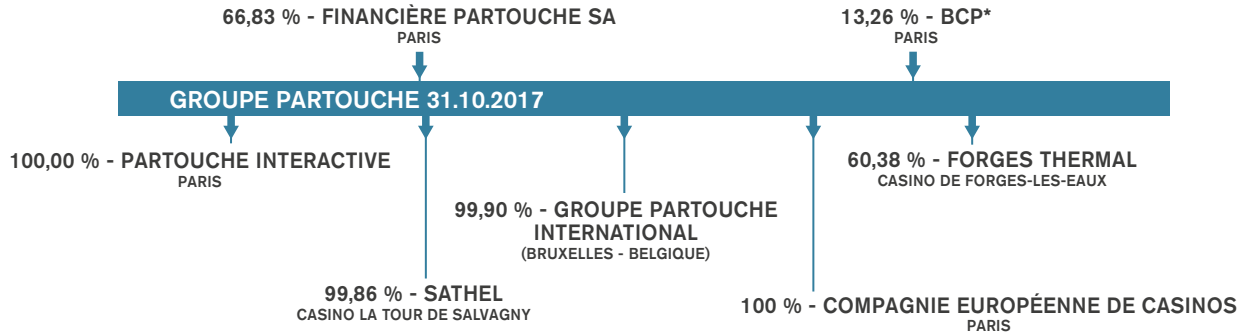
Furthermore, Groupe Partouche SA maintains a parent-subsidiary relationship with each of the consolidated companies, for which the main related elements for the year ended 31 October 2017 are centralised cash management and the administration of a French tax consolidation structure.

As the Group's holding company, which does not have any independent operating activity of its own, Groupe Partouche SA has substantial fixed assets with €632m in net value, essentially attributable to investments in the Group's subsidiaries. The other significant portion comprises receivables of €119m, net of provisions, mainly relating to the Group's subsidiaries.

Groupe Partouche SA's liabilities and equity comprise €433m in equity, €240m in the current accounts of the subsidiaries and €129m in bank debt.

7.2 GROUP STRUCTURE

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



(*) BCP holds 1,200,399 shares through FCPR France Private Equity III and 76,621 shares through Butler Capital Partners SA, representing holdings in Group Partouche SA of 12.47% and 0.80%, respectively.

GROUPE PARTOUCHE 31.10.2017

99,90 % - GROUPE PARTOUCHE INTERNATIONAL

(BRUXELLES - BELGIQUE)

- 100,00 % — STÉ DU CASINO DE DJERBA — Casino de Djerba (Tunisie)
- 99,00 % — CASINO NUEVO SAN ROQUE — Casino de San Roque (Espagne)
- 99,90 % — CASINO DE CHAUDFONTAINE — Chaudfontaine (Belgique)*

60,38 % - FORGES THERMAL

CASINO FORGES-LES-EAUX

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

100 % - PARTOUCHE INTERACTIVE

PARIS

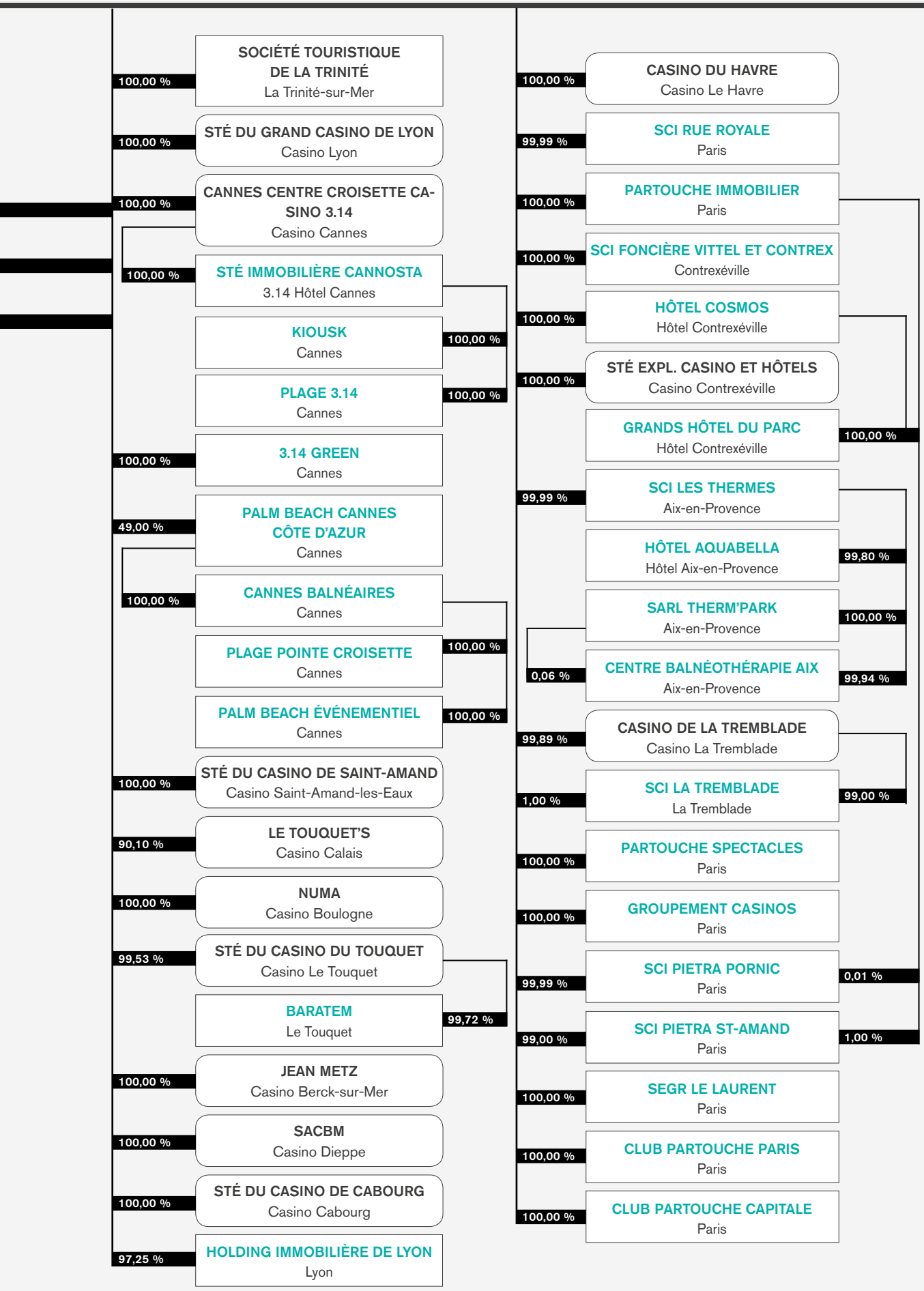
- 95,07 % — QUARISMA — Paris
- 75,43 % — PARTOUCHE PRODUCTIONS — Paris
- 100,00 % — PARTOUCHE TECHNOLOGIES — Tours
- 88,66 % — PARTOUCHE IMAGES — Paris
- 100,00 % — PARTOUCHE TOURNOIS — Paris
- 100,00 % — WORLD SERIES OF BACKGAMMON — Londres
- 70,00 % — APPOLONIA — Antibes
- 100,00 % — PARTOUCHE INTERACTIVE HOLDINGS — Gibraltar
- 100,00 % — PARTOUCHE BET — France
- 88,66 % — AFRIGAMBLING — Paris
- 100,00 % — PARTOUCHE STUDIO — Tours

KEY

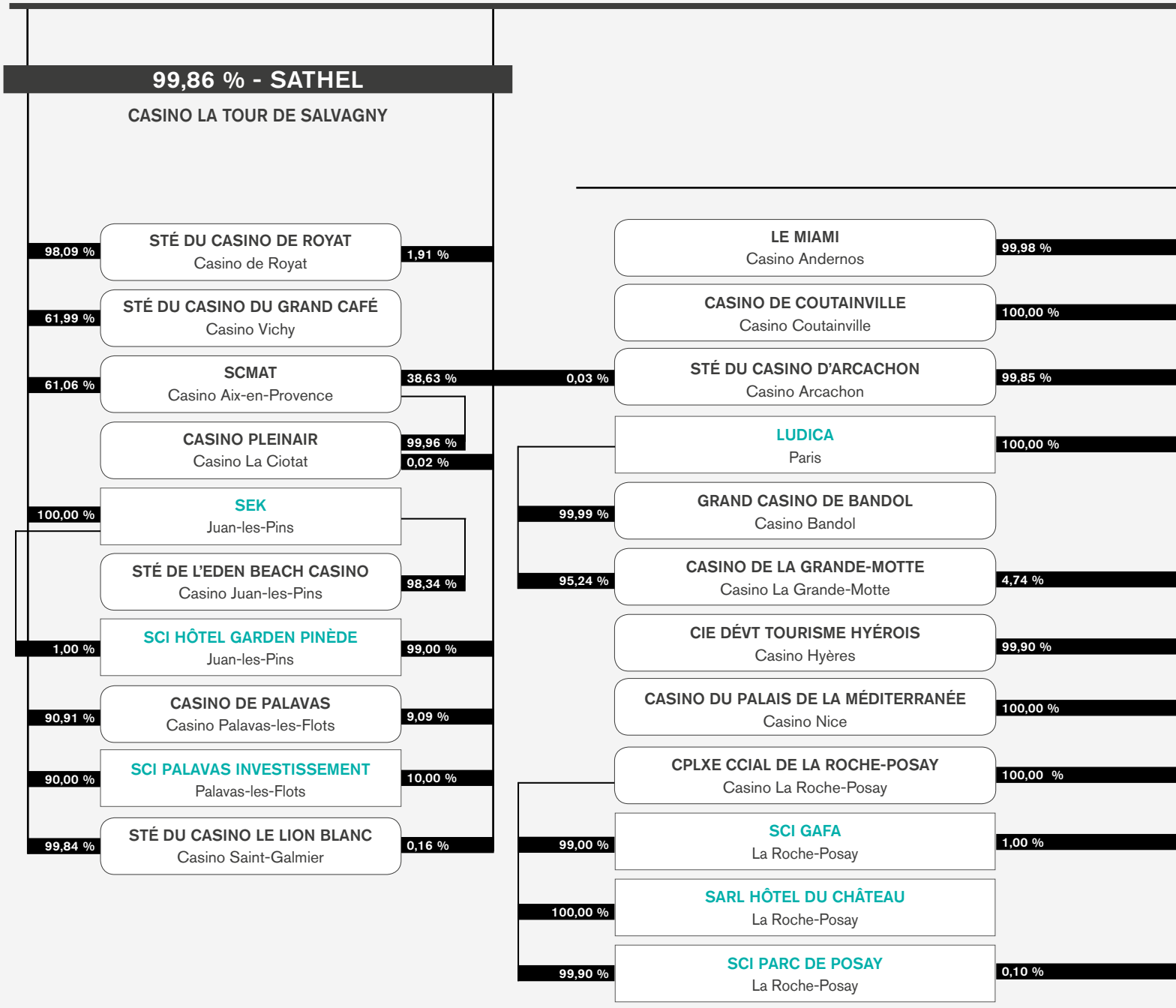
CASINOS

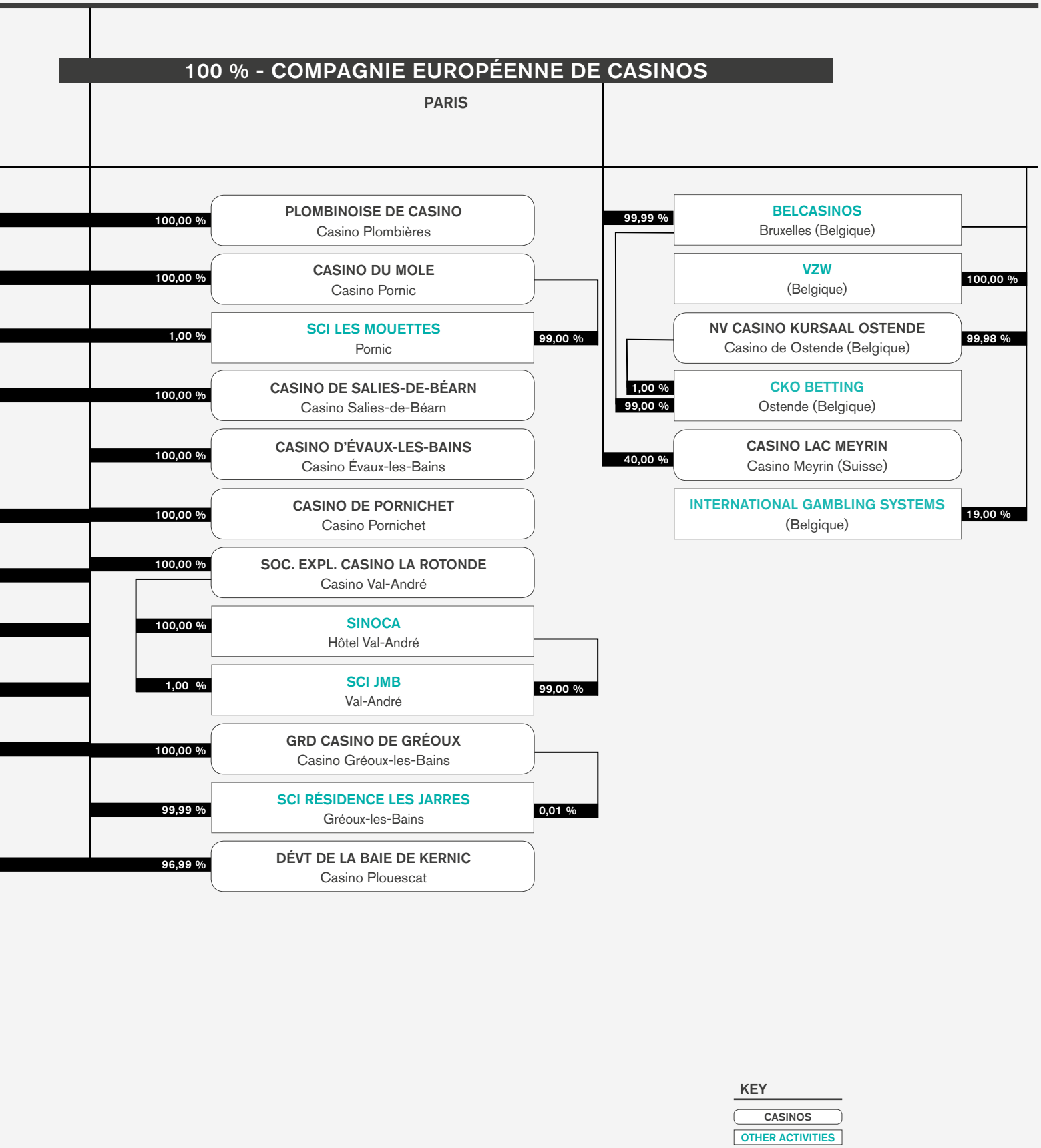
OTHER ACTIVITIES

* *0.10% held by Belcasinos*


SOCIÉTÉ TOURISTIQUE DE LA TRINITÉ
La Trinité-sur-Mer
100,00 %
STÉ DU GRAND CASINO DE LYON
Casino Lyon
100,00 %
CANNES CENTRE CROISETTE CASINO 3.14
Casino Cannes
100,00 %
STÉ IMMOBILIÈRE CANNOSTA
3.14 Hôtel Cannes
100,00 %
KIOUSK
Cannes
100,00 %
PLAGE 3.14
Cannes
100,00 %
3.14 GREEN
Cannes
100,00 %
PALM BEACH CANNES CÔTE D'AZUR
Cannes
49,00 %
CANNES BALNÉAIRES
Cannes
100,00 %
PLAGE POINTE CROISETTE
Cannes
100,00 %
PALM BEACH ÉVÉNEMENTIEL
Cannes
100,00 %
STÉ DU CASINO DE SAINT-AMAND
Casino Saint-Amand-les-Eaux
100,00 %
LE TOUQUET'S
Casino Calais
90,10 %
NUMA
Casino Boulogne
100,00 %
STÉ DU CASINO DU TOUQUET
Casino Le Touquet
99,53 %
BARATEM
Le Touquet
99,72 %
JEAN METZ
Casino Berck-sur-Mer
100,00 %
SACBM
Casino Dieppe
100,00 %
STÉ DU CASINO DE CABOURG
Casino Cabourg
100,00 %
HOLDING IMMOBILIÈRE DE LYON
Lyon
97,25 %
CASINO DU HAVRE
Casino Le Havre
100,00 %
SCI RUE ROYALE
Paris
99,99 %
PARTOUCHE IMMOBILIER
Paris
100,00 %
SCI FONCIÈRE VITTEL ET CONTREX
Contrexéville
100,00 %
HÔTEL COSMOS
Hôtel Contrexéville
100,00 %
STÉ EXPL. CASINO ET HÔTELS
Casino Contrexéville
100,00 %
GRANDS HÔTEL DU PARC
Hôtel Contrexéville
100,00 %
SCI LES THERMES
Aix-en-Provence
99,99 %
HÔTEL AQUABELLA
Hôtel Aix-en-Provence
99,80 %
SARL THERM'PARK
Aix-en-Provence
100,00 %
CENTRE BALNÉOTHÉRAPIE AIX
Aix-en-Provence
0,06 %
99,94 %
CASINO DE LA TREMBLADE
Casino La Tremblade
99,89 %
SCI LA TREMBLADE
La Tremblade
1,00 %
99,00 %
PARTOUCHE SPECTACLES
Paris
100,00 %
GROUPEMENT CASINOS
Paris
100,00 %
SCI PIETRA PORNIC
Paris
99,99 %
0,01 %
SCI PIETRA ST-AMAND
Paris
99,00 %
1,00 %
SEGR LE LAURENT
Paris
100,00 %
CLUB PARTOUCHE PARIS
Paris
100,00 %
CLUB PARTOUCHE CAPITALE
Paris
100,00 %

GROUPE PARTOUCHE 31.10.2017




100 % - COMPAGNIE EUROPÉENNE DE CASINOS
PARIS
100,00 %
PLOMBINOISE DE CASINO
Casino Plombières
100,00 %
CASINO DU MOLE
Casino Pornic
1,00 %
SCI LES MOUETTES
Pornic
99,00 %
100,00 %
CASINO DE SALIES-DE-BÉARN
Casino Salies-de-Béarn
100,00 %
CASINO D'ÉVAUX-LES-BAINS
Casino Évaux-les-Bains
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 JMB
Val-André
99,00 %
100,00 %
GRD CASINO DE GRÉOUX
Casino Gréoux-les-Bains
99,99 %
SCI RÉSIDENCE LES JARRES
Gréoux-les-Bains
0,01 %
96,99 %
DÉVT DE LA BAIE DE KERNIC
Casino Plouescat
99,99 %
BELCASINOS
Bruxelles (Belgique)
VZW
(Belgique)
100,00 %
NV CASINO KURSAAL OSTENDE
Casino de Ostende (Belgique)
99,98 %
1,00 %
99,00 %
CKO BETTING
Ostende (Belgique)
40,00 %
CASINO LAC MEYRIN
Casino Meyrin (Suisse)
INTERNATIONAL GAMBLING SYSTEMS
(Belgique)
19,00 %
KEY
CASINOS
OTHER ACTIVITIES


MAYAN
Riches
278
DIAMOND

08

PROPERTY, PLANT AND EQUIPMENT

8.1 EXISTING OR PLANNED MAJOR ITEMS OF PROPERTY AND EQUIPMENT

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

The Group holds the property ownership, directly or under long leases, of 27 out of the 43 casinos at the end of financial year 2017, and rents the buildings of the remaining 16 under classic commercial leases or local authority occupancy agreements. It also owns 16 hotels compared with the 12 the Group operated at the end of financial year 2017.

At the close of financial year 2017, the Group's main real estate assets, based on floor space, were as follows:

ESTABLISHMENT	LEGAL STATUS	FLOOR SPACE
Casino d'Aix-en-Provence	Long lease agreement	9 907 m²
Hôtel 3.14 de Cannes	Full ownership	3 445 m²
Casino et hôtel de Contrexéville	Full ownership	13 398 m²
Casino, hôtel et golf de Divonne-les-Bains	Full ownership	16 399 m²
Casino et hôtel de Forges-les-Eaux	Full ownership	34 273 m²
Casino de La Grande-Motte	Full ownership	8 248 m²
Casino et hôtel du Lyon Vert	Full ownership	12 243 m²
Casino et hôtel de St-Amand-les-Eaux	Long lease agreement	10 584 m²
Casino de La Ciotat	Full ownership	2 693 m²

At 31 October 2017, Groupe Partouche had 5,103 slot machines installed in France and 652 machines installed abroad.

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

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

8.2 STATUS AND VALUATION OF THE PROPERTY PORTFOLIO

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

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

8.3 PROPERTY ASSET OWNERSHIP POLICY AND DIVESTMENT PROGRAMME

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

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

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

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

- a halt to the establishment of new casinos with the sole aim of increasing territorial coverage;
- renovation of the operating portfolio, entailing works on existing facilities or the creation of new facilities.

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

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

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

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

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

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

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

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

09

REVIEW OF FINANCIAL POSITION AND RESULTS

9.1 GROUP FINANCIAL POSITION AND PERFORMANCE

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

- The Group's financial position and results for the financial year ended 31 October 2015 prepared in accordance with IFRS/IAS as adopted by the European Union, shown on pages 67 et seq. of the Company's Reference Document, registered with the AMF on 25 February 2016 under No. D.16-0079;
- The Group's financial position and results for the financial year ended 31 October 2016 prepared in accordance with IFRS/IAS as adopted by the European Union, shown on pages 54 et seq. of the Company's Reference Document, registered with the AMF on 14 February 2017 under No. D.17-0093.

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

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

9.1.1 MAIN CHANGES IN CONSOLIDATION SCOPE AND BUSINESS ACTIVITIES

Consolidation scope

Significant changes in the Group's consolidation scope in financial year 2017 were:

- the sale of Cannes Balnéaires to a new controlling shareholder, which completed the acquisition via a company in which Groupe Partouche owns a minority shareholding and which, in accounting terms, is consolidated under the equity method;
- the inclusion in the consolidation scope of SEGR Le Laurent, the company operating the Le Laurent gourmet restaurant in Paris;
- Casino de Vichy 4 Chemins and Casino de Tabarka were deconsolidated following their liquidation, and Holding Garden Pinède was wound up through the transfer of all of its assets and liabilities to Groupe Partouche SA.

Customer loyalty programme

The nationwide customer loyalty programme introduced from 1 November 2016 was accounted for in accordance with IFRIC 13.

This interpretation applies to the recognition of credit granted under loyalty programmes to customers as part of the initial sale transaction.

The negative impact on turnover for financial year 2017 totalled €3,418k.

Amendments to the Safeguard Procedure

The Paris Commercial Court ratified in its rulings of 2 November and 8 December 2016 amendments to Groupe Partouche's Safeguard Plan, which received the unanimous prior approval of creditors.

The principal changes, which entered into force during the financial year, are:

- the immediate repayment to Financière Partouche of the remaining €20.1m balance of its shareholder's advance;
- simultaneous early repayment to mono-holder lenders of the syndicated loan in the amount of €5.3m;
- adjustment of the initial authorisation to pay dividends, advanced to 1 January 2017, in accordance with certain specific application requirements and subject to EBITDA

of at least €75m and consolidated Group cash resources, after payment of the dividend, of at least €85m. This authorisation was used in the second half of the year, with the Extraordinary Shareholders' Meeting of Groupe Partouche SA of 5 September 2017 approving an exceptional dividend payout of €3m.

Furthermore, after all conditions precedent were lifted in the second half of the financial year, the implementation of the amended Safeguard Plan was combined with the mutual withdrawal of all bodies existing between Groupe Partouche and its majority shareholder Financière Partouche with regard to creditor bank OCM Luxembourg (Oaktree).

9.1.2 GROUP POSITION AND ACTIVITY IN THE FINANCIAL YEAR ENDED 31 OCTOBER 2017

GROUP ACTIVITY

In the financial year ended 31 October 2017, Groupe Partouche generated consolidated turnover of €406.9m, compared with €405.2m in 2016, up 0.4%.

€M	2017	2016	CHANGE
First quarter	109,8	112,1	-2,0 %
Second quarter	95,6*	98,3	-2,7 %
Third quarter	98,9*	98,1	0,8 %
Fourth quarter	102,6*	96,7	6,0 %
Total consolidated turnover	**406,9***	**405,2**	**0,4 %**

(*) After impact of the loyalty programme introduced during the financial year.

Excluding the impact of the loyalty programme introduced during the financial year, full-year turnover increased by 1.3%.

The following table shows a breakdown of turnover.

SUMMARY OF TURNOVER

€M		2017	2016	CHANGE	% CHANGE
	France	88,5	76,5	12,0	15,7 %
	Other countries	31,3	28,9	2,4	8,3 %
GGR FROM TABLE GAMES		119,7	105,3	14,4	13,7 %
% OF ACTUAL GGR		18,7 %	16,6 %		
	France	451,6	461,7	-10,1	-2,2 %
	Other countries	67,4	68,7	-1,3	-1,9 %
GROSS REVENUE FROM SLOT MACHINES		519,1	530,4	-11,4	-2,1 %
% OF ACTUAL GGR		81,3 %	83,4 %		
	France	540,1	538,2	1,9	0,4 %
	Other countries	98,7	97,6	1,1	1,1 %
GROSS GAMING REVENUE (TOTAL)		638,8	635,8	3,0	0,5 %
	France	281,2	280,2	1,0	0,4 %
	Other countries	36,7	38,3	-1,6	-4,1 %
GROUP LEVIES		318,0	318,5	-0,6	-0,2 %
	France	52,1 %	52,1 %		

€M		2017	2016	CHANGE	% CHANGE
	Other countries	37,2 %	39,3 %		
LEVY RATE		49,8 %	50,1 %		
	France	258,9	258,0	0,9	0,3 %
	Other countries*	62,0	59,3	2,7	4,5 %
NET GAMING REVENUE (NGR)		320,8	317,2	3,6	1,1 %
% OF TOTAL TURNOVER					
	France	85,1	84,0	1,1	1,3 %
	Other countries	4,4	4,0	0,4	10,0 %
TURNOVER EXCLUDING NGR**		89,5	88,0	1,5	1,7 %
% OF TOTAL TURNOVER					
	France	-3,4			
	Other countries				
LOYALTY PROGRAMME		-3,4		-3,4	
	France	340,5	341,9	-1,4	-0,4 %
	Other countries	66,4	63,3	3,1	4,9 %
TURNOVER		406,9	405,2	1,7	0,4 %

(*) NGR of €8.7m (compared with €8.1m in 2016) from Belgian subsidiary CKO Betting is included in NGR from other countries.
(**) Excluding impact of loyalty programme.

GROUP GGR

After the start of the financial year that was characterised in particular by less favourable market conditions and a less favourable calendar effect, the significant improvement seen in the second half of the financial year allowed the Group to report full-year GGR of €638.8m, an increase of 0.5%.

GAMING BUSINESS IN FRANCE

GGR came to €540.1m (compared with €538.2m), up 0.4%. This was influenced in particular by the relocation of certain operations in the course of the financial year.

On 8 June 2017, the new "PleinAir" casino in La Ciotat was opened. At this innovative casino, all games are outdoors on a 1,300 sq.m terrace. This relocation, which took place before the summer period, allowed the La Ciotat casino to achieve growth in GGR of 43.9% (an increase of €3.3m).

The transfer in late June 2017 of the Palm Beach casino in Cannes to the premises of Hotel 3.14, with the aim of escaping the negative effects of a site that had become unsuitable, was also favourably received by the public. The casino saw growth in GGR of €2.4m.

Lastly, the Juan-les-Pins casino, which at the end of September 2016 left the Garden Beach hotel, sold in 2015, to move to a site of around 1,000 m2 in the city centre, has gradually adapted to its new premises and managed to stabilise its GGR between the two financial years.

However, these significant increases are tempered by the local competitive climate and renovation works at certain sites.

Another highlight of the financial year was the development of table games and the decline in slot machines. GGR from table games (€88.5m) saw further strong growth of 15.7%, similar to the level achieved in 2016. This €12.0m increase was partly thanks to the development of electronic English roulette, with GGR up from €30.4m in 2016 to €37.4m in 2017. A total of 38 casinos are now equipped compared with 35 in 2016.

Following two financial years of positive growth, GGR from slot machines (€451.6m) fell by 2.2%.

The number of people visiting the Group's French casinos rose by 0.9% over the financial year.

The total number of slot machines operated in French casinos was 5,103 at the financial year-end, compared with 5,074 in 2016.

GAMING BUSINESS OUTSIDE FRANCE

GGR generated outside France grew by 1.1% on the basis of online GGR (casino and sports betting), broken down as follows:

€M	2017	2016	CHANGE	%
GGR: "bricks and mortar" casinos	81,7	82,6	-0,9	-1,1 %
GGR: online and sports betting	17,0	15,0	2,0	13,5 %
GGR outside France	**98,7**	**97,6**	**1,1**	**1,1 %**

In Belgium, the Ostend casino suffered an 8% fall in GGR from slot machines, mainly due to the smoking ban in slot machine rooms in force in the country since summer 2016. However, thanks to significant improvement in online GGR (up 18.8%), the Ostend casino achieved overall GGR growth of 1.5% over the financial year.

GGR from the two Swiss casinos – Meyrin and Crans-Montana – fell slightly (down 0.2%), penalised by the weaker Swiss franc.

Lastly, GGR from sports betting generated by CKO Betting saw further significant growth of 10.2%.

NET GAMING REVENUE

Levies on GGR by the State and municipalities remained stable at €318.0m. The total taxation rate on GGR at the end of the 2017 financial year was 49.8%.

Net gaming revenue for the Group as a whole totalled €320.8m, up 1.1%.

TURNOVER EXCLUDING NET GAMING REVENUE (EXCLUDING IMPACT OF LOYALTY PROGRAMME)

Turnover excluding net gaming revenue rose by 1.8%, broken down as follows:

AT 31 OCTOBER, €M	2017	2016	CHANGE	%
Casinos	70,4	69,9	0,5	0,8 %
Hotels	9,8	12,5	-2,6	-21,2 %
Other	9,2	5,6	3,6	65,1 %
Turnover excluding NGR	**89,5**	**88,0**	**1,5**	**1,8 %**

Ancillary casino activities, primarily foodservice, saw growth of €0.5m, despite challenging local situations (reorganisation of activities in Cannes with the transfer of the Palm Beach casino to part of the premises of Hotel 3.14, renovation works at the Aix-en-Provence casino).

The decline in hotel turnover of 21.2% was mainly due to the closure of Hotel 3.14, which automatically had a negative impact on turnover of €2.8m (see Consolidated results).

Lastly, growth in "Other" activities was mainly thanks to the inclusion in the Group's consolidation scope of the Le Laurent restaurant in Paris (€4.1m).

Furthermore, the introduction of a nationwide customer loyalty programme as of 1 November 2016, accounted for in accordance with IFRIC 13, had a negative impact on total turnover for the financial year of €3.4m.

Taking into account all of the above factors, the Group's consolidated total turnover grew by 0.4% to €406.9m. Excluding the impact of the loyalty programme, turnover increased by 1.3%.

CONSOLIDATED RESULTS

Current operating profit

Impact on COP of changes in the operation of certain subsidiaries:

Current operating profit (COP) fell by €4.9m to €36.4m, mainly as a result of the following four companies, which alone account for a €6.1m drop in COP:

- the PleinAir casino in La Ciotat changed its business model on its transfer in June 2017 and is experimenting with a new outdoor casino concept; its start of operations therefore included a high level of start-up costs relating to communications and the necessary adaptation to the innovative nature of the product;
- the Aix-en-Provence casino underwent major renovation works at the end of the financial year and had to gradually cut back its product offering, which had a negative impact on turnover (down €2.2m);
- Hotel 3.14 in Cannes, which will eventually undergo renovation works, had to shut down due to disruption caused by the works at the neighbouring InterContinental Carlton hotel, which were incompatible with its operation. This closure brought COP down by €1.1m;

▸ lastly, the inclusion in the Group's consolidation scope of Paris restaurant Le Laurent (Société Européenne des Grands Restaurants, or SEGR) resulted in a negative contribution to COP of €0.6m.

Analysis of operating profitability for the 2017 financial year should therefore take account of the specific changes to these operating subsidiaries, the impact of which on current operating profit is shown in the table below:

	2017	2016	CHANGE
Groupe Partouche COP (reported)	**36,4**	**41,3**	**(4,9)**
La Ciotat COP	(1,8)	0,9	(2,7)
Aix-en-Provence COP	(3,5)	(1,9)	(1,6)
Hotel 3.14 COP	(3,7)	(2,5)	(1,1)
Restaurant Le Laurent COP	(0,6)	-	(0,6)
Neutralised companies COP	**(9,6)**	**(3,5)**	**(6,1)**
Group COP excluding neutralised companies	**46,0**	**44,8**	**1,1**

To summarise, by neutralising the impact of these four companies, the Group achieved turnover growth of €0.5m and COP growth of €1.1m, allowing it to limit the decline in the Group's operating profitability in 2017. The one-off impact on the four neutralised companies should be put into context in the future.

Analysis by expense items

Analysis of changes in expenses breaks down as follows:

- Purchases and external expenses showed a reduction in advertising expenditure, primarily relating to the introduction of a customer loyalty programme;
- Taxes and duties remained stable at around €18m;
- Employee expenses totalled €173m, up 2.7%. This unfavourable change was mainly due to the inclusion in the consolidation scope of restaurant subsidiary Le Laurent, the increase in the number of employees at subsidiary Casino de La Ciotat as a result of the change in business model, the increase in the number of employees at subsidiary Partouche Technologies following the creation of an in-house creation-communication studio, and the increase in tips at the Palm Beach casino, resulting in higher social security charges;
- Depreciation and amortisation were impacted by major investment in casinos over the last few years, primarily at Crans-Montana, La Tour de Salvagny and the La Ciotat casino. Depreciation and amortisation rose by 5.8% (up €2.1m);
- Other current operating income and expense was down €1.0m, mainly thanks to favourable changes in provisions.

Performance by division

In terms of performance by division (see table in note 4.1 of Section 20.2.1 "Consolidated financial statements"), unfavourable changes for the La Ciotat and Aix-en-Provence casinos were the main reason for the €3.0m fall in COP for the Casino division.

Similarly, deterioration of €1.5m in COP for the Hotel division relates primarily to the closure of Hotel 3.14.

Lastly, COP from Other activities was influenced in particular by the inclusion in the consolidation scope of SEGR Le Laurent, as stated above.

Non-current operating profit

Non-current operating profit amounted to net profit of €10.2m, compared with a net loss of €19.2m in 2016. This included the following favourable changes:

- a gain on the sale of consolidated investments of €16.5m. This item includes the effects of the sale of Cannes Balnéaires to a new controlling shareholder, which completed the acquisition via an equity-accounted company in which Groupe Partouche owns a minority shareholding; this allowed for a capital gain of €17.8m (see Section 9.1.1 Main changes in consolidation scope and business activities), as well a loss from the deconsolidation of the Vichy 4 Chemins and Tabarka casinos in the amount of €1.2m;
- impairment of non-current assets limited to €4.7m compared with €16.4m in 2016, concerning the impairment of goodwill on the operation of Bandol alone, and reflecting improvement in the economic situation of the Group's operations. As a reminder, in 2016 this item comprised a goodwill impairment charge of €5.7m and impairment charges on real estate assets of €10.6m as a result of specific local situations;
- the reduction in "Other non-current operating income and expense" (-€1.7m in 2017 compared with -€3m in 2016), corresponding chiefly to depreciation for obsolescence within the framework of refurbishment/relocation works for the subsidiaries concerned.

Operating profit

Taking into account these items, operating profit for the financial year increased to €46.5m, compared with €22.1m in 2016.

Net financial items represented a net expense of €2.2m, compared with €2.5m in 2016, mainly thanks to the reduction in financial expenses relating to the Group's financial debt.

Profit before tax was €44.4m compared with €19.6m in 2016.

The Group's tax expense (including CVAE value-added contribution tax) represented net income of €1.7m compared with a net expense of €0.9m in 2016, mainly due to a lower CVAE expense as a result of favourable changes to the calculation parameters for tax-consolidated companies, coupled with retroactive adjustment (repayment of €2.3m in respect of CVAE tax for previous financial years).

Net profit grew significantly to more than double the level achieved in 2016, going from €18.6m in 2016 to €45.5m in 2017. The share of this net profit attributable to equity holders of the Group was €37.4m, compared to €11.1m the previous year.

BALANCE SHEET

Notable changes in consolidated balance sheet assets were as follows:

- An increase in non-current assets of €19.2m, mainly due to:
  - The increase in "Tangible fixed assets" representing a total net amount of €20.6m and comprising mainly the volume of investments (+€67.2m), reclassification under "Inventories and semi-finished goods" of the net carrying amount of the former building of the La Grande-Motte casino as part of the real estate development project (-€3.6m) and depreciation charges (-€39.1m);
  - The increase in "Other non-current financial assets" of €11.3m, which now includes the €11.3m current account advance owed to Groupe Partouche by equity-accounted company Palm Beach Cannes Côte d'Azur within the framework of the sale of Cannes Balnéaire (see Section 9.1.1 "Main changes in consolidation scope and business activities" of the 2017 Reference Document);
  - Conversely, the reduction in "Other non-current assets" in the amount of €8.5m, relating mainly to repayment of the CICE tax credit in respect of financial years 2013, 2014 and 2015 (-€11.8m);
- A reduction in current assets of €26.2m, mainly due to:
  - consumption of cash assets for €36.1m (€35.9m in terms of the cash flow statement, taking account of cash liabilities), due to investments over the period and repayments made on the Financière Partouche shareholder advance and the syndicated loan (see Section 9.1.1 "Main changes in consolidation scope and business activities");
  - and conversely the increase in "Inventories" (up €4.6m), including €3.6m relating to the former building of the La Grande-Motte casino (see above).

The Group's equity including minority interests increased by €32.8m to €367.9m after net income for the financial year in the amount of €45.5m and dividend payouts of €11.5m, including €3.0m to Group shareholders.

Financial debt was reduced by €31.5m as a result of:

- annual and early repayments of the syndicated loan and immediate repayment of the shareholder advance to Financière Partouche following the implementation of the modified Safeguard Plan, as approved by the rulings of 2 November 2016 and 8 December 2016;
- attenuated by new loans taken out to accompany subsidiaries' capital expenditure.

Following the repayment of financial debt as mentioned above, the Group's balance sheet structure – which has now stabilised and is characterised by gearing of around 20% – can be summarised as follows:

€M AT 31 OCTOBER	2017	2016
Equity	367,9	335,2
Consolidated EBITDA	73,3	80,1
Gross debt*	155,0	186,5
Cash less gaming levies	85,7	120,4
Net debt	69,3	66,1
Net debt / Equity (gearing)	0,2	0,2
Net debt / Consolidated EBITDA (leverage)	0,9x	0,8x

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

RECENT EVENTS AND OUTLOOK

Changes to CSG rate

Under the 2018 French Social Security Act, as of 1 January 2018, the rate of CSG (General Social Contribution) applying to a fraction (68%) of GGR from slot machines (subject to an allowance of 15%) has been increased from 9.5% to 11.2%. The unfavourable impact of this for the Group has been estimated at around €4.5m over the full year.

Paris gaming clubs

Groupe Partouche is closely following the development of Paris gaming clubs. The law of 28 February 2017 ended the regime of "gaming circles" operating in the French capital to give way to "gaming clubs" offering games against other players or against the house. This was supplemented by a decree of 9 May 2017 specifying the terms of experiment in Paris for a period of three years as of 1 January 2018 and above all the authorised games against other players or against the house. Groupe Partouche is currently looking into the possibility of opening one or more clubs in the capital.

Operations

The construction of the new Pornic casino began at the end of financial year 2017, with a scheduled completion date of October 2018.

The Pasino d'Aix-en-Provence is undergoing major renovation works, initiated in September 2017. Works are expected to be completed at the end of 2018.

Casino refurbishments are also planned for the 2017/2018 financial year in Royat, Dieppe, La Roche-Posay, Hyères and Saint-Amand-les-Eaux.

Renovation of the Group's casino network will therefore continue during the 2017/2018 financial year. Groupe Partouche will focus in particular on monitoring these construction projects and the adaptation measures needed to protect the Group's operating profitability.

With its renovated and high-performing casinos, the Group will be able to capitalise on the favourable development of its economic environment.

ACTIVITY OF SUBSIDIARIES

GROSS GAMING REVENUE BY ENTITY			
€000 AT 31 OCTOBER	2017	2016	2015
CASINO-MEYRIN (Switzerland)	53 496	53 634	52 354
CASINO-AIX-EN-PROVENCE	46 050	46 589	45 915
CASINO-LE LYON VERT	40 273	41 479	40 964
CASINO-SAINT-AMAND	38 264	37 739	35 325
CASINO-DIVONNE	36 775	34 945	36 666
CASINO-LYON (PHARAON)	34 151	33 088	32 704
CASINO-FORGES	32 459	33 201	32 827
CASINO-LA GRANDE-MOTTE	27 203	25 938	24 859
CASINO-ANNEMASSE	24 035	25 045	25 242
CASINO-OSTENDE (Belgium)	20 946	20 609	21 273
CASINO-PORNICHET	17 941	18 434	18 009
CASINO-HYÈRES	16 430	16 839	16 250
CASINO-NICE-PALAIS	15 809	15 397	15 037
CASINO-LE HAVRE	14 545	14 620	14 223
CASINO-LA ROCHE-POSAY	14 137	14 574	14 372
CASINO-CANNES-PALM BEACH	13 547	11 150	6 499
CASINO-CRANS-MONTANA	13 541	13 538	13 631
CASINO-PALAVAS	12 749	12 787	12 389
CASINO-BANDOL	11 515	13 045	12 707
CASINO-JUAN-LES-PINS	11 172	11 333	11 217
CASINO-ROYAT	11 107	11 261	11 104
CASINO-LA CIOTAT	10 662	7 409	6 793
CASINO-SAINT-GALMIER	10 652	10 983	10 309
CASINO-VICHY GRAND CAFÉ	10 429	10 552	7 708
CKO BETTING OSTENDE (Belgium)	10 075	9 146	7 358
CASINO-PORNIC	9 475	9 414	8 720
CASINO-DIEPPE	7 955	8 372	8 564
CASINO-PLOUESCAT	7 344	7 988	7 549
CASINO-BOULOGNE	7 244	7 392	7 006
CASINO-CALAIS	6 500	6 594	6 456
CASINO-CABOURG	6 049	6 167	5 659

GROSS GAMING REVENUE BY ENTITY			
€000 AT 31 OCTOBER	**2017**	**2016**	**2015**
CASINO-BERCK	5 224	5 276	5 502
CASINO-VAL ANDRÉ	4 998	5 258	4 904
CASINO-AGON COUTAINVILLE	4 745	4 877	4 649
CASINO-ANDERNOS	4 710	4 550	4 259
CASINO-PLOMBIÈRES	4 232	4 271	3 736
CASINO-GRÉOUX-LES-BAINS	3 860	3 759	3 281
CASINO-ARCACHON	3 819	3 738	3 493
CASINO-TOUQUET	3 713	3 641	3 505
CASINO-CONTREXÉVILLE	3 503	3 437	2 760
CASINO-LA TREMBLADE	2 613	2 398	2 322
CASINO-ÉVAUX	2 384	2 606	2 265
CASINO-SALIES	1 809	1 775	1 844
CASINO-DJERBA	644	669	1 148
CASINO-VICHY 4 CHEMINS	-	242	2 879
CASINO-CHAUDFONTAINE (LOISIRS)	-	-	1 637
CASINO-LA TRINITÉ	-	-	1 213
CASINO TABARKA (Tunisia)	-	-	-
TOTAL GGR	**638 784**	**635 759**	**619 084**

TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	**2017**	**2016**	**2015**
CASINO-MEYRIN (Switzerland)	30 501	28 883	28 594
CASINO-DIVONNE	26 633	25 641	26 103
CASINO-FORGES	23 610	23 533	23 585
CASINO-SAINT-AMAND	23 341	23 001	22 336
CASINO-LE LYON VERT	22 522	22 855	22 600
CASINO-AIX-EN-PROVENCE	22 478	24 740	24 899
CASINO-LYON (PHARAON)	15 764	15 488	15 273
CASINO-OSTENDE (Belgium)	15 337	14 730	15 530
CASINO-LA GRANDE-MOTTE	15 194	14 499	14 009
CASINO-ANNEMASSE	11 286	11 811	11 880
CASINO-CRANS-MONTANA (Switzerland)	10 934	10 716	11 007
CASINO-LE HAVRE	10 556	10 407	10 047
CASINO-PORNICHET	10 425	10 709	10 737
CASINO-NICE-PALAIS	8 977	8 765	8 780
CASINO-HYÈRES	8 819	8 969	8 600
CASINO-LA ROCHE-POSAY	7 644	8 305	8 233
CASINO-CANNES-PALM BEACH	7 285	7 791	5 732



TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	2017	2016	2015
CASINO-PALAVAS	6 681	6 721	6 495
CASINO-ROYAT	6 638	6 787	6 400
CASINO-PORNIC	6 625	6 646	6 210
CASINO-LA CIOTAT	6 389	4 151	3 821
CASINO-VICHY GRAND CAFÉ	6 355	6 542	5 188
CASINO-BANDOL	6 144	6 814	6 610
CASINO-SAINT-GALMIER	5 868	5 925	5 540
CASINO-JUAN-LES-PINS	5 750	5 994	6 212
CASINO-DIEPPE	5 469	5 573	5 549
CASINO-CABOURG	5 404	5 586	5 291
CASINO-BOULOGNE	4 649	4 679	4 434
CASINO-PLOUESCAT	4 378	4 898	4 665
CASINO-VAL ANDRÉ	4 163	4 427	4 088
CASINO-CALAIS	3 735	3 888	3 742
CASINO-TOUQUET	3 320	3 250	3 270
CASINO-BERCK	3 112	3 276	3 458
CASINO-PLOMBIÈRES	2 988	3 011	2 601
CASINO-ANDERNOS	2 976	2 950	2 683
CASINO-AGON COUTAINVILLE	2 688	2 771	2 666
CASINO-ARCACHON	2 635	2 602	2 416
CASINO-GRÉOUX-LES-BAINS	2 548	2 476	2 246
CASINO-CONTREXÉVILLE	2 356	2 278	1 955
CASINO-SALIES	2 285	2 159	2 142
CASINO-LA TREMBLADE	1 912	1 818	1 751
CASINO-ÉVAUX	1 809	1 933	1 724
CASINO-DJERBA	872	801	1 258
CASINO-LA TRINITÉ	48	48	1 030
CASINO-VICHY 4 CHEMINS	-	200	2 045
CASINO-CHAUDFONTAINE (LOISIRS)	-	-	1 094
CASINO TABARKA (Tunisia)	-	-	-
CLUB PARTOUCHE PARIS	-	-	-
CLUB PARTOUCHE CAPITALE	-	-	-
CASINO-SAN ROQUE	-	-	-
TOTAL CASINOS	**379 100**	**379 044**	**374 530**
HÔTEL-AIX-AQUABELLA	6 711	6 649	6 630
HÔTEL-CONTREX-COSMOS	1 790	1 629	1 681
HÔTEL-CANNES-3.14	1 258	4 100	4 805
HÔTEL-VAL ANDRÉ-SINOCA	42	42	24

TURNOVER BY ENTITY			
€000 AT 31 OCTOBER	2017	2016	2015
HOTEL-LYON-HIL	23	23	23
HÔTEL-CONTREX-GRAND HÔTEL DU PARC	10	28	28
HÔTEL-JUAN-GARDEN BEACH	-	-	1 023
GREEN 3.14	-	-	-
TOTAL HOTELS	**9 834**	**12 472**	**14 213**
CKO BETTING OSTENDE	8 734	8 095	6 549
SEGR LE LAURENT	4 076	-	-
THERMES-AIX-CBAP (spa resort)	1 758	2 241	2 270
APPOLONIA	1 642	2 248	1 349
CANNES BALNÉAIRES	803	7	28
BARATEM	428	453	514
GROUPE PARTOUCHE	185	156	193
SARL THERM'PARK	144	131	150
SCI RUE ROYALE	51	42	38
PARTOUCHE IMAGES	38	53	112
PARTOUCHE IMMOBILIER	33	32	35
PARTOUCHE SPECTACLES	27	1	-
AFRIGAMBLING (formerly PI AFRIQUE)	25	-	-
PARTOUCHE TECHNOLOGIES	2	160	44
SCI FONCIÈRE DE VITTEL ET CONTREXÉVILLE	2	2	2
BELCASINOS	-	68	140
ELYSEE PALACE (EPSA)	-	-	82
INTERNATIONAL GAMBLING SYSTEMS	-	-	80
PARTOUCHE BETTING LTD	-	-	10
CHM	-	-	3
PARTOUCHE TOURNOIS	-	-	0
PI GIBRALTAR	-	-	-
PARTOUCHE PRODUCTION	-	-	-
PASINO BET (formerly P. Gaming)	-	-	-
PARTOUCHE INTERACTIVE	-	-	-
WS BACKGAMMON	-	-	-
SCI PIETRA PORNIC	-	-	-
PARTOUCHE STUDIO	-	-	-
TOTAL OTHER	**17 950**	**13 687**	**11 599**
TOTAL TURNOVER	**406 885**	**405 203**	**400 342**

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

The 12-month period under review, which ran from 1 November 2016 to 31 October 2017, was covered by the execution of the Groupe Partouche SA Safeguard Plan, approved in a ruling by the Paris Commercial Court on 29 September 2014, and takes account of the implementation during the 2017 financial year of the amended plan approved by the Paris Commercial Court on 2 November 2016 (revised on 8 December 2016).

In view of the amending rulings mentioned above and the lifting of conditions precedent attached during the 2017 financial year, Groupe Partouche notably:

- completed the immediate repayment by Groupe Partouche of the remainder of the shareholder advance to Financière Partouche, i.e. a total of €20.1m; this repayment was made during the 2017 financial year;
- completed the simultaneous early repayment to mono-holder lenders of the syndicated loan in the amount of €5.3m; this repayment was made during the 2017 financial year;
- implemented the authorisation to pay out dividends, advanced to 1 January 2017, by paying out an exceptional dividend of €3.001m in accordance with the terms approved by the Extraordinary Shareholders' Meeting of 5 September 2017.

In addition to the impact of changes to the Safeguard Plan as described above, the key highlights of this financial year were as follows:

- Pursuant to a decision of 11 September 2017 by the Executive Board acting on powers delegated by the General Shareholders' Meeting, share capital was reduced through the cancellation of 54,526 treasury shares, each with a par value of €20;
- The sale of Cannes Balnéaires and acquisition of a minority stake in the new structure Palm Beach Côte d'Azur (49%), owned by the new controlling shareholder – hereinafter the "Cannes Balnéaires sale": The impact of the potential sale of Cannes Balnéaires had been anticipated in the Groupe Partouche's financial statements for previous financial years by means of provisions for impairment of investments and current accounts. This transaction has a positive impact on net income for the 2017 financial year of €153k.

However, it affects the presentation of the 2017 financial statements.

In accordance with applicable accounting principles, the transactions have been reflected as follows:

- Exceptional profit/loss (a net loss of €85,211k):
  - The gross value of equity investments and receivables has been recognised as an exceptional expense of €96,481k;
  - Proceeds from the sale of investments and current accounts have been recognised as exceptional income of €11,270k;
- Financial income/(expense) (net income of €85,364k):

Reversals of provisions for investments (+€48,424k) and current accounts (+€36,940k) assigned have been recognised as financial income;

- Acquisition from Financière Partouche of equity investments in SAS Enderbury GR, parent company of SEGR Le Laurent, in the amount of €4.3m on 25 October 2017. The transfer of all the assets and liabilities ("Transmission universelle du patrimoine") of SAS Enderbury GR to Groupe Partouche SA under the favourable tax regime for mergers in accordance with Article 210A of the French General Tax Code, generating a technical merger loss of €3.9m.

Since this technical loss applied to the SEGR Le Laurent investment securities (gross value of €0.4m), it was recognised under long-term financial investments in accordance with ANC Regulation 2015-06;

- On 26 December 2016, the dissolution of SAS Holding Garden Pinède, placed under the favourable tax regime in accordance with Article 210A of the French General Tax Code, by means of a transfer of all assets and liabilities ("Transmission universelle de patrimoine").

This generated a merger surplus of €15.8m, recognised entirely as equity in a "merger premium" sub-account;

- The recapitalisation of subsidiary Casino de Contrexéville representing a total of €2.8m;
- Creation of the companies Club Partouche Paris, Club Partouche Capitale and SARL 3.14 Green.

Turnover for the financial year came to €11.25m, mainly consisting of fees paid by subsidiaries, for €9.7m.

Operating income totalled €12.82m compared with €12.28m in 2016, and operating expenses were €20.25m compared with €18.8m in 2016.

The company sustained an operating loss of €7.42m, compared with an operating loss of €6.47m in 2016.

Financial income totalled €99m (up €59.8m), including €10.2m in dividends paid by subsidiaries, and financial expenses decreased from €42.8m in 2016 to €18.3m in 2017.

Financial income and expense was impacted in particular by changes in provisions and reversals of provisions for securities and receivables relating to the sale of Cannes Balnéaires (+€85.36m) (see the section on key events above), as well as provisions for subsidiaries subject to deterioration in their equity position or recapitalisation.

The reduction in interest expenses of €1.5m mainly corresponds to savings following the repayments of the syndicated loan.

The company posted net financial income of €80.67m, compared with an expense of €3.7m in 2016.

The company posted an exceptional loss of €85.32m relating primarily to the sale of Cannes Balnéaires. This impact is neutralised by the reversals of financial provisions as mentioned above.

Under its tax consolidation agreement, the company recognised a Group tax expense of €1m in respect of the financial year ended 31 October 2017 and a tax saving of €13.2m.

In light of the above items, the company posted a net profit for the year of €0.17m, compared with €0.97m in 2016.

With respect to assets, net fixed assets totalled €658.8m, up €8.3m, and current assets came to €156.7m, down €33.8m, mainly due to the reduction in cash and the sale of the Cannes Balnéaires receivable.

With respect to equity and liabilities, equity increased by €11.3m to €433.2m, mainly due to:

- the surplus following the transfer of all assets and liabilities ("TUP") with SAS Holding Garden Pinède (+€15.7m);
- the dividend payout of €3,001k decided by the Extraordinary Shareholders' Meeting of 5 September 2017;
- the reduction in share capital by means of the cancellation of the 54,526 treasury shares with a par value of €20 acquired within the framework of the agreement with Aurel BGC, with an impact on share capital of €1.091m and on other reserves of €580k.

Bank borrowings and debt were down €24.5m year on year due to:

- €32.8m of annual and early repayments of the syndicated loan following the implementation of the modified Safeguard Plan, as approved by the rulings of 2 November 2016 and 8 December 2016;
- attenuated by the release of €8.3m under two new loans taken out representing a total of €25m.

The principal amount outstanding on bank debt at 31 October 2017 was €128.7m.

"Other liabilities" decreased by €13.70m, including €12.7m under "Subsidiaries and associates", primarily due to the repayment of €20.1m of the Financière Partouche shareholder advance.

9.3 PROPOSED APPROPRIATION OF INCOME FOR FINANCIAL YEAR 2017

NET PROFIT TO 31 OCTOBER 2017 (€)	165 655
Legal reserve	8 283
Retained earnings	157 372
After appropriation, retained earnings will amount to:	**149 997 676**

10

CASH AND CAPITAL RESOURCES

10.1 INFORMATION CONCERNING THE GROUP'S EQUITY

Please refer to Note 11 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2017.

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

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

10.2 SOURCES, AMOUNTS AND A NARRATIVE DESCRIPTION OF THE GROUP'S CONSOLIDATED CASH FLOWS

Please refer to Note 13 of Section 20.2.1 of the Group's consolidated financial statements for financial year 2017.

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

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

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

10.3.1 FINANCIAL STRUCTURE, CASH FLOWS

Please refer to Note 9.3 of Section 20.2.1 related to bank debt and to Note 9.2 of Section 20.2.1 relating to cash and cash equivalents for financial year 2017.

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

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

10.3.2 CASH POOLING AGREEMENT

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

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

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

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

10.3.3 RESTRICTIONS ON THE TRANSFER OF FUNDS FROM ABROAD

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

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

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

11

RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

Groupe Partouche invests in innovative projects through Partouche Interactive and its subsidiaries.

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

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

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

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

12

TREND INFORMATION

Groupe Partouche has not communicated about activity trends since the end of the financial year ended 31 October 2017.

Financial information at 31 January 2018 will be published in the evening of Wednesday, 14 March 2018.

13

COMPANY PROJECTIONS AND TARGETS

Groupe Partouche does not provide any information that may be qualified as a forecast or estimate of earnings.



DYNAMIC

STUNNING
INNOVATIVE
TRAILBLAZING

14

ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 INFORMATION ON MANAGEMENT BODIES

14.1.1 SUPERVISORY BOARD

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

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

IN FRANCE:

Chairman of the Supervisory Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Chairman of the Board of Directors, Director: Partouche Interactive SA (Paris)
Chairman: Partouche Immobilier SAS (Paris)
Deputy General Manager: Compagnie Européenne de Casinos SAS (Paris)
Deputy General Manager and Director: Eden Beach Casino SA (Juan-les-Pins), Cannes Balnéaire SA (Cannes) until 27/07/2017, Casino Centre Croisette SAS (Cannes)
Director: Casino de Saint-Amand SAS (Saint-Amand-les-Eaux), Le Touquet's (Calais) SAS, Société du Casino et des Bains de Mer SAS (Dieppe), Société d'exploitation du Casino de Contrexéville SAS, Grand Casino de Lyon SAS, Forges Thermal SA (Forges-les-Eaux), Société du Grand Casino d'Annemasse SAS (Annemasse), Société Touristique Thermale et Hôtelière de Divonne SA - TTH (Divonne-les-Bains), Partouche Technologies SAS (Saint-Avertin), Société d'exploitation du Casino de Divonne SAS - SECD (Divonne-les-Bains), Holding Garden Pinède SAS (Paris) until 21/11/2016, 3.14 Hôtel SA (Cannes), Société Européenne des Grands Restaurants SA (Paris), Pleinair Casino SA (La Ciotat)
Corporate Manager: Sek SARL (Paris), SARL Plage Pointe Croisette until 27/07/2017, SARL Plage 3.14, SARL 3.14 Green, SCI Green Auron.
Member of the Executive Committee: SAS Partouche Images (Paris), SAS Afrigambling (Paris)
Permanent Representative:
- Legal entity of Compagnie Européenne de Casinos SAS (Paris), Director of Développement de la Baie de Kernic SAS (Plouescat), Casino de Pornichet SAS (Pornichet) and Casino de Mole SAS (Pornic)

OUTSIDE FRANCE:

Chairman of the Board of Directors, Deputy Director: Belcasinos SA (Belgium), Grand Casino de Djerba SA (Tunisia)
Director: Grand Casino de Tabarka SA (Tunisia) until 12/01/2017, Casino Kursaal Oostende SA (Belgium), Club Privé du Casino de Knokke (Belgium), CKO Betting SA (Belgium)
Permanent Representative: Groupe Partouche SA, Director of Groupe Partouche International SA (Belgium)

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*	
ISIDORE PARTOUCHE **BORN ON 21 APRIL 1931** **IN TREZEL (ALGERIA)** 116,092 shares held directly; 288,628 shares held indirectly	Ordinary Shareholders' Meeting of 20 June 1996	31 October 2019	Vice-Chairman of the Supervisory Board	Chairman of the Supervisory Board of Financière Partouche SA	**IN FRANCE** Managing Director: Société Européenne des Grands Restaurants SA (Paris) Director: Socle SA (Lille), Losc SA (Lille) **OUTSIDE FRANCE** Chairman: Enderbury GR LTD (Paris) Chairman, Director: Ispar Holding SA (Switzerland)	
GASTON GHRENASSIA AKA ENRICO MACIAS **BORN ON 11 DECEMBER 1938 IN CONSTANTINE (ALGERIA)** 7 shares held	Co-opted to replace Jacques Benhamou by decision of the Supervisory Board at its meeting held on 11 December 1998	31 October 2019 Resigned on 24 June 2017	Member of the Supervisory Board	Singer		

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

IN FRANCE

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

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

OUTSIDE FRANCE

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

IN FRANCE

Member of the Supervisory Board of Groupe Partouche SA and Financière Partouche SA (with Executive Board and Supervisory Board) (Paris)
Director:
Société Européenne des Grands Restaurants SA (Paris)
PleinAir Casino SA (La Ciotat)

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*	
WALTER BUTLER **BORN ON 16 AUGUST 1956 IN RIO DE JANEIRO (BRAZIL)** 1 share held	Shareholders' Meeting held on 29 April 2011	31 October 2022	Member of the Supervisory Board	Managing Director of Butler Capital Partners SA	Managing Director: Butler Industries SA, Butler Capital Partners SA, WB Debt Partners SA Chairman: Eden Innovations SAS, Doc SA, FBT Developpement SAS, Amstar Entreprises SAS, NXO Expansion SAS Chairman of the Board of Directors: NXO Expansion SAS, Chairman of the Supervisory Board: NXO France SAS Director: NXO Experts SAS, NXO Securite SAS Corporate Manager: SCI 30 Albert 1er Member of the Supervisory Board: Corum Asset Management SAS Representing Butler Capital Partners as Chairman: ANS Holding SAS Permanent Representative of Butler Capital Partners on the Board of Directors: Holding Sports & Événements SA Representative of Butler Capital Partners on the Supervisory Committee: Colfilm SAS Representing FBT Développement as Chairman: Fichet-Bauche Télésurveillance SAS **OUTSIDE FRANCE** Director of the English companies: Butler Investment Managers Limited, Butler Management Limited, Almas Industries Ltd, and ALMAS Industries UK Ltd Chairman of the Swiss company: Nexis Fibers Holding Chairman of the Supervisory Board of the German company: Almas Industries AG SA Corporate Manager of the Luxembourg limited liability company (SARL): GP Lux Investissements Director of the Belgian companies: Econocom SA, Butler Industries Benelux SA	

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*	
LAURENT PARQUET **BORN ON 27 JULY 1965 IN BRIVE-LA-GAILLARDE (FRANCE)**	Supervisory Board Meeting held on 13 September 2016 to replace Lionel Mestre	31 October 2022	Permanent Representative of Butler Capital Partners Member of the Supervisory Board		Chairman of the Board of Directors of Nxo Experts and Nxo Securite SAS Vice-Chairman of the Supervisory Board of Nxo France SAS Vice-Chairman of the Board of Directors and Director of Nxo Expansion SAS Permanent Representative of Amstar Entreprises on the Board of Directors of Butler Industries SA **OUTSIDE FRANCE:** Representative of Ans Holding as Director of ANovo Comlink Espana Slu and Anovo Iberica Madrid Slu	
BUTLER CAPITAL PARTNERS **PERMANENT REPRESENTATIVE: LAURENT PARQUET** 76,621 shares held directly; 1,200,399 shares held indirectly	Co-opted on 12 December 2012	31 October 2022	Member of the Supervisory Board		Chairman: ANS Holding SAS Member of the Supervisory Committee: Colfilm SAS Director: Holding Sports et Événements SA	
DANIEL COHEN **BORN ON 27 OCTOBER 1962 IN CASABLANCA (MOROCCO)** 150 shares held	Supervisory Board Meeting held on 13 December 2011 in replacement of Maurice Sebag, who resigned	31 october 2019	Member of the Supervisory Board	Chairman of Zalis SAS (Toulouse)	Chairman: Zalis SAS (Toulouse), FVM SA (Villers-la-Montagne) Independent Director: Arche Industrie (Paris) Corporate Manager: SCI Cohen Investissements (Toulouse)	
VÉRONIQUE MASI FORNERI **BORN ON 12 MAY 1963 IN NICE (FRANCE)** 69 shares held	Shareholders' Meeting held on 24 April 2014	31 October 2019	Member of the Supervisory Board	General Manager of Adelphos SAS (Neuilly-sur-Seine)	Member of the Board of Directors: Erda Accentus Association – education, research and artistic development (Paris)	
SALOMÉ PARTOUCHE **BORN ON 19 SEPTEMBER 1989 IN DIEPPE** 5 shares held	Co-opted in replacement of Hubert Benhamou, who resigned on 1 November 2016	31 October 2022	Member of the Supervisory Board	Visual artist	Co-Corporate Manager: SCI Sany (Val-de-Marne) Chairman: Association Biennale de Paname	
CAROLINE TEXIER **BORN ON 21 FEBRUARY 1977 IN BOULOGNE-BILLANCOURT**	Co-opted to replace Gaston Ghrenassia, who resigned, on 27 June 2017	31 October 2019	Member of the Supervisory Board	Lawyer	Co-Corporate Manager: SCI Alpilles 84	

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

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

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*
OUTSIDE FRANCE: Director: International Gambling Systems SA (Belgium)

14.1.2 MEMBERS OF THE EXECUTIVE BOARD

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*	
FABRICE PAIRE **BORN ON 10 OCTOBER 1969 IN MONTMORENCY (FRANCE, VAL D'OISE)** 376 shares held	Supervisory Board Meeting held on 3 November 2008	30 October 2019	Chairman of the Executive Board		Member of the Executive Committee: Mereal Biometrics SAS (Paris) Corporate Manager: SCI Haute Bourgeois (Paris), SCI Faroy Mu (Paris) Director: Ispar Holding SA (Switzerland)	

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

IN FRANCE :
Chairman of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
Chairman, Director: Ludica SAS (Paris), Grand Casino de Bandol SAS, Compagnie pour le Développement du Tourisme Hyérois SAS, Partouche Technologies SAS (Saint-Avertin), Société d'Exploitation du Casino et Hôtels de Contrexéville SAS, Société Touristique de La Trinité SAS (Paris)
General Manager, Director: Partouche Interactive SA (Paris)
Deputy General Manager: Partouche Spectacles et Événements SAS (Paris), Compagnie Européenne de Casinos SAS (Paris)
Member of the Executive Committee: Partouche Images SAS (Paris), Partouche Images Afrique SAS (Paris)
Director: Le Touquet's SAS (Calais), Développement de la Baie de Kernic SAS (Plouescat), Casino de Pornichet SAS, Casino du Mole SAS (Pornic), Société du Casino Municipal de Royat SAS, Société d'exploitation du Casino de Divonne - "SECD" (Divonne-les-Bains), Casinos de Vichy SAS, Société des Chemins de Fer et Hôtel de Montagne aux Pyrénées SA - "CHM" (Paris), Élysée Palace Expansion SA (Paris), Casino de La Grande-Motte SAS, Casino de Palavas SAS (Palavas-les-Flots), Pasino Bet SAS (La Grande-Motte)
Permanent Representative:
- Legal entity of Compagnie Européenne de Casinos SAS, Director of Casino de Coutainville SA and of Le Miami SA (Andernos)
- Legal entity of Groupe Partouche SA, Director of Complexe Commercial de la Roche-Posay SA, Plombinoise de Casino SAS, Société d'Exploitation du Casino de la Rotonde SAS (Pléneuf-Val-André), Casino du Grand Café SAS (Vichy), Société du Casino du Palais de la Méditerranée SAS (Nice), Casino de Salies-de-Béarn SAS, Société d'Activités Thermales Hôtelières et de Loisirs - "Sathel" (La Tour de Salvagny), Société du Grand Casino de Gréoux-les-Bains SAS, Société du Casino d'Arcachon SA, Société du Grand Casino de Cabourg SAS, Casino d'Evaux-les-Bains SAS, Grand Casino du Havre SAS, Casino de la Tremblade SAS, Casino de la Pointe Croisette SAS (Cannes), Société Touristique Thermale et Hôtelière de Divonne SA (Divonne-les-Bains), Société Forges Thermal SA (Forges-les-Eaux), Eden Beach Casino SA (Juan-les-Pins), Casino Le Lion Blanc SAS (Saint-Galmier), Société du casino de St Amand les Eaux SAS, Grand casino de Lyon SAS
- Legal entity of Groupe Partouche SA, Corporate Manager of SCI Rue Royale (Paris)
Corporate Manager: Société du Casino de Bourbon Lancy SARL, Quarisma SARL (Paris), Partouche Tournois SARL (Paris), SCI du Casino de la Tremblade
Co-Corporate Manager: Appolonia SARL (Antibes)

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

BOARD MEMBER IDENTITY, DATE AND PLACE OF BIRTH	DATE OF FIRST APPOINTMENT	EXPIRATION OF APPOINTMENT	PRINCIPAL POSITION HELD WITHIN THE COMPANY	PRINCIPAL POSITION HELD OUTSIDE THE COMPANY	FUNCTIONS AND MANDATES HELD OUTSIDE THE GROUP*	
ARI SEBAG **BORN ON 25 SEPTEMBER 1961 IN TIARET (ALGERIA)** 5,682 shares	Supervisory Board Meeting held on 20 June 1996	30 october 2019	Member of the Executive Board	Member of the Executive Board and General Manager of Financière Partouche SA	Corporate Manager: SCI Elisa (Paris) General Manager: Groupe Partouche Bahamas Limited	
KATY ZENOU **BORN ON 6 AUGUST 1961 IN TIARET (ALGERIA)** 9,969 shares held	Supervisory Board Meeting held on 20 June 1996	30 October 2019	Member of the Executive Board	Member of the Executive Board and General Manager of Financière Partouche SA		
JEAN-FRANCOIS LARGILLIÈRE	Supervisory Board Meeting held on 30 October 2013	30 October 2019	Member of the Executive Board			

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

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

FUNCTIONS AND MANDATES HELD WITHIN THE GROUP*

IN FRANCE :
Member of the Executive Board of Groupe Partouche SA (with Executive Board and Supervisory Board)
General Manager and Member of the Executive Board of Financière Partouche SA (with Executive Board and Supervisory Board)
Managing Director, Director: Forges Thermal SA (Forges-les-Eaux)
Chairman, Director: Société du Casino et Bains de Mer de Dieppe SAS, Casino du Grand Café SAS (Vichy), Casino de Salies de Béarn SAS, Casino Le Lion Blanc SAS (Saint-Galmier), Société d'Exploitation du Casino de Divonne SAS - "SECD" (Divonne-les-Bains), Casino Municipal de Royat SAS (Royat), Développement de la Baie de Kernic SAS (Plouescat), Casinos de Vichy SAS (Vichy), Partouche Spectacles & Evénéments SAS (Paris), Casino de la Tremblade SAS
Chairman of the Board of Directors: Le Miami SA (Andernos), Société du Casino d'Arcachon SA, Élysée Palace Hôtel SA (Paris)
Chairman: Association Biennale d'Art Contemporain du Havre - ABACH
Deputy General Manager, Director: Grand Casino du Havre SAS
General Manager: Partouche Immobilier SAS (Paris)
Director: Casino de Coutainville SA, Cannes Balnéaires SA (Cannes), Holding Garden Pinède SAS (Paris), Société du Grand Casino de Cabourg SAS (Cabourg), Société Touristique de La Trinité (Paris), Partouche Technologies SAS (Saint-Avertin), Le Touquet's SAS (Calais), Société du Casino de Saint-Amand SAS (Saint-Amand-les-Eaux), Société du Grand Casino de Gréoux-les-Bains SAS, Plombinoise de Casino SAS (Plombières-les-Bains), Société de L'Élysée Palace SA (Paris), Société d'Activités Thermales Hôtelières et de Loisirs SA - "Sathel" (La Tour de Salvagny), Pasino Bet SAS (La Grande Motte)
Corporate Manager: Hôtel Cosmos SARL (Contrexéville), Grands Hôtels du Parc SARL (Contrexéville), Centre de Formation Professionnelle des Casinos SARL - "CFPC" (Paris), Partouche Productions SARL (Paris), SCI Pietra Pornic (Paris), SCI Pietra St Amand (Paris)
Member of the Executive Committee: Partouche Images SAS (Paris), Partouche Images Afrique SAS (Paris)
Co-Corporate Manager: Appolonia SARL (Antibes)
Permanent Representative:
- Legal entity of Groupe Partouche SA, Director of Numa SAS (Boulogne), Grand Casino de Bandol SAS, Casino de Pornichet SAS, Compagnie pour le Développement du Tourisme Hyérois SAS (Hyères), Casino de La Grand Motte SAS, Casino du Mole SAS (Pornic), Société d'Exploitation du Casino et Hôtels de Contrexéville SAS, Société des Brasseries et Casinos SA - "Les Flots Bleus" (La Ciotat), Société du Grand Casino d'Annemasse SA, Jean Metz SAS (Berck)
- Legal entity of Compagnie Européenne de Casinos SAS, Director of Casino d'Évaux-les-Bains SAS, Complexe Commercial de La Roche-Posay SA, Société du Casino du Palais de la Méditerranée SAS (Nice), and Société d'Exploitation de la Rotonde SAS (Pléneuf-Val-André)

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

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

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

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



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

READING DIRECTION ▶▶	ISIDORE PARTOUCHE	GASTON GHRENASSIA	PATRICK PARTOUCHE	SALOMÉ PARTOUCHE	WALTER BUTLER	DANIEL COHEN	VERONIQUE FORNERI	CAROLINE TEXIER	ARI SEBAG	KATY ZENOU	FABRICE PAIRE	JEAN-FRANCOIS LARGILLIERE
ISIDORE PARTOUCHE	-	-	Father	Grand-father	-	-	-	-	Uncle	Uncle	-	-
GASTON GHRENASSIA	-	-	-	-	-	-	-	-	-	-	-	-
PATRICK PARTOUCHE	Son	-	-	Father	-	-	-	-	Cousin	Cousin	-	-
SALOMÉ PARTOUCHE	Grand-daughter	-	Daughter	-	-	-	-	-	Cousin	Cousin	-	-
WALTER BUTLER	-	-	-	-	-	-	-	-	-	-	-	-
DANIEL COHEN	-	-	-	-	-	-	-	-	-	-	-	-
VERONIQUE FORNERI	-	-	-	-	-	-	-	-	-	-	-	-
CAROLINE TEXIER	-	-	-	-	-	-	-	-	-	-	-	-
ARI SEBAG	Nephew	-	Cousin	Cousin	-	-	-	-	-	Cousin	-	-
KATY ZENOU	Niece	-	Cousin	Cousin	-	-	-	-	Cousin	-	-	-
FABRICE PAIRE	-	-	-	-	-	-	-	-	-	-	-	-
JEAN-FRANCOIS LARGILLIÈRE	-	-	-	-	-	-	-	-	-	-	-	-

14.1.4 PROFESSIONAL EXPERIENCE

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

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

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

▸ Hubert Benhamou arrived in France in 1962 at the age of 13. He actively participated in the growth of the Group by managing several significant establishments from 1973 to 1996. He then held the position of Chairman of the Executive Board of Groupe Partouche until 31 January 2005. He remained CEO and an Executive Board member of Groupe Partouche until 2007, after which he took part in representing the profession as Chairman of the Syndicat des Casinos Mo-

dernes de France and in restoring the fortunes of Groupe de Divonne, acquired in September 2005.

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

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

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

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

▸ **Caroline Texier**, a lawyer admitted to the bar of New York and Paris, is a partner in the mergers and acquisitions/corporate law department at Gide. Her main areas of expertise are insolvency proceedings and debt restructuring. She also has considerable experience in international restructuring of companies in difficulty.

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

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

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

▸ **Jean-François Largillière** has a degree from the Compiègne school of hotel management. He began his career at the Voile d'Or in Saint-Jean Cap Ferrat, then joined the Accor Group at the Grand Hôtel de Cabourg and completed several training programmes at the Académie Accor. He joined Groupe Partouche on the takeover of Européenne de Gestion Hôtelière (EGH) in February 1992 and served in several of the Group's hotel establishments, including the Mercure in Nancy, the Méridien Part-Dieu in Lyon and the Aquabella hotel in Aix-en-Provence. In November 2008, he became manager of the Domaine de Divonne hotel, a position he held until being appointed to the Executive Board of Groupe Partouche in November 2013.

14.1.5 ADDITIONAL INFORMATION

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

14.1.6 CONDEMNATIONS, BANKRUPTCIES, SANCTIONS, ETC.

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

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

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

14.2.1 INDEPENDENCE OF EXECUTIVE BODIES

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

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

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

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

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

14.2.2 TRANSACTIONS IN SECURITIES BY GROUPE PARTOUCHE SENIOR EXECUTIVES

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

During the financial year ended 31 October 2017, the Executive Board members did not acquire any new shares, and among the Supervisory Board members, only Salomé Partouche acquired five shares, and Caroline Texier acquired one share after the financial year-end date.

14.3 INTERNAL RULES OF PROCEDURE FOR THE SUPERVISORY BOARD

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

ARTICLE 1. STRATEGIC ORIENTATIONS

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

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

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

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

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

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

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

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

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

ARTICLE 3. CONTROL BY THE SUPERVISORY BOARD

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 5. SUPERVISORY BOARD COMMITTEES

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

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

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

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

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

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

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

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

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

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

ARTICLE 6. AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

ARTICLE 7. APPOINTMENTS AND COMPENSATION COMMITTEE

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

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

ARTICLE 8. MEETINGS OF THE SUPERVISORY BOARD

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

This meeting calendar includes the dates for regular meetings of Supervisory Board (four quarterly meetings on activity; one meeting on the first-half financial statements; one meeting on the full-year financial statements) and, on a provisional basis and subject to modification, the dates to be reserved by members of the Supervisory Board for possible special meetings.

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

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

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

ARTICLE 9. PARTICIPATION IN SUPERVISORY BOARD MEETINGS VIA VIDEOCONFERENCING

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

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

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

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

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

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

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

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

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

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

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

The Chairman brings to the attention of the members of the Supervisory Board the information to be released to the va-

rious markets, as well as the contents of press releases distributed for this purpose in the name of the Group.

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

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

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

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

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

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

The members of the Supervisory Board must refrain from:

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

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

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

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

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

15

REMUNERATION AND BENEFITS

15.1 AMOUNT OF REMUNERATION AND BENEFITS PAID

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

The total remuneration paid to the Executive and Supervisory bodies during the financial year ended 31 October 2017 amounted to €2,098,402.

15.1.2 REMUNERATION OF COMPANY OFFICERS

A) SUMMARY OF THE REMUNERATION OF EACH SENIOR EXECUTIVE OFFICER

Pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code, all remuneration received from Groupe Partouche during the financial year ended 31 October 2017 is summarised in the table below on an individual basis:

FINANCIAL YEAR ENDED	31/10/2017		31/10/2016		31/10/2015	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
MEMBERS OF THE SUPERVISORY BOARD						
Patrick Partouche – Chairman of the Supervisory Board						
Fixed remuneration	518 085	518 085	518 085	518 085	518 085	518 085
Exceptional remuneration						
Directors' fees	21 176	33 176	12 000	12 000	12 000	
Benefits in kind*	6 915	6 915	6 915	6 915	6 915	6 915
Total	546 176	558 176	537 000	537 000	537 000	525 000
Isidore Partouche – Vice-Chairman of the Supervisory Board						
Fixed remuneration	120 000	120 000	120 000	120 000	120 000	120 000
Exceptional remuneration						
Directors' fees	30 035	40 035	22 111	22 111	22 768	12 768
Benefits in kind						
Total	150 035	160 035	142 111	142 111	142 768	132 768

FINANCIAL YEAR ENDED	31/10/2017		31/10/2016		31/10/2015	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
Salomé Partouche – Member of the Supervisory Board (appointed on 1 November 2016 to replace Hubert Benhamou)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	17 647	17 647				
Benefits in kind						
Total	17 647	17 647	-	-	-	-
Hubert Benhamou – Member of the Supervisory Board (resigned on 1 November 2016)						
Fixed remuneration			6 000	6 000	6 000	6 000
Exceptional remuneration					667	667
Directors' fees		10 000	10 000	12 000	12 000	
Benefits in kind			8 005	8 005	8 001	8 001
Total		10 000	24 005	26 005	26 668	14 668
Walter Butler – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	10 588	20 588	10 000	6 000	6 000	
Benefits in kind						
Total	10 588	20 588	10 000	6 000	6 000	-
Laurent Parquet – Member of the Supervisory Board (BCP Representative, appointed on 13 September 2016 to replace Lionel Mestre)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	21 176	33 176				
Benefits in kind						
Total	21 176	33 176				
Lionel Mestre – Member of the Supervisory Board (BCP Representative, resigned on 13 September 2016)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees			12 000	10 000	10 000	
Benefits in kind						
Total	-	-	12 000	10 000	10 000	-
Daniel Cohen – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	17 647	27 647	10 000	10 000	10 000	
Benefits in kind						
Total	17 647	27 647	10 000	10 000	10 000	-
Véronique Masi Forneri – Member of the Supervisory Board						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	7 059	13 059	6 000	6 000	6 000	
Benefits in kind						
Total	7 059	13 059	6 000	6 000	6 000	-

FINANCIAL YEAR ENDED	31/10/2017		31/10/2016		31/10/2015	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
Caroline Texier – Member of the Supervisory Board (to replace Gaston Ghrenassia)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees	7 059	7 059				
Benefits in kind						
Total	7 059	7 059				
Gaston Ghrenassia – Member of the Supervisory Board (resigned on 27 June 2017)						
Fixed remuneration						
Exceptional remuneration						
Directors' fees		2 000	2 000	2 000	2 000	
Benefits in kind						
Total	-	2 000	2 000	2 000	2 000	-
MEMBERS OF THE EXECUTIVE BOARD						
Fabrice Paire – Chairman of the Executive Board						
Fixed remuneration	410 000	410 000	360 000	360 000	353 000	353 000
Exceptional remuneration			30 000	30 000		
Directors' fees						
Benefits in kind	7 030	7 030	6 859	6 859	7 207	7 207
Total	417 030	417 030	396 859	396 859	360 207	360 207
Ari Sebag – Member of the Executive Board, General Manager						
Fixed remuneration	402 583	402 583	402 583	402 583	402 583	402 583
Exceptional remuneration						
Directors' fees						
Benefits in kind*	8 382	8 382	8 330	8 330	8 266	8 266
Total	410 965	410 965	410 913	410 913	410 849	410 849
Katy Zenou – Member of the Executive Board, General Manager						
Fixed remuneration	233 924	233 924	233 924	233 924	233 924	233 924
Exceptional remuneration						
Directors' fees						
Benefits in kind	915	915				
Total	234 839	234 839	233 924	233 924	233 924	233 924
Jean-François Largillière – Member of the Executive Board						
Fixed remuneration	183 000	183 000	168 000	168 000	164 000	164 000
Exceptional remuneration			14 000	14 000		
Directors' fees						
Benefits in kind*	3 180	3 180	2 574	2 574	610	610
Total	186 180	186 180	184 574	184 574	164 610	164 610

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

All the components of compensation are fixed amounts, apart from the exceptional bonuses paid to Fabrice Paire and Jean-François Largillière in 2016 in respect of their corporate offices.

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

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

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

C) PERFORMANCE SHARES AWARDED TO EACH SENIOR EXECUTIVE OFFICER

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

D) EMPLOYMENT CONTRACTS, SPECIFIC RETIREMENT PLANS, SEVERANCE PAYMENTS AND NON-COMPETITION CLAUSE FOR SENIOR EXECUTIVE OFFICERS

	EMPLOYMENT CONTRACT		COMPLEMENTARY RETIREMENT PLAN		INDEMNITIES OR ADVANTAGES DUE OR LIKELY TO BE DUE UPON DEPARTURE OR CHANGE OF POSITION		INDEMNITIES RELATED TO A NON-COMPETITION CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
SUPERVISORY BOARD								
Patrick Partouche *Chairman of the Supervisory Board* *First appointment: 18 March 2011* *End of office: 31 October 2019*		X		X		X		X
Isidore Partouche *Vice-Chairman of the Supervisory Board* *First appointment: 20 June 1996* *End of office: 31 October 2019*		X		X		X		X
Salomé Partouche (to replace Hubert Benhamou) *Member of the Supervisory Board* *First appointment: 13 December 2016* *End of office: 31 October 2022*		X		X		X		X
Hubert Benhamou (resigned on 1 November 2016) *Member of the Supervisory Board* *First appointment: 29 April 2011* *End of office: 31 October 2016*				X		X		X

	EMPLOYMENT CONTRACT		COMPLEMENTARY RETIREMENT PLAN		INDEMNITIES OR ADVANTAGES DUE OR LIKELY TO BE DUE UPON DEPARTURE OR CHANGE OF POSITION		INDEMNITIES RELATED TO A NON-COMPETITION CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Walter Butler *Member of the Supervisory Board* *First appointment:* *29 April 2011* *End of office:* *31 October 2022*		X		X		X		X
Laurent Parquet (to replace Lionel Mestre with effect from 13 September 2016) *Member of the Supervisory Board* *First appointment:* *13 September 2016* *End of office:* *31 October 2022*		X		X		X		X
Lionel Mestre (replaced by Laurent Parquet with effect from 13 September 2016) *Member of the Supervisory Board* *First appointment:* *11 June 2014* *End of office:* *31 October 2016*				X		X		X
Daniel Cohen *Member of the Supervisory Board* *First appointment:* *13 December 2011* *End of office:* *31 October 2019*		X		X		X		X
Véronique Masi Forneri *Member of the Supervisory Board* *First appointment:* *24 April 2014* *End of office:* *31 October 2019*		X		X		X		X
Caroline Texier (to replace Gaston Ghrenassia) *Member of the Supervisory Board* *First appointment:* *27 June 2017* *End of office:* *31 October 2019*		X		X		X		X

	EMPLOYMENT CONTRACT		COMPLEMENTARY RETIREMENT PLAN		INDEMNITIES OR ADVANTAGES DUE OR LIKELY TO BE DUE UPON DEPARTURE OR CHANGE OF POSITION		INDEMNITIES RELATED TO A NON-COMPETITION CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Gaston Ghrenassia (resigned on 27 June 2017) *Member of the Supervisory Board* *First appointment: 20 June 1996* *End of office: 31 October 2019*		X		X		X		X
EXECUTIVE BOARD								
Fabrice Paire* *Chairman of the Executive Board* *First appointment: 3 November 2008* *End of office: 30 October 2019*	X			X		X		X
Ari Sebag *Member of the Executive Board / General Manager* *First appointment: 20 June 1996* *End of office: 30 October 2019*		X		X		X		X
Katy Zenou *Member of the Executive Board / General Manager* *First appointment: 20 June 1996* *End of office: 30 October 2019*		X		X		X		X
Jean-François Largillière *Member of the Executive Board* *First appointment: 30 October 2013* *End of office: 30 October 2019*		X		X		X		X

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

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

For the 2016-17 financial year, €120,000 in directors' fees was allocated by Groupe Partouche to the members of the Supervisory Board and paid in full in September 2017, along with the €72,000 outstanding balance of the 31 October 2016 allocation, for a total of €192,000.

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

The total amount set aside in respect of retirement benefits for the past financial year for all persons listed in Section 14.1 was €15,485.

16

OPERATION OF DIRECTORS' AND EXECUTIVE BODIES

16.1 APPOINTMENTS OF DIRECTORS AND EXECUTIVE COMPANY OFFICERS

Supervisory Board:

- The appointments of Isidore Partouche, Patrick Partouche, Daniel Cohen, Caroline Texier and Véronique Masi Forneri will expire at the end of the Annual Shareholders' Meeting convened to approve the financial statements for the financial year ended 31 October 2019;
- The appointments of Walter Butler, Butler Capital Partners (represented by Laurent Parquet), and Salomé Partouche will expire at the close of the Annual General Meeting convened to approve the financial statements for the financial year ending 31 October 2022.

Executive Board:

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

16.2 SERVICE CONTRACTS PROVIDING FOR FUTURE BENEFITS

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

RELATIONS WITH FINANCIÈRE PARTOUCHE SA

Financière Partouche SA holds 6,433,585 shares (i.e. 66.83%) of the 9,627,034 shares with a par value of €20 each that make up Groupe Partouche SA's share capital.

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

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

1. SHAREHOLDER'S ADVANCE AGREEMENT

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

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

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

(b) Payment of the remaining balance due to Financière Partouche in eight progressive annual instalments.

The repayment terms of the shareholder's advance maturing on 31 December 2015, laid down in a judgment of the Paris Commercial Court dated 29 September 2014 concerning the Groupe Partouche SA Safeguard Plan (cf. Section 4.1.2), were partially fulfilled at the time the Paris Commercial Court issued its judgments of 2 November and 8 December 2016 amending the terms of implementation of the Groupe Partouche SA Safeguard Plan, pursuant to which the loan from Financière Partouche was repaid in full in financial year 2017.

2. SUBORDINATION AGREEMENT

Before the Safeguard Procedure (procédure de sauvegarde) was initiated, repayment of the syndicated loan took precedence over the repayment of the shareholder's advance. No dividends or interest were paid by Groupe Partouche to Financière Partouche under the subordinated shareholder's advance or for any other motive except for repayments from the surplus cash flow system already in place.

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

SERVICE CONTRACTS INVOLVING ISPAR HOLDING SA

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

It holds 288,628 shares in the Company, representing 2.98% of the share capital.

SERVICE CONTRACTS INVOLVING SHAL & CO SA

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

Except for the information provided here above and as provided in 16.2 of Annex I of Commission Regulation (EC) No. 804/2004, there are no other service contracts entered into by members of the administrative, management or supervisory bodies of the issuer or of any of its subsidiaries providing for benefits upon termination of such a contract.

16.3 EXECUTIVE AND SUPERVISORY BOARDS

16.3.1 EXECUTIVE BOARD

See Articles 16 to 19 of the Articles of Association.

COMPOSITION OF THE EXECUTIVE BOARD

Fabrice Paire: Chairman
Ari Sebag: member
Katy Zenou: member
Jean-François Largillière: member

MEETINGS OF THE EXECUTIVE BOARD

The Executive Board met eight times during the financial year ended 31 October 2017, and twice after the balance sheet date at the date of registration of this document, with an attendance rate of 99%.

FUNCTIONING OF THE EXECUTIVE BOARD

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

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

MAIN WORK PERFORMED IN FINANCIAL YEAR 2017

The meetings of the Executive Board during the financial year ended 31 October 2017 were concerned with the preparation and presentation of the detailed activity reports submitted to the Supervisory Board at the end of quarterly, half-yearly and annual periods. These reports allow the Supervisory Board to completely fulfil its role.

MEETINGS TO REVIEW THE ACCOUNTS:

- Quarterly financial statements: 12 December 2016 (Q4 2016), 13 March 2017 (Q1 2017), 12 June 2017 (Q2 2017), 11 September 2017 (Q3 2017); after the balance sheet date: 11 December 2017 (Q4 2017);
- Interim consolidated financial statements: 19 June 2017;
- Annual financial statements: 16 January 2017 (financial year 2016); after the balance sheet date: 22 January 2018 (approval of the 2017 financial statements).

OTHER MEETINGS:

- 10 July 2017 in view of payment of an exceptional dividend;
- 2 August 2017 in view of the company issuing a joint and several guarantee in favour of a bank syndicate to secure a loan with respect to one of its subsidiaries.

DECISIONS BY THE CHAIRMAN OF THE EXECUTIVE BOARD:

- 2 August 2017: granted powers to a notary to take all necessary steps on behalf of Groupe Partouche SA to

complete the operation by which Groupe Partouche SA issues a joint and several guarantee to secure repayment of the property loan granted to one of its subsidiaries;

▸ 19 October 2017: formally noted completion of the reduction in the company's share capital and corresponding amendments to the Articles of Association.

16.3.2. SUPERVISORY BOARD

See Articles 20 to 23 of the Articles of Association.

COMPOSITION OF THE SUPERVISORY BOARD

Supervisory Board:

Patrick Partouche: Chairman

Isidore Partouche: Vice-Chairman

Walter Butler: member

Butler Capital Partners, member permanently represented by Laurent Parquet

Daniel Cohen: member

Salomé Partouche: member co-opted by the Supervisory Board at its meeting of 13 December 2016 to replace Hubert Benhamou, who resigned

Véronique Masi Forneri: member

Caroline Texier: member co-opted by the Supervisory Board at its meeting of 27 June 2017 to replace Gaston Ghrenassia, who resigned.

FUNCTIONING OF THE SUPERVISORY BOARD

Please refer to Section 21.2.2 of this document.

MEETINGS OF THE SUPERVISORY BOARD

During the financial year ended 31 October 2017, the Supervisory Board met six times at the company's registered office and held two meetings using audioconferencing facilities. The average attendance rate was over 90%.

It has so far met twice since the balance sheet date.

PREPARATORY WORK IN ADVANCE OF BOARD MEETINGS

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

EVALUATION OF SUPERVISORY BOARD MEMBERS

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

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

Certain members of the Supervisory Board, such as Isidore Partouche and Patrick Partouche, have over 30 years' experience and a genuine expertise in the casino sector; others, such as Walter Butler, Daniel Cohen and Laurent Parquet (permanent representative of BCP), have genuine expertise in development and investment, financial strategy and risk management; others, such as Véronique Forneri and Salomé Partouche, have genuine artistic expertise; lastly, Caroline Texier has significant expertise in corporate law.

The Supervisory Board evaluates the performance of its members once a year. During the financial year under review, this evaluation was on the agenda of the meeting on 12 September 2017 and did not identify any failings with the potential to adversely impact the Company.

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

MAIN WORK PERFORMED IN FINANCIAL YEAR 2017

At its meetings, the Supervisory Board focused first and foremost on reviewing the activity reports and parent company and consolidated financial statements submitted to it by the Executive Board at the end of each quarter, half-year and year. The Chairman of the Executive Board was often invited to attend these meetings to provide additional information and answers to any questions raised by the Supervisory Board.

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

IT REVIEWED THE EXECUTIVE BOARD'S REPORTS ON:

▸ Quarterly business activity: 13 December 2016 (business activity in Q4 2016), 14 March 2017 (business activity in Q1 2017), 12 June 2017 (business activity in Q2 2017), 12 September 2017 (business activity in Q3 2017); after the balance sheet date, 12 December 2017 (business activity in Q4 2017);

▸ The interim consolidated financial statements: 27 June 2017;

▸ The annual financial statements for financial year 2016: 24 January 2017; and, after the balance sheet date, the annual financial statements for financial year 2017: 30 January 2018.

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

- **13 December 2016:**
  - Formally noted the resignation of Hubert Benhamou and co-opted Salomé Partouche to replace him, discussed the functioning of the Supervisory Board,
  - Formally noted authorisations for Groupe Partouche SA to provide guarantees to its subsidiaries,
  - Decided upon the apportionment of directors' fees;
- **24 January 2017:**
  - Heard the Chairman of the Executive Board on his strategy and the presentation of the provisional budget for the financial year 2017,
  - Heard the observations of the Audit Committee, following its meeting on 17 January 2017, on the annual financial statements for the year ended 31 October 2016,
  - Reviewed agreements subject to the provisions of Article L.225-86 of the French Commercial Code,
  - Authorised the Executive Board to acquire the shares held by Financière Partouche SA in Enderbury GR Ltd, under an agreement subject to the provisions of Article L.225-86 of the French Commercial Code;
- **14 March 2017:**
  - Formally noted the decision by the Executive Board to take out a €25 million loan repayable over six years from a banking syndicate led by CIC, with the intention of funding, via an intra-group loan, works undertaken by subsidiaries, the amount of which shall, in particular, be more than €2 million and less than €5 million;
- **12 June 2017:**
  - Authorised the Executive Board to issue a Groupe Partouche SA guarantee to enable its subsidiary SAS Casino du Mole to obtain a property lease,
  - Reviewed a new proposal relating to the sale of the Palm Beach casino;
- **27 June 2017:**
  - Heard the report by the Audit Committee on the interim financial statements to 30 April 2017, following that committee's meeting of 21 June 2017,
  - Formally noted the resignation of Gaston Ghrenassia and co-opted Caroline Texier to replace him;
- **11 July 2017:**
  - Approved the decision by the Executive Board to convene an Extraordinary Shareholders' Meeting in view of payment of an exceptional dividend;
- **2 August 2017:**
  - Authorised the Executive Board to issue a Groupe Partouche SA guarantee to secure a property lease loan granted to one of its subsidiaries;
- **12 September 2017:**
  - Authorised Groupe Partouche SA to absorb Enderbury through a transfer of all of the latter's assets and liabilities,
  - Formally noted the decision by the Executive Board to convene an Extraordinary Shareholders' Meeting to reduce the share capital by retiring treasury shares,
  - Discussed the functioning of the Supervisory Board and the performance of senior executives,
  - Decided upon the apportionment of attendance fees among members of the Board,
  - Gave advance authorisation to the Executive Board to subscribe to increases in share capital planned by five subsidiaries for the purposes of restoring their equity,
  - Authorised the Executive Board to issue Groupe Partouche SA guarantees to local councils requesting them in connection with pending renewals of public service concession agreements.

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

- **12 December 2017:**
  - Authorised the company to enter into a regulated agreement;
- **30 January 2018:**
  - Heard the observations of the Chairman of the Audit Committee, following its meeting on 23 January 2018, on the parent company and consolidated financial statements for the year ended 31 October 2017,
  - Heard the Chairman of the Executive Board on his strategy and the presentation of the provisional budget for financial year 2018,
  - Drew up the report containing the observations of the Supervisory Board at the Ordinary Shareholders' Meeting,
  - Reviewed procedures for implementing with the company and the Group 'Sapin 2 Act' arrangements to prevent corruption and conflicts of interest,
  - Reviewed agreements subject to the provisions of Article L.225-86 of the French Commercial Code,
  - Reviewed parts of the internal rules of procedure to be updated to bring them into compliance with newly introduced regulatory provisions (notably the 'Sapin 2' Act),
  - Reviewed arrangements for introducing employee representation on the Supervisory Board,
  - Discussed policy on and criteria for determining compensation paid to executive officers of the company,
  - Then, drew up the report containing the observations of the Supervisory Board at the Ordinary Shareholders' Meeting on means of compensation,
  - Authorised the Executive Board to issue a Groupe Partouche SA guarantee to secure a loan taken out by one of its subsidiaries,
  - Authorised the Executive Board to take out a loan on behalf of one of its subsidiaries,
  - Authorised the Executive Board to renegotiate the repayment terms of its syndicated loan.

16.3.3 SUPERVISORY BOARD COMMITTEES

With effect from 8 June 2011, the Supervisory Board has had a number of subcommittees, including in particular two standing committees – the Audit Committee and the Appointments and Compensation Committee – and temporary committees formed as and when deemed necessary in light of specific circumstances and subsequently dissolved when their purpose is no longer relevant.

THE AUDIT COMMITTEE

The Audit Committee has three members: Patrick Partouche, Chairman; Daniel Cohen; and BCP, represented by Laurent Parquet.

This committee has met regularly since it was formed.

In particular, in the past financial year, it met twice, on 17 January and on 21 June 2017 to review the annual and interim consolidated financial statements; moreover it met once, after the balance sheet date, on 23 January 2018 with the Statutory Auditors to verify the annual parent company and consolidated financial statements and to assess, at the close of the 2017 financial year, the process of preparing financial reporting and the effectiveness of the internal control and risk management procedures in place within the Group (see the Chairman's report in Section 16.5.1).

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

THE APPOINTMENTS AND COMPENSATION COMMITTEE

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

The Compensation Committee met once in the financial year to discuss and determine the broad outlines of policy and criteria concerning compensation paid to executive officers of the company, with a view to helping the Supervisory Board draw up the report for the Annual General Meeting, as required by law.

16.4 COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

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

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

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

TABLE SUMMARISING COMPLIANCE WITH THE MIDDLENEXT CORPORATE GOVERNANCE CODE

	RECOMMENDATIONS	GROUPE PARTOUCHE
EXECUTIVE POWER	Appropriate skills	Yes: multiple complementary skills
	Executives not isolated	Yes: Executive Board
	Level and type of compensation	In line with recommendations No severance benefits No supplementary pension No share options or bonus shares No variable compensation
EXECUTIVE POWER	Combining employment contracts with corporate office: left to the discretion of the Supervisory Board	A reasoned yes: Fabrice Paire, Chairman of the Executive Board, was Chief Administrative Officer from 2001 to 2005, after which he was corporate secretary. In light of his experience and in the interests of the Company, he retained his employment contract after being appointed to the Executive Board; in any event, his duties in the two positions he holds are completely separate, as reiterated by the Supervisory Board on 25 June 2013. Executive Board member Jean-François Largillière joined Groupe Partouche in February 1992 when the Group bought out EGH. He has managed various of the Group's hotels, including Grand Hôtel de Divonne from 2008 to 2013, when he was appointed to the Executive Board. In the company's interest, he has also acted as Operations Director since that date, a role that is completely separate from his duties within the Executive Board.
SUPERVISORY POWER	Internal rules	All recommendations followed apart from that on the rules for determining compensation; there is, however, an Appointments and Compensation Committee.
	Compliance	All recommendations followed
	Composition of the Supervisory Board: At least two independent members	Yes, since 1 January 2014: Véronique Forneri and Daniel Cohen
	Choice of members Prior communication of experience and skills	Yes
	Terms of office: appropriate to the Company's specific circumstances, subject to the limitations laid down in law	Yes
	Information provided to the members of the Supervisory Board	In line with recommendations
	Number and frequency of meetings	In line with recommendations
	Formation of committees No obligation for committees other than the Audit Committee. Option of forming an Audit Committee or convening the Board to perform the duties of the Audit Committee.	Two standing committees: - Appointments and Compensation - Audit, with one independent member since 1 January 2014
	Assessment of the Board's work	In line with recommendations
	Compensation	In line with recommendations: No severance benefits No supplementary pension No share options or bonus shares No variable compensation (bonuses)
	Corporate officers' obligations in respect of number of shares and multiple directorships	In line with recommendations
"SOVEREIGN" POWER	No specific recommendations	Compliance with key points requiring special attention

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

In addition, since June 2017, when Caroline Texier was co-opted to replace Gaston Ghrenassia, who resigned, the Supervisory Board has consisted of eight members, three of them women.

Two of its members qualify as independent under the criteria set out in the Middlenext code used by the Supervisory Board.

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

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

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

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

To the Shareholders,

Pursuant to the provisions of Article L.225-68 of the French Commercial Code, as amended by Article 117 of the French Financial Security Act, it is my responsibility as Chairman of the Supervisory Board of Groupe Partouche SA to present (i) the conditions under which the Board's work is prepared and organised and (ii) the internal control procedures implemented by your Company during the financial year ended 31 October 2017, procedures which apply to all consolidated majority-controlled subsidiaries.

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

You are also informed that:

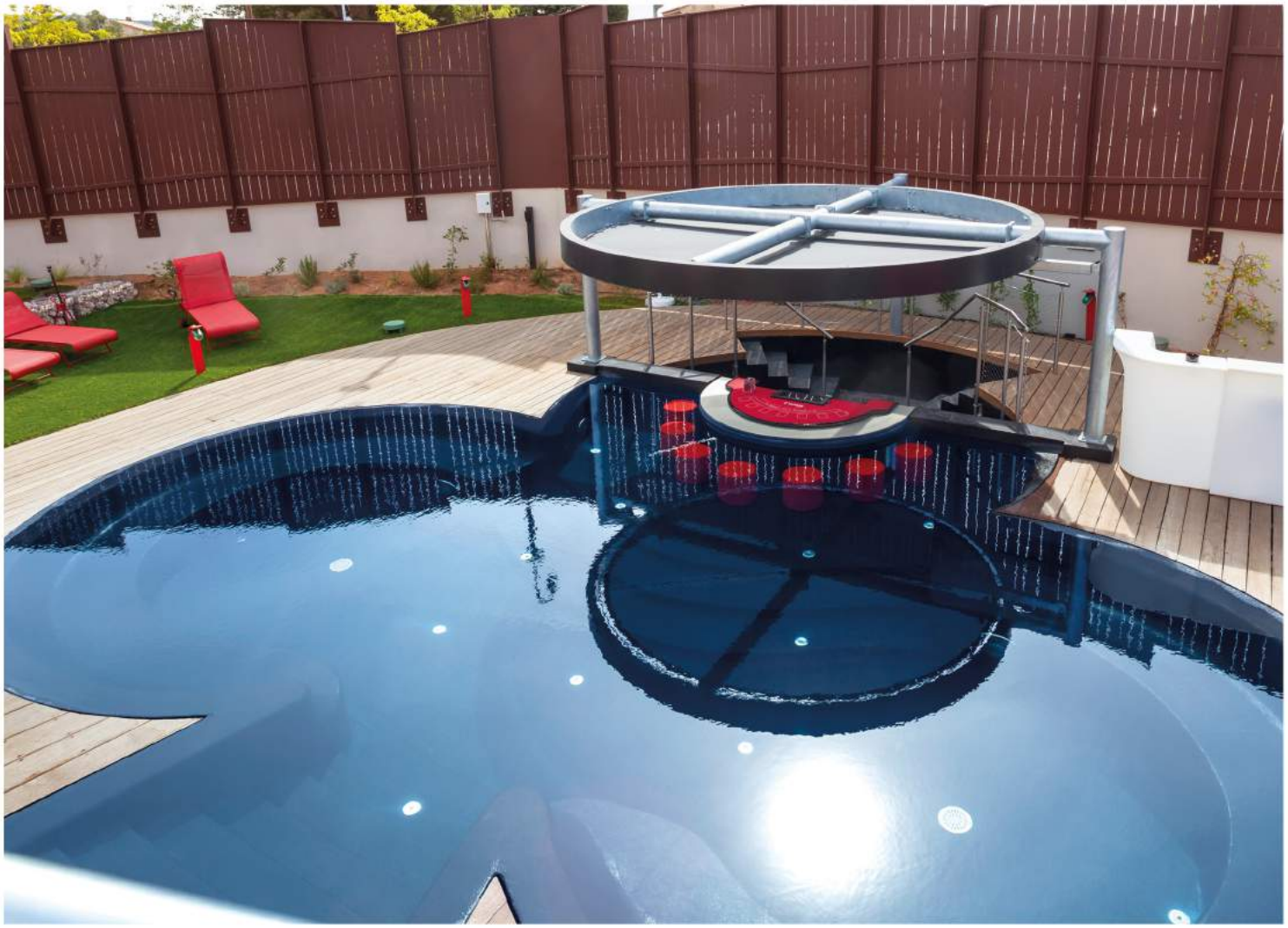
- Corporate governance practices are set out in Section 16.4;
- The methods used to determine remuneration for corporate officers are set out in Section 15.1.2;
- The terms under which shareholders may attend Shareholders' Meetings are set out in Items III and V of Article 27 of the Articles of Association;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

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

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

- the organisation and functioning methods of the Supervisory Board;
- the report on its actions for the financial year under review;


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- its preparatory work;
- the evaluation of its members.

INTERNAL CONTROL PROCEDURES IMPLEMENTED

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

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

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

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

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

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

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

SCOPE OF INTERNAL CONTROL

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

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

IMPLEMENTATION OF INTERNAL CONTROL OBJECTIVES

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

IDENTIFICATION, ASSESSMENT, MONITORING AND CONTROL OF RISKS

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

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

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

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

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

INTERNAL CONTROL PROCEDURES RELATING TO OPERATIONAL CONTROL AND LEGAL AND REGULATORY COMPLIANCE DES LOIS ET RÉGLEMENTS

OPERATIONAL CONTROL

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

INFORMATION SYSTEMS:

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

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

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

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

RELEVANT CONTROL AND RISK MONITORING PROCEDURES:

Accounting staff at subsidiaries are also provided with an internal user guide on managing payroll, covering both technical aspects (procedures and instructions) and legal aspects (calculation methods used by the Group in accordance with employment standards, collective bargaining agreements and

tax regulations). This ensures that they are able to make proper use of these tools, thus guaranteeing that the information used is relevant.

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

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

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

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

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

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

For this reason, since 2011 Groupe Partouche has had an information systems department in charge of network and IT system security, which has focused its efforts on improving and securing the network as much as possible, although it remains exposed to the potential risk of total or partial failure.

LEGAL AND REGULATORY COMPLIANCE

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

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

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

LEGAL DEPARTMENT

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

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

RELEVANT CONTROL AND MONITORING PROCEDURES

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

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

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

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

One of the main objectives of internal control is to contribute to the assurance that the Group's accounting and financial information, in particular the parent company and consolidated financial statements, gives a true and fair view of the Group's net assets and business activities, and that this information makes possible the identification and evaluation of risks of any type to which it may be exposed.

STRUCTURE OF THE ACCOUNTING FUNCTION

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

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

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

The consolidated financial statements are audited by the Group's Statutory Auditors.

Information is regularly exchanged with the heads of subsidiaries, which means that any special transactions affecting the subsidiaries may be anticipated.

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

The various steps in the preparation of the consolidated financial statements are described below.

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

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

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

The subsidiaries are provided, on the one hand, with consolidation instructions for the production of consolidation packages, which describe consolidation work through the documents used and the procedures for relaying information, and on the other hand, accounting close information, comprising the schedule of consolidation operations and the list of specific information required for each accounting close.

Finally, the finance department checks for compliance with standards on all matters likely to have an impact on the consolidated financial statements. At its level it also brings together information on all issues reported by subsidiaries for technical evaluation and for making decisions on accounting treatments.

A standardised Group chart of accounts is used by the operating units, in line with specific provisions relating to general accounting records for casinos.

Procedural instructions are prepared by the Group's central accounting team for the subsidiaries, particularly to cover the specificities of accounting practices for their business sectors.

These arrangements ensure that accounting data transmitted to Groupe Partouche SA is consistent. The Group's central accounting team organises and schedules accounting close tasks for Groupe Partouche SA's parent company financial statements, and prepares an annual and half-yearly control reference.

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

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

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

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

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

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

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

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

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

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

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

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

Groupe Partouche's central accounting department co-ordinates and supervises the structure of accounting departments across the Group.

Groupe Partouche SA uses a standard accounting information system, the same one in use by all its operating units.

All of the Group's management, financial and accounting systems are regularly updated in accordance with the Group's ongoing requirements as regards financial data reliability and management.

RELEVANT CONTROL AND MONITORING PROCEDURES

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

These controls cover in particular the recording of monthly turnover figures, the monitoring of investments, debt recovery and purchases. Financial information fed back by all subsidiaries is subsequently checked by the Group.

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

Apart from the controls themselves, the Group makes sure that financial employees receive continuous training in order to stay abreast of the latest control techniques suited to the Group's changing requirements in this field.

Finally, the Group regularly assesses internal control points in order to check the pertinence of the models used as regards the reliability and security of financial data, thus ensuring that the risks of any inadequacies relating to these controls are properly managed.

The Group carries out monthly reporting on its accounts and performs half-yearly accounting closes.

The main monthly accounting controls carried out are as follows:

- Verification that accounts are properly kept and maintained;
- Audit of current accounts between Groupe Partouche SA and the other Group entities to ensure that they are properly reconciled and that their content is logical (performed by the head office accounting team);
- Bank reconciliations;
- Verification that turnover figures have been recorded correctly.

Furthermore, the main controls carried out by the finance department are as follows:

- Verification of the reciprocity of the current accounts at Group level;
- Monthly analysis of the results of operating companies;
- More complete balance sheet analyses performed in April and in October at the half-yearly and annual accounting closes alongside the publication of an in-depth analysis of all balance sheet items, off-balance sheet items and changes in financial position.

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

- analysis of operating margins;
- analysis of budget variations;
- analysis of financial indicators and costs;
- analysis of investments;
- analysis of financial income;
- analysis of net borrowings.

HEAD OFFICE MANAGEMENT TEAMS

The management services of Groupe Partouche SA's head office are responsible for coordinating the Group's management controls. They are supported by the accounting managers in charge of preparing and monitoring budgets and the financial reporting of their operating units, within the subsidiaries.

The following control and monitoring procedures have been put in place:

▪ BUDGET PROCESS

A market-leading software solution is used to handle the Group's entire budget process. This solution uses a single reference framework applicable to all operating units, which ensures the homogeneity of information. The units have decentralised data input modules which feed into a single group-wide database.

This database guarantees the reliability and the traceability of information, in particular by way of general controls and automated data validation as well as a set of controls that are specific to the Group's line of business.

The budget process also serves as an effective internal control procedure enabling the analysis of financial flows.

▪ MONTHLY FINANCIAL REPORTING

At each month-end, financial reports are generated and submitted to senior management. Meetings are held during which division heads present their monthly activity reports. A comprehensive analysis of results for operating companies is also carried out on a monthly basis. Information entered by accounting teams is imported by the Group's management software package to support this analysis.

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

The key stages of the budget process are as follows:

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

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

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

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

TEAMS RESPONSIBLE FOR CASH MANAGEMENT AND FINANCING

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

Specifically, these teams are responsible for:

- managing financial resources (financing and investment) to maintain the Group's cash levels;
- ensuring control of financial expenses;
- managing cash flows;

- quantifying and hedging financial risks;
- monitoring banking relationships;
- supporting the subsidiaries' management decisions and their financing of new projects.

RELEVANT CONTROL AND MONITORING PROCEDURES

In order to fulfil their responsibilities, the Group's cash management and financing teams have established rules and procedures applicable across the Group, including a procedure relating to signing authorities for bank accounts to limit fraud risk.

Weekly and monthly reports keep senior management informed of the Group's budgeted and actual debt and liquidity levels, the results of risk monitoring activities, maturities of hedging transactions and the status of banking relationships, etc.

FINANCIAL COMMUNICATIONS

The Group's financial communications team reports to the Chief Financial Officer and works from the head office. It is responsible for keeping financial market participants informed of the Company's strategy and the results of its operations.

RELEVANT CONTROL AND MONITORING PROCEDURES

A schedule is drawn up each year summarising all of the Company's financial reporting obligations to the market as well as regulatory and stock market authorities.

The schedule specifies the nature of all specific requirements that must be met over the course of the year, together with their deadlines.

This schedule is distributed internally to the relevant teams.

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

- Monthly audits of all accounting and financial information (operational finance and cash management functions);
- Verification by the Statutory Auditors of information presented in the half-yearly and annual financial statements;
- Finally, the Chief Financial Officer, who is ultimately responsible for compliance with financial reporting requirements, works with the legal department to identify the applicable legal and regulatory reporting obligations relating to risk.

In conclusion, Groupe Partouche applies the policy it has implemented to increase awareness of the risks associated with its business activities, and has internal control procedures in place to ensure optimal risk monitoring and management, based in particular on the work of the Audit Committee, all of whose members bring considerable expertise in these areas.

Patrick Partouche
Chairman of the Supervisory Board

16.5.2 REPORT OF THE STATUTORY AUDITORS, PREPARED IN APPLICATION OF ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

To the Shareholders,

In our capacity as Statutory Auditors of Groupe Partouche SA and in application of the provisions of Article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company, in accordance with the provisions of Article L.225-68 of the French Commercial Code, for the year ended 31 October 2017.

It is the Chairman's responsibility to prepare and submit for the approval of the Supervisory Board a report on internal control and risk management procedures implemented within the Company and to provide the other information required by Article L.225-68 of the French Commercial Code, relating in particular to corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and treatment of accounting and financial information; and
- confirm that the report also includes the other information required by Article L.225-68 of the French Commercial Code, with the understanding that we are not required to verify the fair presentation of this other information.

We performed our procedures in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND TREATMENT OF ACCOUNTING AND FINANCIAL INFORMATION

The applicable professional standards require us to plan and perform our procedures so as to be able to assess the fair presentation of the information in the Chairman's report on the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information. These standards require in particular that we:

- inform ourselves of the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information supporting the information presented in the Chairman's report and review any existing documentation;
- inform ourselves of the work done to prepare this accounting and financial information and review any existing documentation;
- ascertain whether appropriate disclosures have been made in the Chairman's report in respect of any material

weaknesses in internal controls relating to the preparation and treatment of accounting and financial information that we may have noted in performing our work.

Based on our procedures, we have no comments to make on the disclosures concerning the Company's internal control and risk management procedures relating to the preparation and treatment of accounting and financial information contained in the report of the Chairman of the Supervisory Board prepared in application of the provisions of the last paragraph of Article L.225-68 of the French Commercial Code.

OTHER INFORMATION

We confirm that the report of the Chairman of the Supervisory Board also contains the other information required by Article L.225-68 of the French Commercial Code

Marseille and Paris, 21 February 2018

MCR Baker Tilly	**France Audit Expertise**
Emmanuel Mathieu	José David

17

LABOUR INFORMATION

In accordance with the Grenelle 2 Act of 12 July 2010 and its implementing decree of 24 April 2012, Section 17.1 below presents Groupe Partouche's CSR report on its labour, social and environmental information.

17.1 LABOUR, SOCIAL AND ENVIRONMENTAL INFORMATION

17.1.1 LABOUR INFORMATION

EMPLOYMENT

CATEGORIES AT 31 OCTOBER	2017	2016	2015
Executives	838	809	822
Supervisors and technicians	248	248	243
Other employees	3 064	2 964	2 969
Manual workers	138	147	164
Total	**4 288**	**4 168**	**4 198**

On a full-time equivalent basis, the workforce grew.

The Group's total payroll including social security payments came to €170m, up 2.8% from the previous financial year, and the combined total of employee profit-sharing amounts paid by subsidiaries came to €3.3m.

Among the Group's 4,288 employees at 31 October 2017, men made up 61.33% and women made up 38.67%.

Breakdown of workforce by age:

- under 25: 15.92%;
- 25 to 34: 25.16%;
- 35 to 44: 25.96%;
- 45 to 54: 22.47%;
- 55 and over: 10.49%.

The number of new staff recruited onto permanent contracts during the financial year was 824.

The total number of redundancies and dismissals was 179.

Breakdown of employees by geographical region:

- France: 93.66%;
- Eurozone (excluding France); 1.89%;
- Non-eurozone. 4.45%.

Turnover for employees with permanent contracts, in the casinos and hotels that were open to the public for the entire financial year and were not subject to restructuring, which was calculated based on the average of the number of employees who left the company and the number of employees hired over the period, divided by the initial number of employees at the beginning of the period, was 19.21%.

WORK ORGANISATION

In most of the subsidiaries, the business involves a work organisation of seven days a week, with alternating working hours. This is explained by the range of opening hours of casinos and hotels, and by the fact that the establishments are open 7 days a week.

However, the use of part-time work remains very limited: this type of contract represents just 5.16% of the workforce. The absence rate for hotel, casino and spa-related activities over the financial year (total number of hours absent as a proportion of total hours worked) was 5.04%.

Detailed job descriptions are in place in 42 subsidiaries, and periodic staff appraisals are in place at 33 subsidiaries.

ORGANISATION OF LABOUR–MANAGEMENT RELATIONS

Subsidiaries of Groupe Partouche SA are legally independent of one another and enjoy full autonomy, both as a result of the Group's diversified organisational structure (geographic locations, different sizes of casinos and other subsidiaries, wide range of activities, collective bargaining agreements, etc.) and in line with gaming regulations in force.

Each subsidiary makes sure that lines of communication between management and staff remain open, the key to successful working relationships within the Group. By giving subsidiaries complete autonomy in this area, thus respecting the importance of ensuring a "real-time" approach to staff supervision, management teams are able to effectively adapt to local circumstances. A total of 41 company-wide agreements were negotiated and signed during the year.

Meetings of representative bodies are held in accordance with legal provisions in force. 13 subsidiaries have a works council, while 20 have a single employee delegation (combining a works council and an employee representative body). 24 subsidiaries have a health, safety and working conditions committee.

The works councils have the possibility of creating their own page on the mobile application that is provided to subsidiaries and intended for employees.

The Group committee met twice during the financial year, in accordance with applicable legal provisions.

While fostering exchanges and ensuring that processes are harmonised across the Group, this organisation also respects the specific characteristics of subsidiaries, allowing each to adopt its own autonomous management approach at the local level, closely reflecting the needs of both staff and clients. This application of the subsidiarity principle is well suited to the Group's identity and the strong local roots of its subsidiaries.

In addition, the head office serves an advisory role on behalf of its subsidiaries, considered as internal clients, in all areas related to human resources. The head office also provides them with a full set of related software tools (payroll management, human resources information system, training, intranet and mobile application) and administrative support.

HEALTH AND SAFETY

The rate of work-related accidents with stoppages (calculated based on the number of working days missed due to work-related accidents, divided by the total number of working days) was 0.93% for hotels and casinos in France.

The frequency rate for occupational accidents (no. of declarations / no. of hours worked x 1,000,000) was 8.07 for hotels and casinos in France.

The severity rate of occupational accidents (no. of days lost / no. of hours worked x 1,000) was 1.36 for hotels and casinos in France.

The methods used to calculate the frequency and severity rates are in accordance with the method used by the French National Research and Safety Institute (INRS).

15 agreements are in force concerning health and safety in the workplace.

The number of occupational illnesses recognised during the financial year was eight.

To prevent physical strain at work, the human resources information system for French casinos includes information on each employee's exposure to arduous or physically straining factors, which in our industry mainly includes working at night. The system also allows for individual risk assessment monitoring.

A reference employee has been designated as a health and safety contact for Group Partouche's French companies.

A page dedicated to prevention is included on the mobile application that is provided to subsidiaries and intended for employees.

TRAINING

A total of 35,322.50 hours of training was provided to 2,627 employees for a total amount of €1,022,702.08 (excluding professional training and apprenticeship contracts and ancillary costs).

62 work-education contracts were signed in France during the tax year.

Groupe Partouche SA is the sole shareholder of the Centre de Formation Professionelle des Casinos (CFPC) training centre.

Its purpose is to deliver business training and foster conditions conducive to the development of a more learning-focused organisation.

The CFPC received accreditation from the French national labour/management commission (Commission paritaire nationale de l'emploi - CPNE) for the casinos sector. This allows the centre to provide training for future croupiers so that they can obtain the certificate qualifying them as professional croupiers. The courses were held at the Casino de Forges-les-Eaux. Two sessions were held during the financial year as part of a work-education program and through the validation of work experience (VAE).

A partnership with IUT de Cergy Pontoise and VAE Les 2 Rives provided executives of the French subsidiaries a professional training programme to receive a professional diploma in management of commercial activities or management and sales management within the framework of the VAE. This programme began in March 2017 and will ended in February 2018.

French apprenticeship tax paid to the FAFIH, the accredited collecting body for the casino sector, as well as for hotels, cafés and restaurants, totalled €735,087.09. The FAFIH generally apportions this tax among local apprentice training centres, with which the Group's subsidiaries have established partnerships.

New recruits are supported by an identified mentor at 13 entities.

GENDER EQUALITY IN THE WORKPLACE

Women represent 39.3% of the workforce, an increase from the previous financial year.

Furthermore, regular negotiations take place on this subject in the subsidiaries concerned, in compliance with legal provisions in force.

ACTIONS IN FAVOUR OF EMPLOYEES WITH DISABILITIES

The Ressources et Handicap programme introduced in 2014 offered employees the opportunity to get in touch directly with advisors by e-mail or via the hotline made available to them for the duration of the programme.

This programme, which also involves an internal communications campaign (including posters and information accompanying payslips), has helped raise awareness of the fact that disabilities are a matter of concern for each and every employee. Group employees have expressed considerable interest in the information provided to them.

19 workspaces have been adapted to take into account the needs of employees with a declared disability.

Lastly, eight subsidiaries circulate job offers to organisations that promote employment for people with disabilities, and ten have delivered employee training or awareness campaigns on integrating people with disabilities.

A page for people with disabilities is included on the mobile application provided to subsidiaries and intended for employees. To date, 13 subsidiaries have implemented it or ordered it.

ANTI-DISCRIMINATION POLICY

The anti-discrimination policy is mainly applied by fostering values of tolerance and respect. 10 subsidiaries carried out awareness-raising activities on the subject of discrimination.

To the best of our knowledge, no discrimination-related incidents were recorded or led to a conviction.

PROMOTING COMPLIANCE WITH THE INTERNATIONAL LABOUR ORGANISATION'S FUNDAMENTAL PRINCIPLES OF:

- Upholding the freedom of association and the right to collective bargaining;
- Eliminating discrimination in respect of employment and occupation;
- Eliminating forced or compulsory labour;
- Effective abolition of child labour.

To the best of our knowledge, Groupe Partouche complies with the International Labour Organisation's fundamental principles regarding the aforementioned points.

No one under the age of 18 is hired by our subsidiaries, other than in the cases of regulated training-related agreements.

17.1.2 SOCIAL INFORMATION

REGIONAL, ECONOMIC AND SOCIAL IMPACT OF BUSINESS ACTIVITY

Of the 824 permanent employment contracts entered into during the year, 533 (64%) were with employees living within 50 km of their place of work. 18 subsidiaries have a stated policy in favour of local recruitment through actions that promote professional integration.

CIVIL SOCIETY STAKEHOLDER RELATIONS

Apart from its employees, management and labour, the stakeholders of Groupe Partouche SA and its subsidiaries mainly consist of customers, local authorities, government ministries responsible for supervising casinos, suppliers, partners, non-profit organisations and clubs. They may also include citizens, the Group's competitors and investors.

Groupe Partouche SA is a dynamic, welcoming and committed casino operator: these words described the values shared by the Group's companies.

Each of these values has 3 characteristics, each put into practice by Groupe Partouche's subsidiaries in their local environments in the form of concrete actions focused on employees, customers and, beyond that, all stakeholders – because these values must be both lived and brought to life.

- Casino operator: passionately professional, independent and honest
- Dynamic: innovative, refreshingly different and challenging
- Welcoming: friendly, cheerful and courteous
- Committed: open, listening and attentive

In particular, these values underpin relations between the Group's subsidiaries and their stakeholders, whether permanent or temporary.

According to these values, building dialogue first of all means adapting to the local context: Groupe Partouche SA's subsidiaries are best placed to define the terms of dialogue with their stakeholders.

The Group's values are broken down locally into behaviours appropriate to the various types of stakeholders.

Subsidiaries mainly pursue their commitment through community initiatives, taking advantage of their close ties to local populations. Examples abound, notably in the realm of sporting events and live shows. Through its involvement in numerous sponsorship activities and its support for initiatives pursued by non-profit associations, Groupe Partouche SA is widely recognised for its beneficial impact on the social and economic fabric of local communities.

During the financial year, subsidiaries of Groupe Partouche SA carried out sponsorship activities in support of non-profit organisations totalling €180,422.81 and corporate sponsorship activities totalling €2,017,154.10, mainly in sports, culture and the arts.

SUBCONTRACTORS AND SUPPLIERS

We favour socially and environmentally responsible suppliers and subcontractors.

Subcontracting is only used on a relatively small scale, as the Group's key professional specialities do not lend themselves to this practice.

Subcontractors:

- no subcontractor: 14% of subsidiaries;
- between 1 and 5 subcontractors: 29% of subsidiaries;
- between 5 and 10 subcontractors: 38% of subsidiaries;
- between 10 and 15 subcontractors: 11% of subsidiaries;
- more than 15 subcontractors: 9% of subsidiaries.

Our purchasing policy forbids purchasers from accepting personal gifts from suppliers.

Groupe Partouche subsidiaries have used nationally recognised suppliers and suppliers with a local presence.

Suppliers:

- fewer than 100 suppliers: 16% of subsidiaries;
- 100 to 200 suppliers: 27% of subsidiaries;
- 200 to 300 suppliers: 29% of subsidiaries;
- more than 300 suppliers: 29% of subsidiaries.

Furthermore, the diversity of our suppliers and their locations guarantees our independence and meets our desire to maintain commercial relationships as close as possible to our casinos to ensure that a significant proportion of supplies are sourced locally.

FAIR COMMERCIAL PRACTICES

PREVENTING AND COMBATING FRAUD

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

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

Furthermore, casinos are subject to anti-money laundering and counter-terrorist financing regulations.

In accordance with the legal and regulatory provisions of the French Monetary and Financial Code, the legal representatives and directors responsible for the Group's institutions are required to implement vigilance and control measures and, if necessary, to report any money laundering attempts to the «Tracfin» financial intelligence unit.

Training is regularly offered to staff at Groupe Partouche casinos.

PREVENTING EXCESSIVE GAMING

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

To ensure gaming remains a pleasure and a pastime to be enjoyed in moderation, the Group has for a long time been promoting "responsible gaming" within its subsidiaries, an initiative that it is currently developing in partnership with Adictel. 41 casinos are partnered with Adictel or a similar organisation for the two subsidiaries in Switzerland.

Adictel is an independent French reference system that helps prevent excessive gaming and provides real support to dependent players, seven days a week. This operational assistance system provides real-time support to players in difficulty.

Upon written request from the player, Adictel counsellors have the power to subject the player to the limitations and restrictions that he or she wishes to have imposed. This action is carried out at all Group Partouche SA's French casino subsidiaries.

Groupe Partouche SA's subsidiaries are therefore keen to give the staff members who have contact with clients continuing training, with the aim of providing clients with information, giving help to those in difficulty as well as someone in whom they can confide.

38 casinos are subscribed to the a training pack on the detection of players in difficulty created by the CFPC. This training pack includes a video, two questionnaires and a structured training guide.

As part of these initiatives, in partnership with Greid, Pasino de Saint-Armand-les-Eaux held a conference on excessive gaming in Anzin on 5 and 6 April 2017. Health professionals, casino sector professionals and addiction prevention organisations were present at this national event.

Furthermore, posters and leaflets are made available at casinos, to remind clients of the dangers of excessive gaming.

FOOD SAFETY

Owing to its highly developed activity as an operator of restaurants (1,047,830 guests served in restaurants and 213,830 guests served during events during the financial year), Groupe Partouche is committed to ensuring a high level of food safety at all times. The company's main concern is of course ensuring the satisfaction and loyalty of its customers. Besides this, in the event of a breach coming to light during an inspection by the regulatory authorities (such as, the French Office of Fair Trading [DDCCRF], the Departmental Directorate for Veterinary Services [DDSV] or the Departmental Directorate for Health, Safety and Social Affairs [DDASS]) the establishment's closure could be ordered, which would lead to a negative impact on the establishment's reputation and profitability.

In order to guard against these risks, all Groupe Partouche restaurants are regularly audited by Silliker, an approved external laboratory.

Sanitary control plans are in place in all restaurants and 'HACCP' hygiene standards are reiterated in documents available to all employees.

HEALTH AND SAFETY

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

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

- fire and panic prevention within the Group's ERPs;
- accessibility for people with disabilities.

SECURITY

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

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

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

Specific training on anti-social behaviour, up to and including the risk of attacks, has been rolled out to all Groupe Partouche casinos in France under the name 'Developing security skills'. This training takes place in the working environment, thus increasing its effectiveness. Given the cross-cutting nature of security concerns, it is also aimed at all employees, whether or not they are in customer-facing roles. In 2017, 16 entities hosted this training, with a total of 381 employees trained.

ACTIONS TAKEN IN SUPPORT OF HUMAN RIGHTS

Our subsidiaries are free to carry out whatever actions and partnerships they wish in support of human rights.

17.1.3 ENVIRONMENTAL INFORMATION

ENVIRONMENTAL POLICY

ORGANISATION OF THE COMPANY TO TAKE INTO ACCOUNT ENVIRONMENTAL ISSUES AND, WHERE APPLICABLE, 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.

Nevertheless, the Group remains vigilant with regard to the development of environmental issues. Each subsidiary has a CSR (Corporate Social Responsibility) officer.

The Partouche SA Group provides its subsidiaries with environmental awareness tools such as posters illustrating eco-friendly actions.

In addition, Groupe Partouche SA invited its subsidiaries to choose a service provider to recycle office waste (paper, drinking cups, batteries, plastic bottles, etc.). The company presented and selected to recycle office waste was ELISE.

AMOUNT OF PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS, PROVIDED THAT THIS INFORMATION DOES NOT LEAD TO A SERIOUS PREJUDICE FOR THE COMPANY IN A CURRENT LAWSUIT

None of Groupe Partouche's current establishments had to make provisions or guarantees for environmental risks during the financial year. This is particularly the case regarding sound pollution, to the best of our knowledge.

AMOUNT OF DAMAGES PAID DURING THE FINANCIAL YEAR PURSUANT TO A LEGAL DECISION RELATING TO THE ENVIRONMENT AND ACTIONS CARRIED OUT TO REPAIR DAMAGE TO THE ENVIRONMENT

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

TRAINING AND INFORMATION ON PROTECTING THE ENVIRONMENT OFFERED TO EMPLOYEES

20 subsidiaries worked with their local communities to carry out at least one activity to raise awareness of the need to

protect the environment or cultural heritage mainly through the "Solivert" green solidarity initiative.

Following the work carried out by several subsidiaries, the head office made posters available illustrating eco-friendly actions. Each subsidiary can adapt them to their specific context. For each sector, the goal is to provide employees with a practical guide to actions that enable them to take part in the sustainable development process.

There have been other initiatives as well, such as the creation of a green team at the Pasino d'Aix-en-Provence. This team is composed of one or two representatives from each of the different activities within the entity (food service, slot machines, security, etc.). This team meets regularly to discuss the implementation of common actions that take into account the specific requirements of each activity and the organisation.

18 entities provide their customers with tools or materials to help familiarise them with natural environments, flora and fauna in the region.

RESOURCES SET ASIDE TO PREVENT ENVIRONMENTAL RISKS AND THE ORGANISATION SET UP TO DEAL WITH POLLUTION ACCIDENTS

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

POLLUTION AND WASTE MANAGEMENT

Six entities have used the services of Elise, which was referenced by Groupe Partouche. This company specialises in waste collection, treatment and recovery.

Nine other entities have used the services of other companies providing the same type of services as Elise.

Eight entities compost their green waste on site or send it to a composting or other type of recycling facility.

There were 137 tonnes of waste sent to appropriate processing facilities. The weight is broken down by subsidiary according to the type of waste.

- Paper: 62,151 kg by 15 subsidiaries;
- Bottles: 5,601 kg by 5 subsidiaries;
- Drinking cups: 116.7 kg by 4 subsidiaries;
- Aluminium cans: 14 kg by 2 subsidiaries;
- Ink cartridges: 137.76 kg by 4 subsidiaries.

The data reported is not for the entire financial year as the contracts were signed during the year for the majority of subsidiaries.

MEASURES TO PREVENT, REDUCE OR REMEDY EMISSIONS RELEASED INTO THE AIR, WATER OR SOIL THAT SERIOUSLY AFFECT THE ENVIRONMENT

Our primary recreation-related activity does not generate significant emissions released into the air, water or soil that seriously affect the environment. As such, no measures have been put in place to prevent, reduce or remedy such types of emissions.

NOISE POLLUTION AND OTHER FORMS OF POLLUTION SPECIFIC TO THE COMPANY'S BUSINESS

As regards noise pollution, four of the Group's entertainment venues are fitted with sound level meters. To date, no other form of pollution specific to Groupe Partouche SA's business has been identified other than what is referred to in this report.

SUSTAINABLE USE OF RESOURCES

SOIL USE

Concerning some noteworthy initiatives, the Domaine de Forges-les-Eaux has:

- a botanical trail around the lake showcasing the different plant species native to area;
- a beehive;
- a connected vertical aquaponics greenhouse.

14 entities have at least one landscaped greenspace with public access.

Soil use is especially relevant in the operation of golf courses, where all products used comply with applicable standards.

ENERGY CONSUMPTION AND SUPPLY

Water consumption for the financial year came to 296,395 m3. Water is sourced without exception from the local urban water supply.

Electricity consumption totalled 53,072,627 kW, of which 1,297 kW came from renewable sources.

Most of the subsidiaries have implemented energy-saving measures (energy-efficient light bulbs, push taps, reusing paper as scrap paper, signage for hotel guests, LED bulbs, roof-mounted solar panels, etc.).

RAW MATERIAL CONSUMPTION

Raw materials consumed mainly consisted of products purchased for catering purposes. To prevent unsold food and wasted meals, the Group adheres to a strict purchasing policy under which all meals are calibrated on the basis of a detailed technical specification that quantifies the exact amounts of products needed for each meal.

CLIMATE CHANGE

Groupe Partouche SA and its subsidiaries do not produce much airborne and waterborne waste with a direct impact on the environment. All of the water evacuated is directly channelled into a sewerage network operated by the company's regional authority. Airborne waste levels have not yet been analysed as part of a survey of greenhouse gas emissions. Groupe Partouche SA's companies operate service businesses that involve neither industrial or chemical transformation nor significant use of existing methods of transportation.

Electricity was identified as the significant cause of greenhouse gas emissions from the company's activities, mainly from the use of its properties and services: 3,971,863 kg CO2 eq.

To date, our suppliers and subcontractors do not provide an individualised assessment of their greenhouse gas emissions.

However, thanks to our collaboration with certain partners responsible for the collection and recovery of waste, in emissions, we saved:

- 1,505.11 kg CO2 eq. for paper (six subsidiaries concerned);
- 952.24 kg CO2 eq. for bottles (four subsidiaries concerned);
- 359.59 kg CO2 eq. for drinking cups (three subsidiaries concerned);
- 78.78 kg CO2 eq. for aluminium cans (two subsidiaries concerned);
- 81.75 kg CO2 eq. for ink cartridges (two subsidiaries concerned).

To date, no adjustment plan has been put in place to address the consequences of climate change.

BIODIVERSITY

To the best of our knowledge, the business does not pose any particular threat to biodiversity.

However, Groupe Partouche is aware of environmental issues.

This is the reason Groupe Partouche wanted to include its subsidiaries in a sustainability initiative called "Solivert". It is a citizen-led initiative to clean public spaces in cities where casinos are located. The locations and actions are chosen with each city so that they have the most impact.

20 casinos have implemented this positive initiative which calls on customer and employee volunteers as well as residents in the area.

17.1.4. NOTE ON THE METHODOLOGY USED TO PREPARE LABOUR AND ENVIRONMENTAL DATA

With the help of a working group composed of CSR champions and contributors, the CSR indicators were adjusted either in their wording or in their calculation mode in order to ensure the reliability of the data collected.

REPORTING SCOPE

The labour, social and environmental data presented cover all businesses operationally controlled by Groupe Partouche in France and abroad.

Data are reported across the following scopes:

- 'Groupe Partouche', consisting of 'Europe' and 'Rest of World';
- 'Europe', consisting of entities registered in France as well as Belgian and Swiss entities;
- 'Rest of World', consisting solely of the casino in Djerba.

The CSR consolidation scope covers 55 entities in France, 1 entity in Belgium, 2 entities in Switzerland and 1 entity in Tunisia.

DATA COLLECTION, CONSOLIDATION AND VERIFICATION

REPORTING PERIOD AND ACCOUNTING RULES

Data collected relate to the period from 1 November 2016 to 31 October 2017.

DATA COLLECTION PROCEDURE

45 CSR officers oversee data entry at the entities they manage, then approve this data and submit it to the programme director. Some of these CSR champions are responsible for more than one entity.

For those subsidiaries that already use some or all of the software, some data are suggested by the software once a small amount of information has been input.

Data were gathered using the Sigma-RH system available at all Groupe Partouche subsidiaries, with the exception of the casino in Djerba, which submits its data in an Excel file. Their data are then entered in SIGMA-RH by the programme director.

DATA CONSOLIDATION AND VERIFICATION PROCEDURE

The system is used to input data, perform calculations and subsequently consolidate the data. There are multiple levels of checks:

- Contributors input data within their entities;
- CSR officers check all data input at their entity before approving said data;
- The programme director checks all data gathered before it is consolidated.

DETAILS ON PUBLISHED DATA

BACKGROUND

The data do not include employees with contracts for occasional temporary work, or artists. Some information is requested by segment for subsidiaries covered by the collective bargaining agreement for casinos:

- The 'gaming operations' segment encompasses staff at table games and slot machines.
- The 'non-gaming operations' segment encompasses catering, entertainment, reception services, technical ser-

vices and, where applicable, hotel services (only where a hotel is located within a casino).

- The 'administration and management' segment encompasses secretarial services, accounting and IT.

METHODOLOGICAL DETAILS

Labour data:

The majority of labour data will be provided by the head office.

Number of permanent employment contracts (fixed contracts for subsidiaries outside France) entered into in the year: employees on fixed-term contracts who sign a permanent contract are counted once, even if they were previously employees.

Number of interns present during the year: an intern who completes two internships under two internship agreements is counted twice.

The following grounds for redundancy and dismissal are captured:

- redundancy following court-ordered liquidation or insolvency proceedings;
- redundancy following permanent closure of the establishment;
- redundancy on economic grounds;
- redundancy on other grounds;
- dismissal for gross misconduct;
- dismissal for wilful misconduct;
- redundancy on grounds of physical unfitness (non-occupational in origin);
- redundancy on grounds of physical unfitness (occupational in origin).

The number of employees with a recognised disability was recognised at 31/10/2017.

The number of part-time employees present at 31/10/2017 includes employees working part time due to health reasons.

When calculating number of hours' absence, the following reasons are used:

- occupational accident/relapse;
- sickness requiring hospitalisation;
- occupational illness;
- commuting accident;
- illness.

For the 2016-2017 reporting campaign, entities were asked to provide "job description percentage" data. This is calculated based on the number of positions that exist at each company, not the number of employees.

Example: one "croupier" job description per company, regardless of the number of croupiers the company employs.

The first step is therefore to determine the number of positions that exist within the company, then to calculate the ratio between the number of job descriptions and the total number of jobs.

The selected representative bodies are as follows:

- works council;
- employee delegates;
- single employee delegation;
- committee on health, safety and working conditions;
- shop stewards.

Only declarations of occupational accidents with medical leave are recognised.

The severity rate of occupational accidents is calculated using the following formula:

No. of days lost through temporary incapacity / total no. of hours worked) x 1,000.

One day is equivalent to seven hours.

The number of workspaces adapted for employees with a disability or incapacity declared during the year only takes into account those employees with:

- a physical unfitness resulting after an occupational medicine consultation;
- a classified disability (level 1, 2 or 3);
- a recognised status as an employee with a disability;

and for whom physical (e.g. chairs, tables) or organisational (e.g. adjustments to work schedule) changes were made to the workspace.

When calculating the number of employees trained, an employee receiving training is counted once.

CSR training covers the following:

- waste management and sorting;
- reducing water consumption;
- reducing energy consumption;
- protecting biodiversity;
- dosage of chemicals and detergents;
- handling and storage of hazardous substances.

The total spent on professional training takes into account only the amounts excluding taxes stated in the agreements. Additional costs such as salaries or travel expenses should therefore not be added.

Only those illnesses recognised during the fiscal year are counted; as such, a person still suffering from an occupational illness that was recognised the previous year is not counted.

Social data:

Local hiring refers to recruitment within a 50 km radius of the entity. The address shown on the work contract is the one used to identify the employees concerned.

Only suppliers and subcontractors with which the entity worked at least once during the tax year will be counted.

Example: Supplier X, which worked with the subsidiary from March 2013 to September 2014, then from January 2016 to March 2017, is counted.

Subcontractor Y, which worked with the subsidiary in October 2016, is not counted, since the financial year begins in November 2016.



17.2 DIRECT OR INDIRECT INVESTMENTS OF GROUPE PARTOUCHE SENIOR EXECUTIVES AND COMPANY OFFICERS IN THE SHARE CAPITAL AT 31 OCTOBER 2017

EXECUTIVE BOARD	DIRECT INVESTMENTS			INDIRECT INVESTMENTS	SHARE SUBSCRIPTION OR PURCHASE OPTIONS
	SHARES	PERCENTAGE OF		SHAREHOLDING VIA FINANCIÈRE PARTOUCHE [1]	
		CAPITAL	VOTING RIGHTS		
Fabrice Paire	376	0,00 %	0,00 %	-	Néant
Ari Sebag	5 682	0,06 %	0,06 %	11,13 %	Néant
Katy Zenou	9 969	0,10 %	0,10 %	7,83 %	Néant
Jean-François Largillière	-	0,00 %	0,00 %	-	Néant
TOTAL	**16 027**	**0,17 %**	**0,17 %**	**18,96 %**	**Néant**

SUPERVISORY BOARD	DIRECT INVESTMENTS			INDIRECT INVESTMENTS	SHARE SUBSCRIPTION OR PURCHASE OPTIONS
	SHARES	PERCENTAGE OF		SHAREHOLDING VIA FINANCIÈRE PARTOUCHE [1]	
		CAPITAL	VOTING RIGHTS		
Patrick Partouche	44 964	0,47 %	0,47 %	16,04 %	Néant
Isidore Partouche	404 720	4,20 %	4,21 %	0,25 %	Néant
Gaston Ghrenassia	7	0,00 %	0,00 %	NS	Néant
Salomé Partouche	5	0,00 %	0,00 %	-	Néant
Walter Butler	1	0,00 %	0,00 %	-	Néant
Véronique Masi Forneri	69	0,00 %	0,00 %	-	Néant
Daniel Cohen	150	0,00 %	0,00 %	-	Néant
Caroline Texier	0	0,00 %	0,00 %	-	Néant
TOTAL	**449 916**	**4,67 %**	**4,68 %**	**16,28 %**	**Néant**

(1) Financière Partouche owns 66.83% of the share capital of Groupe Partouche.

17.3 INVESTMENTS OF GROUPE PARTOUCHE EMPLOYEES IN THE SHARE CAPITAL

17.3.1 INCENTIVE SCHEMES

No incentive schemes have as yet been put in place by Groupe Partouche SA.

17.3.2 EMPLOYEE PROFIT-SHARING

Pursuant to the provisions of Article L.225-102 of the French Commercial Code, we hereby indicate that there is no employee profit-sharing scheme under the terms of a company savings plan at the balance sheet date, 31 October 2017.

17.3.3 EMPLOYEE SHAREHOLDERS

None.

18

MAIN SHAREHOLDERS

18.1 OWNERSHIP OF CAPITAL AND VOTING RIGHTS

The table below shows the breakdown of the Company's share capital and its theoretical and actual voting rights over the last three years:

MAIN SHAREHOLDERS	31/10/17			31/10/16			31/01/15		
	NUMBER OF SHARES HELD	% OF SHARE CAPITAL AND THEO-RETICAL VOTING RIGHTS	ACTUAL VOTING RIGHTS	NUMBER OF SHARES HELD	% OF SHARE CAPITAL AND THEO-RETICAL VOTING RIGHTS	ACTUAL VOTING RIGHTS	NUMBER OF SHARES HELD	% OF SHARE CAPITAL AND THEO-RETICAL VOTING RIGHTS	ACTUAL VOTING RIGHTS
Financière Partouche SA [1]	6 433 585	66,83 %	66,87 %	6 433 585	66,45 %	66,80 %	6 433 585	66,45 %	66,57 %
BCP [2]	1 277 020	13,26 %	13,27 %	1 277 020	13,19 %	13,26 %	1 277 020	13,19 %	13,21 %
Supervisory Board members [3]	449 916	4,67 %	4,68 %	519 076	5,36 %	5,39 %	414 946	4,29 %	4,29 %
Executive Board members [3]	16 027	0,17 %	0,17 %	16 031	0,17 %	0,17 %	15 921	0,16 %	0,16 %
Treasury shares	6 257	0,06 %	-	49 729	0,51 %	-	16 745	0,17 %	-
Free float [4]	1 444 229	15,00 %	15,01 %	1 386 119	14,32 %	14,39 %	1 523 343	15,73 %	15,76 %
TOTAL	**9 627 034**	**100,00 %**	**100,00 %**	**9 681 560**	**100,00 %**	**100,00 %**	**9 681 560**	**100,00 %**	**100,00 %**

((1) Financière Partouche SA is a family holding company.
(2) BCP holds 1,200,399 shares through FCPR France Private Equity III and 76,621 shares through Butler Capital Partners SA.
(3) Detailed information on shareholding by members of the Supervisory and Executive Boards is provided in Section 17.2 above.
(4) As far as the company is aware, there are no shareholders holding 5% or more of the share capital and voting rights, apart from Financière Partouche and BCP.

On 2 April 2013, Financière Partouche SA, the family holding company that holds 66.83% of the share capital of Groupe Partouche SA, requested and obtained the initiation of a Safeguard Procedure (procédure de sauvegarde) from the Valenciennes Commercial Court, a procedure designed to allow Financière Partouche to renegotiate its financial debt, under the protection of the Commercial Court. The Valenciennes Commercial Court, in its ruling of 30 June 2014, approved the Company's Safeguard Plan (plan de sauvegarde). In its ruling of 19 September 2016, the Valenciennes Commercial Court, following agreements reached with bank creditor OCM Luxembourg (Oaktree) to settle its disputes with Financière Partouche and Groupe Partouche, amended Financière Partouche's Safeguard Plan.

At the request of Groupe Partouche, Euroclear France carried out a survey on 1 December 2017 of intermediaries holding 11,000 or more shares. This survey identified a total of 2,318 shareholders in this category, representing 14.1% of

the share capital. At the date of this survey, also taking into account shareholders holding registered shares, it was thus confirmed that the share capital of Groupe Partouche was owned by more than 2,400 shareholders.
The Euroclear France survey identified 35.3% of shareholders as institutional investors, corresponding to 5.0% of the share capital.
No securities are owned by employees under a share ownership plan.

18.2 DIFFERENT VOTING RIGHTS

Each issued and outstanding share in the Company is entitled to a single vote. There are no double voting rights and the main shareholders, Financière Partouche and BCP, do not have different voting rights.

Furthermore, the Extraordinary Shareholders' Meeting of 15 January 2015 decided "not to confer double voting rights upon (i) fully paid-up Company shares which can be shown to have been held in registered form for at least two years in the name of the same shareholder, or (ii) registered Company shares allotted free of charge as part of a capital increase through the capitalisation of reserves, income or share issue premiums, to a shareholder".

18.3 INFORMATION ON THE CONTROL OF THE SHARE CAPITAL

On 29 April 2011, a shareholder agreement was entered into by Financière Partouche, Patrick Partouche, Katy Zenou and Ari Sebag, as the party of the first part, and BCP as the party of the second part, governing the relationship between these shareholders. This agreement constitutes an action in concert. The main clauses of this agreement stipulate that BCP shall hold:

- a maximum of two-sevenths of the seats on the Supervisory Board as long as Butler Capital Partners holds at least 5% of the Company's share capital;
- a veto right over major decisions (any decision taken by a majority of 80% of present or represented members including the favourable vote of the members of the Supervisory Board appointed upon BCP's proposal) concerning transactions with an impact on the share capital, debt, disposal of assets or investment expenditure, acquisition of assets and more specifically:
  - any financial debt owed to an entity which does not belong to Groupe Partouche or any new off balance sheet commitment increasing Groupe Partouche's commitments by over €3 million (non-cumulative threshold) compared with debt recorded in the consolidated financial statements at 31 October 2010,
  - any single disposal of assets greater than €3 million (non-cumulative threshold) not mentioned in Groupe Partouche's initial business plan concerning the period from 2011 to 2015,
  - any investment expenditure or acquisition of assets in a unit amount exceeding €3 million (non-cumulative threshold), apart from (i) an annual budget of €30 million provided for in the business plan and (ii) a cumulative budget over the duration of the initial business plan of €35 million covering specific investments or any project replacing them;
- an enhanced right to information;
- a right of inspection as regards any recruitment, appointment, dismissal or revocation of the members of Groupe Partouche's Executive Board, of which the only consequence shall be, at no cost for Financière Partouche, to release BCP from its lock-up commitment and its obligation under Financière Partouche's right of first offer;
- a liquidity clause in its favour, stipulating firstly that as of 29 April 2014, Financière Partouche shall provide and ensure that Groupe Partouche and its senior executives provide all assistance required by BCP to enable the disposal of its investment and secondly that in the scope of this liquidity procedure and in any event, as of 29 April 2016.

Ispar Holding (in place of Financière Partouche) guarantees BCP a minimum price of €2 per Groupe Partouche share disposed of by BCP and therefore undertakes to acquire from BCP the shares that BCP would like to dispose of at a price of €2 per share (within the limit of the shares subscribed by BCP in the scope of the reserved capital increase of 29 April 2011).

The agreement also states that:

- Financière Partouche agrees to hold on to at least 50.1% of Groupe Partouche's share capital for the entire term of the agreement;
- Financière Partouche and BCP agree not to increase their respective shareholdings by more than five percentage points.

This agreement will remain in effect as long as BCP holds shares in Groupe Partouche SA, although it should be noted that the duration of the agreement may not in any event exceed ten years.

In accordance with applicable regulations, this shareholder agreement was reported to the Autorité des Marchés Financiers, which ensured that it was officially announced as required.

No particular measure has been taken with a view to ensuring that the control described above is not exercised in an abusive manner.

At present, several senior executives hold the same positions at both Financière Partouche SA and Groupe Partouche SA, which the former company controls (see Section 14.1), namely:

On the Executive Board of Groupe Partouche SA: Ari Sebag and Katy Zenou.

On the Supervisory Board of Groupe Partouche SA: Isidore Partouche and Patrick Partouche.

At the date of this Reference Document, Financière Partouche SA owned 6,433,585 shares, corresponding to 66.83% of the share capital, whereas FCPR France Private Equity III owned 1,200,399 shares and Butler Capital Partners owned 76,621 shares, together comprising 13.27% of the share capital.

18.4 CONTROL OF FINANCIERE PARTOUCHE SA

Financière Partouche, which held 66.83% of the Company's share capital at the date of this Reference Document, is a French public limited company ("Société Anonyme") with an Executive Board and a Supervisory Board, its share capital mainly owned by members of the Partouche family.

No single shareholder owns sufficient shares in Financière Partouche SA to control this company. Patrick Partouche, Ari Sebag and Katy Zenou (all three signatories of the shareholder agreement described in Section 18.3) together hold 52.36% of the capital of Financière Partouche SA at 31 October 2017.

18.5 CHANGE OF CONTROL

To the best of our knowledge and subject to the information mentioned in Section 18.3 above, there are no other actions in concert or shareholder agreements, nor does any clause of any agreement contain any preferential conditions governing the disposal or acquisition of Groupe Partouche shares.

19

RELATED-PARTY TRANSACTIONS

Please refer to Section 7.2 of this document for the organisational structure and Section 20.2.1: Note 15 "Related parties" to the consolidated financial statements for further information.

Any partnerships with other companies are negotiated at arm's length.

The special report of the Statutory Auditors on regulated agreements and commitments is included below.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

SHAREHOLDERS' MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2017

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the principal terms and conditions as well as the reason for benefit for the Company of those agreements and commitments brought to our attention, or that we may have discovered in the course of our audit. We are not required to express an opinion on their usefulness and appropriateness or ascertain whether any other such agreements and commitments exist. It is your responsibility, in accordance with Article R.225-58 of the French Commercial Code, to evaluate the benefits resulting from the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-58 of the French Commercial Code relating to the implementation during the financial year under review of agreements and commitments previously approved by the Shareholders' Meeting.

We have carried out the procedures we considered necessary in accordance with the professional guidelines of the Compagnie Nationale des Commissaires aux Comptes (CNCC, the French national institute of statutory auditors) relating to this engagement. These procedures involved verifying that the information provided to us was consistent with its supporting documentation.

1 - AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FINANCIAL YEAR

We inform you that we have not been informed of any agreements or commitments authorised during the past financial year under review to be submitted to the Shareholders' Meeting for approval pursuant to the provisions of Article L.225-86 of the French Commercial Code.

Agreements and commitments authorised since the financial year-end

We have been advised of the following agreement and commitments, which were authorised subsequent to the end of the financial year under review, and had been previously authorised by your Supervisory Board.

1.1 AGREEMENTS WITH SHAREHOLDERS

We have not been informed of any new agreements in this category.

1.2 AGREEMENTS WITH COMPANIES SHARING SENIOR MANAGEMENT PERSONNEL

We have not been informed of any new agreements in this category.

1.3 OTHER AGREEMENTS WITH SENIOR EXECUTIVES

Commission of Salomé Partouche for the graphic design of a Groupe Partouche greeting card

The Supervisory Board at its meeting held on 12 December 2017 authorised the Executive Board to commission Salomé Partouche for the graphic design of a Groupe Partouche greeting card. The total for this order was €2,000 including taxes.

Persons concerned:

- Members of the Supervisory Board: Isidore Partouche, Patrick Partouche and Salomé Partouche

Reason for its benefit for Groupe Partouche SA:

The Board considered choosing Salomé Partouche for the design of the 2018 greeting card because of her unique artistic designs and her reasonable fee of €2,000 including taxes.

2 - AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS FINANCIAL YEARS

A) THAT REMAINED IN FORCE DURING THE FINANCIAL YEAR UNDER REVIEW

In application of Article R.225-57 of the French Commercial Code, we have been informed that the agreements and commitments described below, which were approved by the Shareholders' Meeting in previous financial years, remained in force during the financial year.

2.1 AGREEMENTS WITH SHAREHOLDERS

2.1.1 Lease agreement with Financière Partouche SA

In the year ended 31 October 1998, your Company signed a lease agreement with Financière Partouche SA. This agreement covers the lease of your Company's headquarters at 141 bis rue de Saussure, 75017 Paris, France. As a result of the increase in the surface area occupied by Groupe Partouche SA, a rider to this agreement was signed on 1 August 2002, which renewed the lease for a term of nine years expiring on 31 July 2011 with an annual lease payment of €160,000 excluding VAT, subject to review in relation to the French construction cost index.

A further renewal of this lease was signed on 29 July 2011 for a term of nine years expiring on 31 July 2020. All other provisions of the renewed lease remain unchanged and in full effect.

Under this agreement, the lease expense recognised by your Company was €227,575 for the year ended 31 October 2017, plus tenant service charges and taxes in the amount of €90,709, thus a total of €318,284.

2.1.2 Subordinated shareholder advance agreement with Financière Partouche SA

On 26 August 2003, your Company signed a shareholder's advance agreement with Financière Partouche SA. Under the terms of this agreement, Financière Partouche SA granted your company an advance in the initial amount of €100,000,000 for a term of 7 years and 3 months, commencing on 29 August 2003, which was extended by a rider until 30 November 2012.

Pursuant to the memorandum of understanding on the restructuring of the debt, concluded with the pool of banks on 21 October 2009, the maturity date for the shareholder's advance was set at 31 December 2015.

The amounts lent to Groupe Partouche SA under the shareholder's advance were to be repaid only in accordance with the terms laid down in the subordination agreement signed on 27 September 2005 between Financière Partouche SA and Groupe Partouche SA. Under this agreement, the repayment of the syndicated loan would take precedence over the repayment of the shareholder's advance.

Furthermore, pursuant to the memorandum of understanding on the restructuring of the debt concluded with the pool of banks on 21 October 2009, it was further agreed that no interest or dividend would be payable by Groupe Partouche SA to Financière Partouche SA in respect of the subordinated shareholder's advance or on any other grounds, with the ex-

ception of repayments using surplus cash flow as defined in the above-mentioned agreement.

In the financial year ended 31 October 2010, the shareholder's advance decreased from €100,000,000 to €25,408,314, a reduction of €74,591,686 corresponding to Financière Partouche SA's subscription to the capital increase carried out by Groupe Partouche SA on 13 August 2010.

The Safeguard Plan approved in a ruling by the Paris Commercial Court on 29 September 2014 authorised your Company to make repayments to Financière Partouche SA according to a set repayment schedule expiring on 15 December 2022. This ruling maintained the shareholder's advance's contractual interest rate: the 1-, 2-, 3- or 6-month Euribor rate plus a 2% margin.

During the financial year ended 31 October 2017, the Paris Commercial Court ratified in its rulings of 2 November and 8 December 2016 amendments to Groupe Partouche SA's Safeguard Plan and authorised the repayment of the balance of the shareholder's advance to Financière Partouche SA in the amount of €20,121,729. The balance of the shareholder's advance was repaid by Groupe Partouche SA to Financière Partouche SA on 4 April 2017; the shareholder's advance and subordination agreements are no longer applicable as of 31 October 2017.

For the financial year ended 31 October 2017, under this agreement your Company paid Financière Partouche SA a total of €134,264 in interest.

2.1.3 Cash pooling agreement with Financière Partouche SA

Financière Partouche SA was authorised to participate in the cash pooling agreement for Group companies with Groupe Partouche SA. Under this agreement, interest is charged on any loans and advances granted at 12-month Euribor rates plus 0.25%.

Under this agreement, your company's debt with regard to Financière Partouche SA totalled €1,995,067 at 31 October 2017, including financial interest of €656 calculated at a rate of 0.25%.

2.2 AGREEMENTS WITH COMPANIES SHARING SENIOR EXECUTIVES

2.2.1 Tax consolidation agreement

The Group's tax consolidation agreement is applied in accordance with Article 223 A of the French General Tax Code. This agreement is valid for a five-year period and expires on 31 October 2019.

For the financial year ended 31 October 2017, your Company recognised a net tax saving of €12,181,177 under this agreement.

2.2.2 Management consulting agreement with Shal & Co SA

Your Company has entered into a management consulting agreement with Shal & Co SA. Under the terms of this agreement, Shal & Co SA provides consulting services to certain subsidiaries of Groupe Partouche SA together with assistance in the areas of sales and administration as well as financial, legal, accounting and tax matters. This agreement was amended on 28 December 2008 to extend its term indefinitely.

For the financial year ended 31 October 2017, your Company recognised a charge of €570,333 under operating expenses in respect of this agreement.

Person concerned:

- Hubert Benhamou, who was a member of the Supervisory Board of your company on the signing of this agreement, and until 1 November 2016.

2.2.3 Current account subordination agreement with SAS Casinos de Vichy «Les 4 Chemins", company undergoing liquidation

On 31 October 2012, a current account subordination agreement was entered into by your Company and Casinos de Vichy «Les 4 Chemins», 91.83% of which is indirectly held. This agreement remained in force until the liquidation date of this subsidiary in February 2017, and since that date it is no longer in force.

Under this agreement, your Company forbade itself from claiming from its subsidiary the repayment of its claim as at 24 October 2012 (€15,106,491 excluding interest from 1 November 2011 to 24 October 2012) as long as liabilities towards third parties appear on its balance sheet, with the exception of disposals of equity securities or assets.

The aim of this agreement is to enable Casinos de Vichy «Les 4 Chemins» to consider said amount on its current account as a stable resource («quasi-equity»).

At 31 October 2017, your Company's current account claim with respect to Casinos de Vichy SAS "Les 4 Chemins" amounted to €18,328,883, including financial income in the amount of €13,166, and is fully impaired in view of the situation of this company.

Persons concerned:

- Members of the Executive Board: Ari Sebag and Fabrice Paire.

2.3 OTHER AGREEMENTS WITH SENIOR EXECUTIVES

We have not been informed of any agreements falling into this category.

B) NOT GIVING RISE TO PERFORMANCE DURING THE FINANCIAL YEAR UNDER REVIEW

We have also been informed that the agreements and commitments listed below, which were approved by the Shareholders' Meeting in previous financial years, remained in force but did not give rise to any performance during the financial year. These agreements are as follows:

2.4 AGREEMENTS WITH SHAREHOLDERS

We have not been informed of any agreements falling into this category.

2.5 AGREEMENTS WITH COMPANIES SHARING SENIOR EXECUTIVES

Debt forgiveness agreements with return to profitability clauses relating to cash advances recorded in current accounts:

The terms and conditions of these agreements are as follows:

- with Société du Grand Casino de Cabourg: return to profitability clause for a debt forgiveness in the amount of €3,874,547;
- with Grand Casino du Havre SA: return to profitability clause for a debt forgiveness in the amount of €18,503,867;
- with Casino de la Trinité: return to profitability clause for a debt forgiveness in the amount of €3,267,000;
- with Casino de la Tremblade: return to profitability clause for a debt forgiveness in the amount of €677,846;
- with Hôtel Cosmos SARL: return to profitability clause for a debt forgiveness in the amount of €3,516,140;
- with Partouche Interactive SA: return to profitability clause for a debt forgiveness in the amount of €12,000,000;
- with Société d'exploitation du Casino et d'Hôtels de Contrexéville SAS: return to profitability clause for a debt forgiveness in the amount of €550,000.

2.6 OTHER AGREEMENTS WITH SENIOR EXECUTIVES

We have not been informed of any agreements falling into this category.

Marseille and Paris, 21 February 2018

MCR Baker Tilly	**France Audit Expertise**
Emmanuel Mathieu	José David

20

FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL POSITION AND PERFORMANCE

20.1 HISTORIC FINANCIAL INFORMATION

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

- the consolidated financial statements for the financial year ended 31 October 2015, prepared in accordance with IFRS/IAS as adopted by the European Union and the report of the Statutory Auditors in the consolidated financial statements for the financial year ended 31 October 2015 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 25 February 2016 under No. D.16-0079, pages 155 et seq.;
- the consolidated financial statements for the financial year ended 31 October 2016, prepared in accordance with IFRS/IAS as adopted by the European Union and the report of the Statutory Auditors in the consolidated financial statements for the financial year ended 31 October 2016 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 14 February 2017 under No. D.17-0093, pages 131 et seq.;
- the parent company financial statements for the financial year ended 31 October 2015 and the report of the Statutory Auditors on the parent company financial statements for the financial year ended 31 October 2015 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 25 February 2016 under No. D.16-0079, pages 208 et seq.;
- the parent company financial statements for the financial year ended 31 October 2016 and the report of the Statutory Auditors on the parent company financial statements for the financial year ended 31 October 2016 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 14 February 2017 under No. D.17-0093, pages 186 et seq.

Both of the Reference Documents referred to above are available on the websites of the Company (www.partouche.com) and the Autorité des Marchés Financiers (www.amf-france.org).

20.2 FINANCIAL STATEMENTS

20.2.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2017

DETAILED CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2017

- Consolidated income statement
- Statement of comprehensive income
- Consolidated balance sheet
- Consolidated cash flow statement
- Changes in consolidated shareholders' equity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Key events during the financial year

Note 2. Accounting policies
- 2.1 Standards applied
- 2.2 Accounting judgments and estimates

Note 3. Scope of consolidation
- 3.1 Accounting policies related to the consolidation scope
- 3.2 Changes in the scope of consolidation
- 3.3 Non-current assets held for sale and discontinued operations

Note 4. Segment information
- 4.1 Presentation
- 4.2 Turnover by division
- 4.3 Current operating profit by division
- 4.4 Balance sheet items by division

Note 5. Operational data
- 5.1 Revenue recognition
- 5.2 Operating profit and EBITDA
- 5.3 Purchases and external expenses
- 5.4 Other operating income and expenses
- 5.5 Inventories and semi-finished goods
- 5.6 Receivables and other debtors
- 5.7 Investments in equity-accounted associates

Note 6. Intangible and tangible fixed assets
- 6.1 Goodwill
- 6.2 Impairment in the value of goodwill
- 6.3 Intangible assets
- 6.4 Tangible fixed assets

Note 7. Employee expenses and benefits
- 7.1 Workforce
- 7.2 Employee expenses
- 7.3 Employee benefits
- 7.4 Employee commitments
- 7.5 Directors' compensation

Note 8. Other current and non-current provisions
- 8.1 Change in provisions
- 8.2 Breakdown of provisions by type

Note 9. Financing and financial instruments
- 9.1 Other non-current financial assets
- 9.2 Cash and cash equivalents
- 9.3 Financial debt
- 9.4 Financial income (expense)
- 9.5 Financial risks

Note 10. Taxes
- 10.1 Analysis of the tax expense
- 10.2 Deferred tax

Note 11. Equity
- 11.1 Capital – Shares in circulation
- 11.2 Treasury shares
- 11.3 Consolidated reserves
- 11.4 Minority interests

Note 12. Addenda to the consolidated financial statements
- 12.1 Other current and non-current assets
- 12.2 Trade and other payables
- 12.3 Other current and non-current liabilities

Note 13. Breakdown of the cash flow statement
- 13.1 Breakdown of cash flow
- 13.2 Breakdown of WCR

Note 14. Off balance sheet commitments
- 14.1 Related to the scope
- 14.2 Related to financing
- 14.3 Related to operating activities

Note 15. Related-party transactions

Note 16. Post-balance sheet events

Note 17. Scope of consolidation

CONSOLIDATED FINANCIAL STATEMENTS AT 31 OCTOBER 2017

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT €000 AT 31 OCTOBER (EXCEPT PER SHARE DATA)	NOTES	2017	2016	2015
Turnover	**4.2, 5.1**	**406 885**	**405 203**	**400 342**
Purchases and external expenses	5.3	(134 619)	(133 533)	(127 615)
Taxes and duties		(17 865)	(17 990)	(17 877)
Employee expenses	7.2	(173 013)	(168 389)	(172 500)
Depreciation, amortisation and impairment of fixed assets		(37 594)	(35 531)	(37 401)
Other current operating income and expenses	5.4	(7 436)	(8 475)	(11 125)
Current operating profit	**4.3**	**36 358**	**41 286**	**33 824**
Other non-current operating income and expenses	5.4	(1 675)	(2 965)	1 797
Gain (loss) on the sale of consolidated investments	3.1	16 547	123	7 791
Impairment of non-current assets	6.1	(4 718)	(16 359)	(21 459)
Non-current operating profit		**10 154**	**(19 202)**	**(11 870)**
Operating profit		**46 512**	**22 084**	**21 954**
Financial income (expense)	**9.4**	**(2 156)**	**(2 529)**	**(3 542)**
Profit before tax		**44 356**	**19 555**	**18 412**
Corporate income tax	10.1	2 000	2 417	(5 717)
CVAE tax	10.1	(277)	(3 325)	(3 388)
Profit after tax		**46 079**	**18 647**	**9 307**
Share in earnings of equity-accounted associates	5.7	(537)	-	(2)
Total net profit		**45 542**	**18 647**	**9 304**
o/w Group share		37 430	11 144	1 975
o/w minority interests		8 112	7 504	7 329
Net earnings per share attributable to the Group		**3,89**	**1,16**	**0,20**
Dividend distributed per share		(0.31)	-	-
Number of shares on which the earnings per share calculation is based		9 623 476	9 645 986	9 667 142

STATEMENT OF COMPREHENSIVE INCOME

COMPREHENSIVE INCOME €000 AT 31 OCTOBER	2017	2016	2015
Total net profit	**45 542**	**18 647**	**9 304**
Change in fair value of financial instruments net of tax (effective portion)	240	(18)	(222)
Other comprehensive income items*	(2 517)	148	2 317
Other comprehensive income items (that may be recycled subsequently to net profit)	**(2 277)**	**130**	**2 095**
Remeasurements of the defined-benefit liability (IAS 19 (revised)), impact net of tax	(144)	(444)	(1 816)
Other comprehensive income items (that will not be recycled subsequently to net profit)	**(144)**	**(444)**	**(1 816)**
Total comprehensive income	**43 121**	**18 333**	**9 583**
Group share of comprehensive income	36 324	10 739	1 248
Minority interest share of comprehensive income	6 797	7 594	8 334

(*) Other comprehensive income items include changes in the Group and non-Group translation reserves of €(1,110)k and €(1,407)k respectively in year Y, and €(25)k and €173k respectively in year Y-1.
The Notes to the consolidated financial statements are an integral part thereof.

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2017 (NET VALUE)

NET ASSETS €000 AT 31 OCTOBER	NOTES	2017	2016	2015
Intangible assets	6.3	3 627	4 060	4 037
Goodwill	6.1	237 076	239 944	245 680
Tangible fixed assets	6.4	262 361	241 723	247 356
Investments in equity-accounted associates	5.7	-	-	-
Other non-current financial assets	9.1	15 963	4 630	4 385
Deferred tax – Assets	10.2	2 427	3 415	2 651
Other non-current assets	12.1	8 938	17 454	15 518
TOTAL NON-CURRENT ASSETS		**530 392**	**511 227**	**519 627**
Inventories and semi-finished goods	5.5	7 756	3 142	3 184
Trade and other receivables	5.6	26 037	25 068	18 133
Corporate income tax receivables	10.1	5 568	3 824	3 275
Other current assets	12.1	12 424	9 940	10 300
Cash and cash equivalents	9.2	116 406	152 492	164 858
TOTAL CURRENT ASSETS		**168 191**	**194 465**	**199 750**
Assets held for sale	3.3	-	-	867
TOTAL NET ASSETS		**698 583**	**705 692**	**720 243**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	NOTES	2017	2016	2015
Share capital	11.1	192 541	193 631	193 631
Treasury shares	11.2	(224)	(1 426)	(398)
Share premium		9 411	9 411	9 411
Consolidated reserves	11.3	103 171	95 959	96 174
Translation reserve		1 080	2 242	2 607
Net profit (loss), Group share		37 430	11 144	1 975
GROUP EQUITY		**343 409**	**310 962**	**303 400**
MINORITY INTERESTS	**11.4**	**24 509**	**24 197**	**28 849**
TOTAL EQUITY		**367 918**	**335 159**	**332 250**
Non-current financial debt	9.3	133 524	161 668	178 112
Non-current employee commitments	7.4	14 607	14 621	13 553
Other non-current provisions	8.1	4 922	4 545	4 580
Deferred tax – Liabilities	10.2	18 249	27 294	36 218
Other non-current liabilities	12.3	6 972	6 030	6 361
TOTAL NON-CURRENT LIABILITIES		**178 274**	**214 158**	**238 825**
Current financial debt	9.3	24 222	27 627	25 463
Current employee commitments	7.4	345	337	317
Current provisions	8.1	2 836	3 512	3 049
Trade and other payables	12.2	92 170	91 029	87 377
Current tax liabilities	10.1	31 238	32 278	30 760
Other current liabilities	12.3	1 579	1 591	1 985
TOTAL CURRENT LIABILITIES		**152 391**	**156 375**	**148 952**
Held for sale liabilities	3.3	-	-	216
TOTAL LIABILITIES AND EQUITY		**698 583**	**705 692**	**720 243**

Number of shares in circulation (excluding treasury shares):

2017	2016	2015*
9 620 777	9 631 831	9 664 815

(*) Reverse stock split undertaken in 2015; cf. Note 11.1, "Share capital outstanding".

The Notes to the consolidated financial statements are an integral part thereof.

CONSOLIDATED CASH FLOW STATEMENT

€000 AT 31 OCTOBER	2017	2016	2015
Total net profit	**45 542**	**18 647**	**9 304**
Adjustments:			
Elimination of income from equity-accounted associates	537	-	2
Elimination of tax expense (income)	(1 723)	908	9 105
Elimination of depreciation, amortisation and provisions	42 860	55 092	57 766
Elimination of gains and losses on revaluation to fair value	-	-	-
Elimination of gains and losses on asset disposals	(16 193)	(223)	(9 980)
Elimination of net interest expense (income)	4 433	5 609	7 131
Elimination of dividend income	(230)	(815)	(126)
Impact of the change in WCR	(10 654)	(9 740)	267
Interest paid	(4 476)	(5 684)	(7 224)
Tax paid	5 630	(9 564)	(9 354)
Cash flow from operating activities	**65 728**	**54 231**	**56 891**
Acquisition of investment securities net of cash acquired	(7 200)	(3 538)	(263)
Disposal of consolidated companies, less cash sold	803	400	13 720
Impact of other changes in consolidation scope	11 730	-	-
Acquisition of intangible assets	(522)	(330)	(286)
Acquisition of tangible fixed assets	(63 985)	(41 604)	(30 695)
Acquisition of financial assets	-	(109)	(3)
Loans and advances granted	(271)	(381)	(405)
Disposal of intangible assets	-	-	4
Disposal of tangible fixed assets	809	545	30 125
Disposal of financial assets	-	-	10
Reimbursements received from loans	229	319	619
Interest received	90	88	109
Dividends received	230	815	126
Cash flow from (used in) investing activities	**(58 087)**	**(43 795)**	**13 063**
Capital increase subscribed by minority interests	-	12	283
Net disposal of treasury shares	(470)	(1 028)	(24)
Loans issued	25 348	10 979	2 631
Bank loans reimbursed	(36 696)	(22 945)	(18 928)
Other financial debts reimbursed	(20 251)	(2 513)	(544)
Dividends paid to owners of the Group	(988)	-	-
Dividends paid to minority shareholders	(8 463)	(7 923)	(7 691)

€000 AT 31 OCTOBER	2017	2016	2015
Cash flow from (used in) financing activities	**(41 521)**	**(23 419)**	**(24 273)**
Impact of foreign exchange rates	(2 030)	442	2 458
Change in cash and cash equivalents	**(35 910)**	**(12 541)**	**48 139**
Opening cash position	152 300	164 841	116 701
Closing cash position	**116 390**	**152 300**	**164 841**

The closing cash position of €116,390k plus "cash liabilities" (trésorerie passive), i.e. €16k, corresponds to the item "Cash and cash equivalents under assets", i.e. €116,406k.

The comments on the consolidated cash flow statement are presented in Note 13.

CHANGES IN CONSOLIDATED SHAREHORLDER'S EQUITY

€000	CAPITAL	TREASURY SHARES	SHARE PREMIUM	CONSOLIDATED RESERVES AND NET PROFIT FOR THE YEAR	GROUP TRANSLATION RESERVE	GROUP EQUITY	MINORITY INTERESTS	TOTAL EQUITY
Equity at 31 October 2014	**193 631**	**(374)**	**9 411**	**98 083**	**1 541**	**302 292**	**27 934**	**330 226**
Net profit for 2015 financial year	-	-	-	1 975	-	1 975	7 329	9 304
Change in fair value of financial instruments net of tax (effective portion)	-	-	-	(222)	-	(222)	-	(222)
Remeasurements of the defined-benefit liability (IAS 19 (revised))	-	-	-	(1 571)	-	(1 571)	(246)	(1 816)
Other comprehensive income items	-	-	-	-	1 066	1 066	1 251	2 317
Comprehensive income	**-**	**-**	**-**	**182**	**1 066**	**1 248**	**8 334**	**9 583**
Distribution of dividends	-	-	-	-	-	-	(7 710)	(7 710)
Other movements	-	(24)	-	(116)	-	(140)	291	151
Equity at 31 October 2015	**193 631**	**(398)**	**9 411**	**98 149**	**2 607**	**303 400**	**28 849**	**332 250**
Net profit for 2016 financial year	-	-	-	11 144	-	11 144	7 504	18 647
Change in fair value of financial instruments net of tax (effective portion)	-	-	-	(18)	-	(18)	-	(18)
Remeasurements of the defined-benefit liability (IAS 19 (revised))	-	-	-	(362)	-	(362)	(82)	(444)
Other comprehensive income items	-	-	-	-	(25)	(25)	173	148
Comprehensive income	**-**	**-**	**-**	**10 764**	**(25)**	**10 739**	**7 594**	**18 333**
Distribution of dividends	-	-	-	-	-	-	(7 928)	(7 928)
Other movements	-	(1 028)	-	(1 810)	(340)	(3 177)	(4 318)	(7 496)
Equity at 31 October 2016	**193 631**	**(1 426)**	**9 411**	**107 103**	**2 242**	**310 962**	**24 197**	**335 159**

€000	CAPITAL	TREASURY SHARES	SHARE PREMIUM	CONSOLIDATED RESERVES AND NET PROFIT FOR THE YEAR	GROUP TRANSLATION RESERVE	GROUP EQUITY	MINORITY INTERESTS	TOTAL EQUITY
Net profit for 2017 financial year	-	-	-	37 430	-	37 430	8 112	45 542
Change in fair value of financial instruments net of tax (effective portion)	-	-	-	240	-	240	-	240
Remeasurements of the defined-benefit liability (IAS 19 (revised))	-	-	-	(237)	-	(237)	93	(144)
Other comprehensive income items	-	-	-	-	(1 110)	(1 110)	(1 407)	(2 517)
Comprehensive income	**-**	**-**	**-**	**37 434**	**(1 110)**	**36 324**	**6 797**	**43 121**
Distribution of dividends	-	-	-	(3 001)	-	(3 001)	(8 459)	(11 460)
Other movements (including changes in scope of consolidation)	(1 091)	1 202	-	(934)	(53)	(875)	1 973	1 098
Equity at 31 October 2017	**192 541**	**(224)**	**9 411**	**140 602**	**1 080**	**343 409**	**24 509**	**367 918**

Comments on the changes in consolidated shareholders' equity as of 31 October 2017 are presented in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Notes to the consolidated financial statements are an integral part thereof.

NOTE 1. KEY EVENTS DURING THE FINANCIAL YEAR

Amendments to the Safeguard Procedure

The Paris Commercial Court ratified in its rulings of 2 November and 8 December 2016 amendment to Groupe Partouche's Safeguard Plan, which had received the unanimous prior approval of creditors.

The principal changes, which entered into force during the financial year following the removal of the Safeguard Plan's conditions precedent, are:

- the immediate repayment to Financière Partouche of the remaining €20.1m balance of its shareholder's advance, which was completed in the 2017 financial year;

- simultaneous early repayment of mono-holder lenders of the syndicated loan in the amount of €5.3m, which was completed in the 2017 financial year;

- adjustment of the initial authorisation to pay dividends, advanced to 1 January 2017, in accordance with certain specific application requirements and subject to consolidated EBITDA of at least €75m and consolidated cash resources, after payment of the dividend, of at least €85m.

This amendment to the Safeguard Plan also paved the way for Groupe Partouche and its majority shareholder Financière Partouche to settle disputes with bank creditor OCM Luxembourg (Oaktree), with both sides agreeing to halt all existing proceedings.

Customer loyalty programme

The nationwide customer loyalty programme introduced from 1 November 2016 was accounted for in accordance with IFRIC 13.

This interpretation applies to the recognition of credit granted under loyalty programmes to customers as part of the initial sale transaction.

The negative impact on 2017 turnover totalled €3,418k.

Consolidation scope

SEGR Le Laurent, the company operating the Laurent gourmet restaurant in Paris, joined the Group's scope of consolidation.

Cannes Balnéaires was sold to a new controlling shareholder, which completed the acquisition via Palm Beach Cannes Côte d'Azur, a newly incorporated company in which Groupe Partouche owns a minority shareholding (49%). Palm Beach Cannes Côte d'Azur and its subsidiary Cannes Balnéaires are accounted for under the equity method.

In addition, Casino de Vichy 4 Chemins and Casino de Tabarka were deconsolidated following their liquidation.

Capital decrease

Pursuant to a decision by the Executive Board on 11 September 2017, the share capital was reduced by €1,091k through the cancellation of 54,526 treasury shares, each with a par value of €20. The share capital now stands at €192,541k.

Exceptional dividend payment

An exceptional dividend payment of €3.001m took place on the basis approved by the Extraordinary Shareholders' Meeting of 5 September 2017, in line with the Safeguard Plan as amended.

NOTE 2. ACCOUNTING POLICIES

In the following notes to the financial statements, the terms "Groupe Partouche" and "the Group" refer to the entire Group and its consolidated subsidiaries. "Groupe Partouche SA" refers to the parent company of Groupe Partouche.

Groupe Partouche SA is a société anonyme (limited company) governed by French law, subject to all of the texts governing commercial companies in France, particularly the French Commercial Code. It has its registered office at 141 bis rue de Saussure, in the 17th arrondissement of Paris, and has been listed on the Paris stock exchange since March 1995.

Groupe Partouche, the company and its subsidiaries, are mainly organised around the casino, hospitality and online gaming businesses. The consolidated financial statements were approved for publication by the Executive Board of Groupe Partouche SA on 22 January 2018.

Pursuant to French legislation, the consolidated financial statements for the financial year ended 31 October 2017 will be subject to the approval of the shareholders of the Group at the Shareholders' Meeting convened for 11 April 2018.

In accordance with IAS 1 – Presentation of Financial Statements, the Group breaks out its assets and liabilities in the balance sheet into current and non current. Items qualify as "current" if:

- the Group expects to realise the asset or settle the liability within 12 months or in its normal operating cycle;
- the assets and liabilities in question are held for the purpose of trading.

2.1 STANDARDS APPLIED

Pursuant to Regulation (EC) No. 1606/2002 of 19 July 2002, the financial statements of Groupe Partouche for the financial year ended 31 October 2017 have been prepared under International Financial Reporting Standards (IFRS) as adopted in the European Union.

The financial information was prepared for all the periods presented in compliance with the rules of measurement and recognition under IFRS.

IFRSs, as adopted by the European Union at 31 October 2017, are available under the IAS/IFRS and SIC-IFRIC interpretations adopted by the Commission on the following website:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm.

2.1.1 IFRS/IFRIC Standards and Interpretations (International Financial Reporting Interpretations Committee)

The accounting policies and valuation methods applied for preparing the consolidated financial statements are the same as those used at 31 October 2016, except for new EU-adopted standards and interpretations that came into force at the beginning of the financial year under review.

- Standards and interpretations applied by the Group, as of 1 November 2016:
  - Amendment to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable with effect from 1 November 2016);
  - Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (applicable with effect from 1 November 2016);
  - IFRS annual improvements 2010-2012 and 2011-2013 (applicable with effect from 1 November 2015) and 2012-2014 (applicable with effect from 1 November 2016).
- The adoption of these standards did not have a material impact on the consolidated financial statements
- Standards and interpretations adopted or in the process of being adopted by the European Union and not applied early by the Group as of 1 November 2016:
  - IFRS 9 – Financial Instruments (Phase 1 – Classification and measurement of financial assets, and supplement – Fair value option for financial liabilities) (applicable with effect from 1 November 2018);
  - IFRS 15 – Revenue from Contracts with Customers (applicable with effect from 1 November 2018);
  - IFRS 16 – Leases (applicable with effect from 1 November 2019);
  - Annual Improvements to IFRS Standards 2014-2016 Cycle (not adopted by the EU).

Groupe Partouche is currently analysing the potential impact that applying these standards and amendments has on its statement of comprehensive income, balance sheet, cash flows and notes to the consolidated financial statements.

2.1.2 Introduction of a customer loyalty programme and application of IFRIC 13

IFRIC 13 applies to the recognition of credits granted under loyalty programmes to customers as part of the initial sale transaction. Under IFRIC 13, not all revenue from ordinary activities may be recognised immediately, and a provision must be recognised for the marginal costs that may arise from the execution of the obligation linked to the award. As a consequence, an entity must defer recognition of the revenue attributable to the credits resulting from the awards. The consideration received or receivable from the customer is broken down into the item sold and the credit award based on their fair value.

The introduction of a nationwide customer loyalty programme from 1 November 2016 prompted the Group to account for this programme in accordance with IFRIC 13 from the same date.

The impact on the main line items affected in the consolidated financial statements for the financial year ended 31 October 2017 is shown below:

Impact on the consolidated income statement at 31 October 2017

Impact on turnover

€000 AT 31 OCTOBER	2017
Impact on turnover:	(3 418)

2.2 ACCOUNTING JUDGMENTS AND ESTIMATES

2.2.1 Preparation principles

The consolidated financial statements are prepared on the basis of historical costs, with the exception of certain financial instruments which have been recorded since 1 November 2004, based on their fair value, namely:

- derivative financial instruments;
- available for sale financial assets.

Groupe Partouche closes its financial statements at 31 October. The subsidiaries that do not have a 31 October year-end prepare interim financial statements at that date.

Acquired subsidiaries are consolidated in the Group's financial statements as of the date of their acquisition, commencing on the most recent date of preparation of the most recent consolidated balance sheet.

Preparing the financial statements requires Groupe Partouche to perform estimates and make assumptions that may have an impact both on the amounts of assets, liabilities, income and expenses and on the information provided in the notes to the financial statements. The estimates and assumptions are made based on comparable historic data and other factors considered to be reasonable in view of the circumstances. They are therefore used as a basis to exercise judgment for the purpose of determining accounting values. The Group's management reviews these estimates and assumptions continually in order to ensure their pertinence with regard to the current economic environment. If such assumptions change, the items included in future financial statements may differ from current estimates. The impact of changes in accounting estimates is recognised during the period of the change and all subsequent affected periods.

The principal estimation bases applied by the Group are presented below and relate to:

- measurement in the balance sheet of tangible fixed assets, intangible assets and goodwill. The Group regularly reviews certain indicators which, where applicable, may lead to an impairment test;
- determination of deferred tax and the level of recognition of deferred tax assets based on the principles described below. Management has established a tax recoverability plan enabling the amount of deferred tax assets that may be recognised in the Group's consolidated balance sheet to be estimated;
- determination by the Group of the provision for retirement commitments and similar benefits and related expenses depends on the assumptions used in the actuarial provision calculation;
- analysis of contingencies and legal claims, including the estimate of the probability of the outcomes of litigation in progress and future litigation, which are intrinsically dependant on necessarily uncertain future events.

The financial statements reflect management's best estimates, on the basis of the information available to them on the date that the financial statements are approved for publication.

NOTE 3. CONSOLIDATION SCOPE

3.1 ACCOUNTING POLICIES RELATED TO THE CONSOLIDATION SCOPE

3.1.1 Consolidation principles

Full consolidation

Subsidiaries over which the Group has exclusive control, whether directly or indirectly, are fully consolidated. The Group considers that it has exclusive control over an entity in which it has invested if:

- it has power over the investee;
- it is exposed or entitled to variable returns resulting from its links with the investee;
- it is able to exert its power over the entity in such a way as to influence the amount of returns it obtains from the entity.

The full consolidation method takes into account, after eliminating internal transactions and results, all assets, liabilities and income statement items of the companies in question; that portion of profits and equity due to Group companies (Group share) is distinguished from that relating to interests held by other shareholders (non-controlling interests). All significant transactions between consolidated companies and results within the consolidated group (including dividends) are eliminated.

Equity-accounted joint arrangements and associates

A partnership agreement structures the control of a firm and ensures that it is jointly controlled by at least two partners. This type of firm is known as a joint arrangement, as defined in IFRS 11, retroactively applicable with effect from 1 January 2014, where the partners have rights over the firm's net assets.

Groupe Partouche also has significant influence over some companies, known as associates. Significant influence


CONVIVIAL
WELCOMING
COURTEOUS
CHEERFUL

means the power to participate in decisions concerning a company's financial and operational policies without controlling or jointly controlling those policies. Significant influence is assumed where the Group holds more than 20% of the voting rights. Such joint arrangements and associates are recognised using the equity method.

Under this method, an investment in equity-accounted companies is recognised in the consolidated balance sheet at the date at which the company becomes an associate or a joint arrangement. This investment is initially recognised at acquisition cost. After the acquisition date, it is adjusted to reflect the Group's share of comprehensive income not distributed by the investee. This income may be adjusted to comply with the Group's accounting policies.

The rules for impairment testing of equity-accounted investments are governed by IAS 39 – Financial Instruments: Recognition and Measurement, and IAS 28 (revised) – Investments in Associates and Joint Ventures. Impairment losses on equity-accounted investments, as well as any profit or loss upon the re-measurement at fair value of the previously held share (when control of an equity-accounted company is acquired), are recognised under "Share in earnings of equity-accounted associates".

▸ Change in the percentage of interests held in companies without the loss of control

Under IAS 27 (revised), in the event that additional shares in a subsidiary are acquired, the difference between the price paid and the carrying amount of the acquired minority interest, as determined from the financial statements prior to the acquisition, is deducted from consolidated equity.

3.1.2 Foreign currency translation methods

▸ Translation of foreign companies' financial statements

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group.

Foreign companies' financial statements are initially prepared in each subsidiary's functional currency. Balance sheet items are translated into euros on the basis of the exchange rates prevailing at the balance sheet date. Equity items are translated on the basis of the historical exchange rates, with translation differences from the previous financial year being aggregated under the heading "translation differences" included in the statement of comprehensive income. The income statement and cash flow headings are translated using average rates during the financial year.

▸ Translation of foreign currency transactions

Receivables and payables expressed in foreign currencies are translated on the basis of the exchange rate prevailing at the balance sheet date. Income, expenses and transaction flows are translated on the basis of the exchange rate prevailing at the date they were recognised. The gains and losses resulting from the translation of the assets and liabilities are listed in the income statement.

▸ Main conversion rates

The main exchange rates applied outside the eurozone are as follows:

CURRENCIES / EURO	CLOSING RATE AT 31/10/2017	AVERAGE RATE AT 31/10/2017	CLOSING RATE AT 31/10/2016	AVERAGE RATE AT 31/10/2016	CLOSING RATE AT 31/10/2015	AVERAGE RATE AT 31/10/2015
CHF Swiss franc	**1,162200**	**1,096390**	1,082000	1,091440	1,090000	1,087580
GBP Pound sterling	**0,878530**	**0,871380**	0,900500	0,795490	0,718200	0,738190
TND Tunisian dinar	**2,913130**	**2,637120**	2,466293	2,331730	2,202900	2,191510
USD US dollar *	**-**	**-**	-	-	1,101700	1,136210
EGP Egyptian pound *	**-**	**-**	-	-	8,844300	8,615850

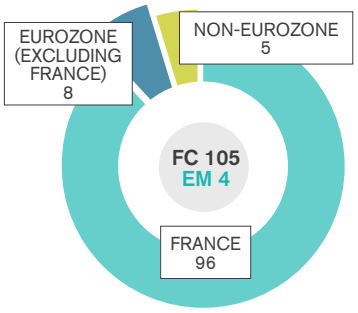
(*) Companies using a foreign currency as their functional currency deconsolidated at 31 October 2014.

3.2 CHANGES IN THE SCOPE OF CONSOLIDATION

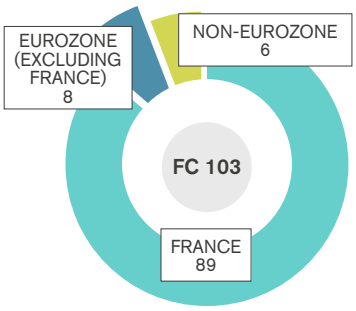
Groupe Partouche's consolidated financial statements, prepared at 31 October 2017, comprise the financial statements of the companies listed in Note 17.

The graphics below summarise the number of entities consolidated by the full consolidation and equity methods.
FC: Full consolidation
EM: Equity method

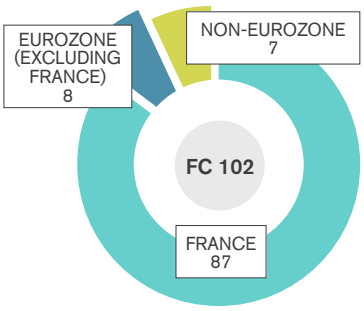
2017 scope of consolidation



2017 scope of consolidation



2017 scope of consolidation



France:
In 2017:
• Addition of SEGR Le Laurent, Plage 3.14, Partouche Studio, Club Partouche Paris, Club Partouche Capitale, Green 3.14,
• The Garden Pinède holding company was wound up through a transmission universelle de patrimoine (transfer of all its assets and liabilities), and the Vichy 4 Chemins casino company was deconsolidated following its liquidation,
• Impact of the MEE sub-group (see Note 3.2.1 "Equity-accounted sub-group");
In 2016, creation of Partouche Images Afrique and SCI Pietra Pornic.
Non-eurozone:
• In 2017, Casino de Tabarka was deconsolidated following its liquidation,
• In 2016, PI Gibraltar was liquidated.

3.2.1 Changes in scope

All the changes in percentage ownership interest are presented in Note 17.

The impact of changes in the Group's scope of consolidation in the 2017 financial year was as follows:

▸ Addition of Club Partouche Paris and Club Partouche Capitale:

These companies were incorporated for the purpose of the Group's bid to operate gaming clubs in Paris following the announcement in the Journal Officiel of a trial of gaming clubs in Paris along with various requirements concerning the casinos.

▸ Addition of SEGR Le Laurent:

SEGR Le Laurent, which operates a gourmet restaurant located at the heart of the Champs-Elysées gardens in Paris, was acquired.

▸ Addition of Plage 3.14:

Incorporated to operate the beach restaurant at Hotel 3.14.

▸ Addition of Partouche Studio:

Incorporated to house communications activities.

▸ Addition of Green 3.14:

Incorporated to operate a wellness concept hotel.

▸ Change in the percentage ownership interests held in companies:

Changes in the Group's percentage holdings resulted mainly from completion of the second round of purchases by the Group of minority stakes in the La Roche-Posay and Agon Coutainville casinos on which a €3m put on minority interests was recognised in the consolidated financial statements for the financial year ended 31 October 2016 pursuant to IAS 32.

▸ Removals from the consolidation scope:

The Garden Pinède holding company was wound up through a transmission universelle de patrimoine to Groupe Partouche SA. There was no impact on the consolidated financial statements.

Casino de Vichy 4 Chemins and Casino de Tabarka, which were dormant, were deconsolidated following their liquidation.

▸ Equity-accounted sub-group:

As explained in Note 1, Cannes Balnéaires was sold to a new controlling shareholder, which completed the acquisition via Palm Beach Cannes Côte d'Azur, a newly incorporated company in which Groupe Partouche owns a minority shareholding (49%). Palm Beach Cannes Côte d'Azur, its subsidiary Cannes Balnéaires, and the companies wholly-owned by the latter (Plage Pointe Croisette and Palm Beach Événementiel), have been accounted for under the equity method since the date of the transaction.

3.2.2 Gain (loss) on the sale of consolidated investments

€000 AT 31 OCTOBER	2017
Gain (loss) on the deconsolidation of Casino de Vichy 4 Chemins	(1 124)
Gain (loss) on the deconsolidation of Casino de Tabarka	(129)
Gain (loss) on the divestment of Cannes Balnéaires	17 800
Total	**16 547**

3.2.3 Disposals of tangible fixed assets

Groupe Partouche also completed disposals of non-material assets during the 2017 financial year. These are shown in the consolidated income statement to 31 October 2017 under "Other current operating income and expenses" for a total of €236k.

3.2.4 Impact of deconsolidated companies and companies added to the scope of consolidation on the consolidated income statement and financial position

▸ Deconsolidated companies

The financial impact on the main components of current operating profit arising from the liquidation of the Vichy 4 Chemins and Tabarka casinos, which were deconsolidated, and from Cannes Balnéaires, which was fully consolidated until July 2017, then accounted for under the equity method, is shown below in the relevant periods and financial years:

Casino Vichy 4 Chemins and Tabarka:

€000 AT 31 OCTOBER	2017	2016	2015
Turnover	**-**	**200**	**2 045**
Purchases and external expenses	(21)	(306)	(1 295)
Taxes and duties	(1)	(19)	(115)
Employee expenses	-	(333)	(1 585)
Depreciation, amortisation and impairment of fixed assets	(7)	(167)	(621)
Other current operating income and expenses	(147)	188	(790)
Current operating profit	**(176)**	**(437)**	**(2 362)**

Cannes Balnéaires:

€000 AT 31 OCTOBER	2017	2016	2015
Turnover	**803**	**7**	**28**
Purchases and external expenses	(260)	(298)	(263)
Taxes and duties	(67)	(2)	(2)
Employee expenses	-	-	-
Depreciation, amortisation and impairment of fixed assets	(164)	(228)	(231)
Other current operating income and expenses	117	694	(3 744)
Current operating profit	**430**	**172**	**(4 211)**

The financial impact of these companies on the main components of the Group's financial position for the previous financial year was as follows:

Casino Vichy 4 Chemins and Tabarka:

NET ASSETS €000 AT 31 OCTOBER	2016	2015
Non-current assets	105	522
Current assets	133	529
Assets held for sale	-	-
TOTAL ASSETS	**237**	**1 051**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	2016	2015
Equity	(216)	(415)
Non-current liabilities	158	279
Current liabilities	295	1 187
Held for sale liabilities	-	-
TOTAL LIABILITIES AND EQUITY	**237**	**1 051**

Cannes Balnéaires :

NET ASSETS €000 AT 31 OCTOBER	2016	2015
Non-current assets	5 292	5 547
Current assets	58	66
Assets held for sale	-	-
TOTAL ASSETS	**5 350**	**5 613**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	2016	2015
Equity	5 168	5 409
Non-current liabilities	167	183
Current liabilities	16	20
Held for sale liabilities	-	-
TOTAL LIABILITIES AND EQUITY	**5 350**	**5 613**

▸ Companies added to the scope of consolidation

The financial impact of the addition of SEGR Le Laurent to Groupe Partouche's scope of consolidation on the various components of current operating profit in the 2017 financial year was as follows:

€000 AT 31 OCTOBER	2017
Turnover	**4 076**
Purchases and external expenses	(2 129)
Taxes and duties	(91)
Employee expenses	(2 308)
Depreciation, amortisation and impairment of fixed assets	(129)
Other current operating income and expenses	(55)
Current operating profit	**(635)**

The company's financial impact on the main components of the Group's financial position in the 2017 financial year was as follows:

NET ASSETS €000 AT 31 OCTOBER	2017
Non-current assets	5 261
Current assets	1 269
Assets held for sale	-
TOTAL ASSETS	**6 530**

LIABILITIES AND EQUITY €000 AT 31 OCTOBER	2017
Equity	4 831
Non-current liabilities	587
Current liabilities	1 112
Held for sale liabilities	-
TOTAL LIABILITIES AND EQUITY	**6 530**

3.3 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, an asset is classified as held for sale only if the sale is highly probable within a reasonable time frame, the asset is available for immediate sale in its current condition and management is committed to a plan to sell.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

a) represents either a separate major line of business or a geographical area of operations; or

b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

c) is a subsidiary acquired exclusively with a view to resale.

Breakdown of non-current assets held for sale and discontinued operations

Held for sale assets and liabilities at 31 October 2015 concerned the companies operating the two Contrexéville hotels (the Cosmos and La Souveraine – Grands Hôtels du Parc), as well as assets relating to those companies held by SCI Foncière de Vittel et Contrexéville; also included in this transaction are other real estate assets belonging to SCI Foncière de Vittel et Contrexéville.

Planned disposals for financial year 2016 did not materialise. The related assets and liabilities were therefore reclassified by type in the consolidated balance sheet.

At 31 October 2017, there were no assets held for sale.

Balance sheet – Assets

€000 AT 31 OCTOBER	2017	2016	2015
NON-CURRENT ASSETS	**-**	**-**	**746**
Hôtel Cosmos (Contrexéville)	-	-	313
Grands Hôtels du Parc (Contrexéville)	-	-	26
SCI Foncière Vittel et Contrexéville	-	-	407
CURRENT ASSETS	**-**	**-**	**120**
Hôtel Cosmos (Contrexéville)	-	-	107
Grands Hôtels du Parc (Contrexéville)	-	-	13
Total held for sale assets	**-**	**-**	**867**

Breakdown of non-current assets held for sale

€000 AT 31 OCTOBER	2017	2016	2015
Intangible assets	-	-	99
Goodwill	-	-	-
Tangible fixed assets	-	-	609
Other non-current financial assets	-	-	1
Deferred tax	-	-	4
Other non-current assets	-	-	33
NON-CURRENT ASSETS	**-**	**-**	**746**

Balance sheet – Liabilities and equity

€000 AT 31 OCTOBER	2017	2016	2015
NON-CURRENT LIABILITIES	**-**	**-**	**1**
Hôtel Cosmos (Contrexéville)	-	-	1
CURRENT LIABILITIES	**-**	**-**	**216**
Hôtel Cosmos (Contrexéville)	-	-	212
Grands Hôtels du Parc (Contrexéville)	-	-	3
Total liabilities held for sale	**-**	**-**	**216**

NOTE 4. SEGMENT INFORMATION

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

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

With regard to casino subsidiaries, the Group believes that its operating companies have a unique activity contributing to a global service offering for its customers. Several restrictions are attached to the operation of casinos, which, according to gaming regulations, are establishments comprising three distinct activities: gaming, entertainment and food services, together under a single management structure. The operating requirements to be followed therefore include ancillary services necessarily incidental to the main activity, gaming.

(*) Until 31 October 2014, all the activities in France contributing to organising and operating gaming in which participants use remote communication (TV, internet, etc.) were grouped under the separate Interactive gaming division. Following the strategic reduction carried out in financial years 2013 and 2014, specific internal control is no longer carried out for the Interactive division, since its business is no longer significant. From financial year 2015, the companies that comprise this sector are classified under "Other".

Current operating profit (loss) is the main benchmark indicator monitored across the various business sectors.

The current operating profit assigned to "Other activities" essentially takes into account external expenses, personnel costs and charges to amortisation and depreciation of the parent company, Groupe Partouche SA, different sub-holding companies of the Group, the Group's real estate companies, and lastly the company operating Les Thermes d'Aix-en-Provence.

The current operating profit of online gaming activity in Belgium is presented under "Casinos". It is part of the relevant companies' casino business. As always, online gaming licences in Belgium are awarded only to physical casino operators.

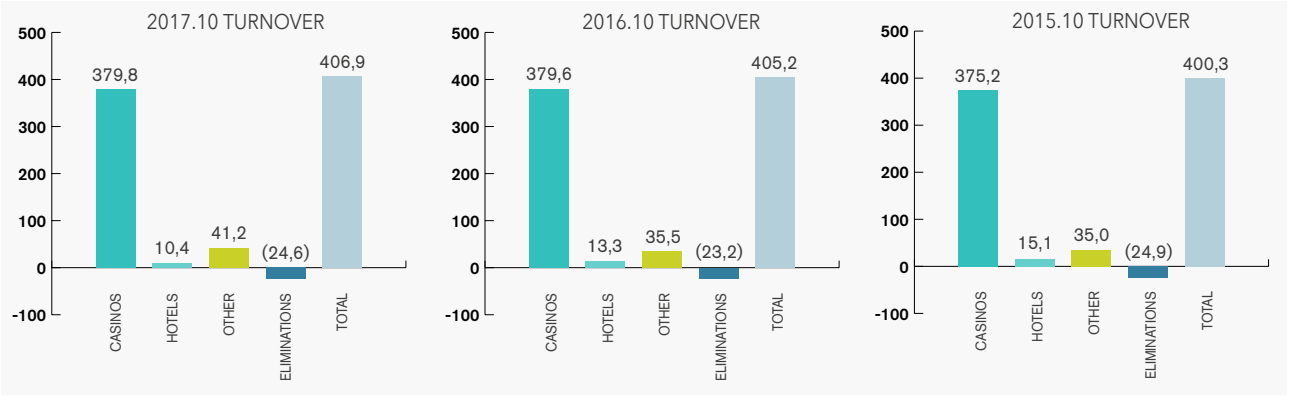
To make it easier to understand segment performance, with effect from the interim results for the six-month period to 30 April 2015, Groupe Partouche has presented segment information in the form set out below, with the contribution from each segment now shown before intra-group eliminations between the Group's various business segments.

4.1 BUSINESS OVERVIEW BY SEGMENT

€000 AT 31 OCTOBER 2017	BEFORE ELIMINATION				ELIMINATION	CONSOLIDATED TOTAL
	TOTAL	CASINOS	HOTELS	OTHER		
Turnover	431 465	379 793	10 425	41 247	(24 580)	406 885
Purchases and external expenses	(149 892)	(115 930)	(6 084)	(27 878)	15 273	(134 619)
Taxes and duties	(27 915)	(25 555)	(884)	(1 477)	10 050	(17 865)
Employee expenses	(172 814)	(153 494)	(5 350)	(13 970)	(199)	(173 013)
Depreciation, amortisation and impairment of fixed assets	(37 594)	(32 369)	(1 096)	(4 129)	-	(37 594)
Other current operating income and expenses	(6 892)	(8 426)	(299)	1 832	(544)	(7 436)
Current operating profit	**36 358**	**44 020**	**(3 288)**	**(4 374)**	**-**	**36 358**

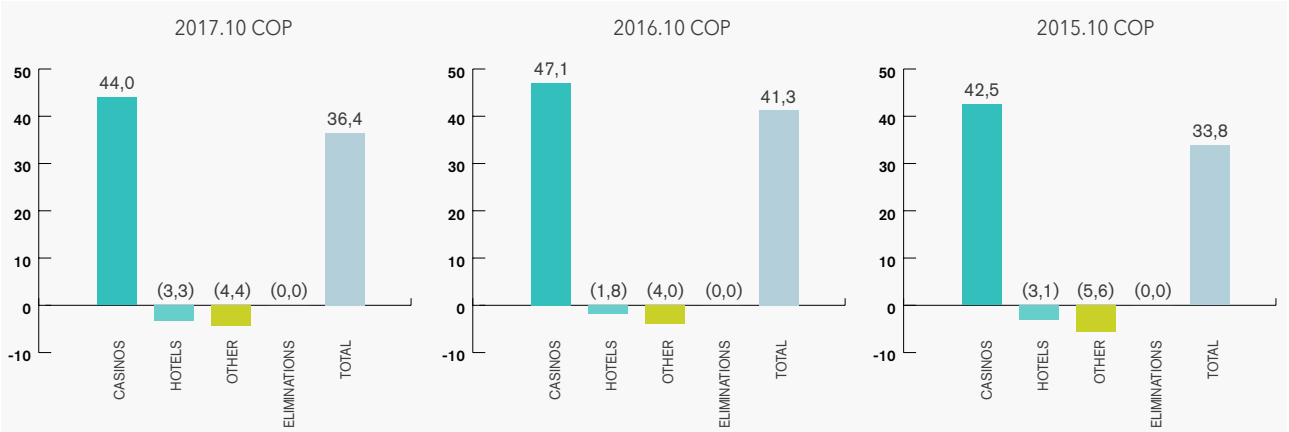
€000 AT 31 OCTOBER 2016	BEFORE ELIMINATION				ELIMINATION	CONSOLIDATED TOTAL
	TOTAL	CASINOS	HOTELS	OTHER		
Turnover	428 399	379 649	13 285	35 465	(23 195)	405 203
Purchases and external expenses	(147 759)	(116 680)	(6 976)	(24 103)	14 227	(133 533)
Taxes and duties	(27 660)	(25 820)	(651)	(1 189)	9 670	(17 990)
Employee expenses	(168 274)	(152 048)	(6 006)	(10 220)	(114)	(168 389)
Depreciation, amortisation and impairment of fixed assets	(35 531)	(30 736)	(1 142)	(3 653)	-	(35 531)
Other current operating income and expenses	(7 888)	(7 304)	(272)	(312)	(587)	(8 475)
Current operating profit	41 286	47 061	(1 762)	(4 013)	-	41 286

4.2 TURNOVER BY DIVISION (€M)

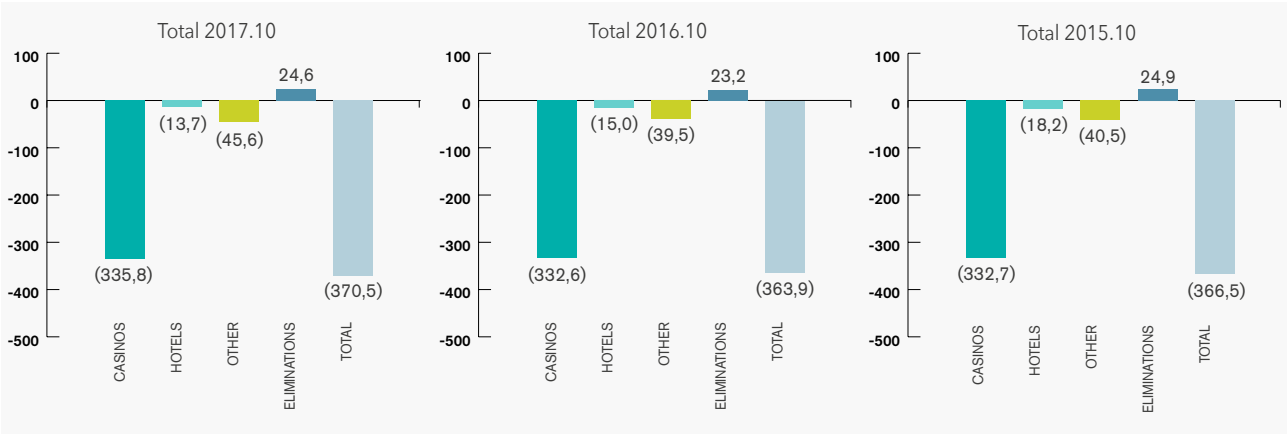


4.3 CURRENT OPERATING PROFIT BY DIVISION

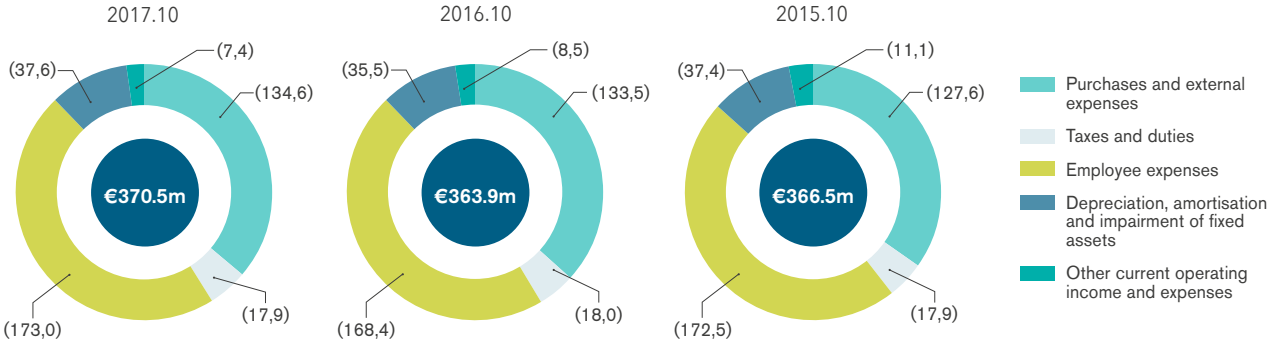
Breakdown of current operating profit by division (€M)



Operating expenses by type, net of associated income (€M)



Breakdown of operating expenses, net of associated income, by year (€M)



4.4 BALANCE SHEET ITEMS BY DIVISION

€000 AT 31 OCTOBER	SEGMENT ASSETS		OF WHICH EQUITY-ACCOUNTED	
	2017	2016	2017	2016
Casinos	546 480	538 261	-	-
Hotels	15 977	16 462	-	-
Other	136 125	150 969	-	-
TOTAL	**698 583**	**705 692**	-	-

Financial statement reconciliation of segment liabilities:

€000 AT 31 OCTOBER	SEGMENT LIABILITIES	
	2017	2016
Casinos	149 385	150 811
Hotels	4 331	4 709
Other	176 949	215 013
TOTAL	**330 665**	**370 533**

E€000 AT 31 OCTOBER	2017	2016
Segment liabilities	330 665	370 533
Equity	367 918	335 159
TOTAL LIABILITIES AND EQUITY	**698 583**	**705 692**

Cash flow items by business division:

€000 AT 31 OCTOBER	ACQUISITION OF INTANGIBLE ASSETS		ACQUISITION OF TANGIBLE FIXED ASSETS		ELIMINATION OF DEPRECIATION, AMORTISATION AND PROVISIONS	
	2017	2016	2017	2016	2017	2016
Casinos	(139)	(190)	(53 043)	(35 510)	37 283	49 677
Hotels	(173)	-	(605)	(671)	1 242	1 216
Other	(210)	(140)	(10 337)	(5 424)	4 335	4 199
TOTAL	**(522)**	**(330)**	**(63 985)**	**(41 604)**	**42 860**	**55 092**

NOTE 5. OPERATIONAL DATA

5.1 REVENUE RECOGNITION

Consolidated turnover recognised for the Group corresponding to income from ordinary activities as defined under IAS 18 mainly includes income generated by the following activities:

- net gaming revenue;
- sales of services.

Turnover is recognised on the accrual basis for net gaming revenue or in relation to the degree of completion for sales of services and lease agreements, provided that the price is fixed or may be determined and that the corresponding receivable is likely to be recovered. Turnover is measured at the fair value of the consideration received or to be received.

a. Net gaming revenue

This item corresponds to gross gaming revenue, less the corresponding gaming levies, in accordance with the chart of accounts for casinos. Net gaming revenue is known and recognised when the service is performed.

b. Sales of services

Turnover generated by sales of services includes proceeds arising from restaurant, hotel and entertainment activities constituting the full range of leisure services provided to the clientele of the Group's establishments in addition to gaming activities.

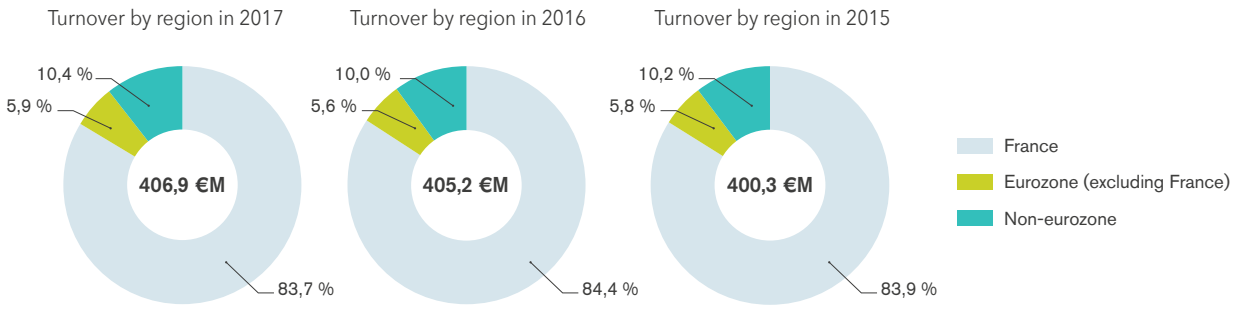
Turnover by geographical area

Geographic information is based on the breakdown of turnover by the geographic regions in which the Group operates, which are as follows:

- France;
- Eurozone (excluding France);
- Non-eurozone.

BREAKDOWN OF TURNOVER €000 AT 31 OCTOBER	2017	%	2016	%	2015	%
France *	340 506	83,7 %	341 911	84,4 %	336 081	83,9 %
Eurozone (excluding France)	24 071	5,9 %	22 892	5,6 %	23 402	5,8 %
Non-eurozone	42 307	10,4 %	40 400	10,0 %	40 858	10,2 %
TOTAL	**406 885**	**100 %**	**405 203**	**100 %**	**400 342**	**100 %**

(*) Figures at 31 October 2017 include the impact of the introduction of the national customer loyalty programme accounted for in line with IFRIC 13, which had a negative impact of €3.4m (see Note 2.1.2).



5.2 OPERATING PROFIT AND EBITDA

In order to aid in the understanding of its financial performance, the Group considers that it is pertinent to divide its operating profit into two components on its income statement: current operating profit and non-current operating profit.

▸ Current operating profit (COP)

Current operating profit combines all of the income and expenses directly related to the Group's businesses to the extent that these items are recurring, usual items of the operating cycle or that they result from ad hoc events or decisions related to the Group's operations. This indicator used by the Group allows for the presentation of a level of operating performance able to facilitate a forward-looking approach to recurring performance. This aggregate is the operating profit before impairment of goodwill and other non-recurring operating income and expenses defined as follows: net gains/losses from the disposal of assets and exceptional items, income and expenses which are unusual in their frequency, nature or amount.

▸ Non-current operating profit (NCOP)

Non-current operating profit comprises all non-current events that are not usually part of the operating cycle: it therefore comprises impairments of fixed assets, the gain or loss from the sale of consolidated investments, the gain or loss on the sale of assets, and other non-current operating income and expenses that are not related to the normal operating cycle.

▸ Consolidated EBITDA

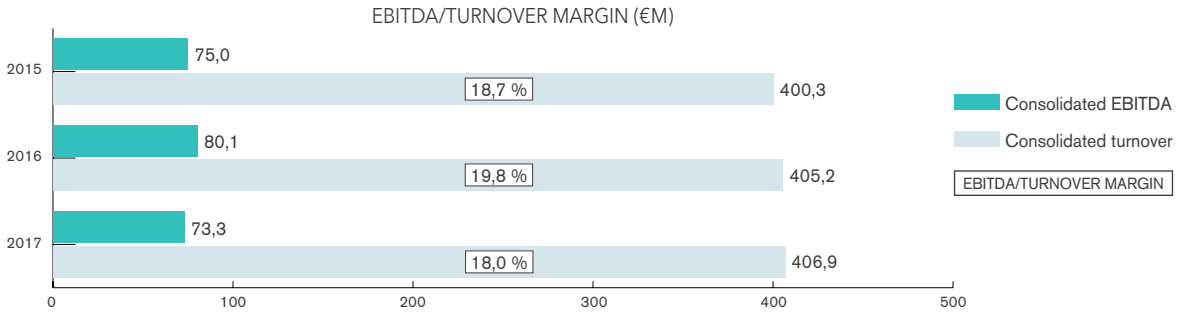
Consolidated EBITDA comprises the income and expense items constituting current operating profit (as defined in the interim and annual financial statements of Groupe Partouche), excluding depreciation and amortisation (allocations and reversals) and provisions (allocations and reversals) relating to the operating cycle and one-off items relating to the Group's activities that are included under current operating profit but are excluded from EBITDA given their non-recurring nature.

▸ Adjustments to reconcile current operating profit to EBITDA at 31 October 2017

€000 AT 31 OCTOBER	2017 COP	RESTATEMENT RECLASSIFICATION	2017 EBIDTA
Turnover	406 885	-	406 885
Purchases and external expenses	(134 619)	-	(134 619)
Taxes and duties	(17 865)	-	(17 865)
Employee expenses	(173 013)	(58)	(173 071)
Depreciation, amortisation and impairment of fixed assets	(37 594)	37 594	-
Other current operating income and expenses	(7 436)	(576)	(8 011)
Adjustments to reconcile COP to EBITDA	**36 358**	**36 960**	**73 318**

▸ Adjustments to reconcile current operating profit to EBITDA at 31 October 2016

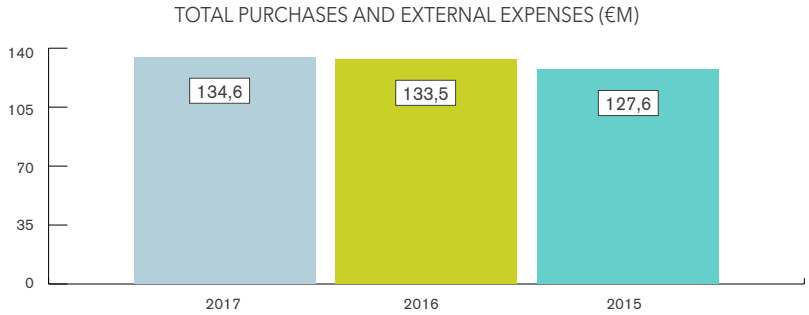
€000 AT 31 OCTOBER	2016 COP	RESTATEMENT RECLASSIFICATION	2016 EBITDA
Turnover	405 203	-	405 203
Purchases and external expenses	(133 533)	1 084	(132 448)
Taxes and duties	(17 990)	362	(17 628)
Employee expenses	(168 389)	1 179	(167 209)
Depreciation, amortisation and impairment of fixed assets	(35 531)	35 531	-
Other current operating income and expenses	(8 475)	630	(7 846)
Adjustments to reconcile COP to EBITDA	**41 286**	**38 787**	**80 073**



5.3 PURCHASES AND EXTERNAL EXPENSES

The lease agreements referenced at the level of the Group as a whole are in large part operating leases under which the lessor retains a significant portion of the risks and benefits inherent in ownership of the asset under lease. Payments made under these leases are recognised in expenses on a straight-line basis over the term of the leases. Only significant finance-lease agreements for fixed assets are restated. They give rise to recognition of an asset, the leased property, and a liability, the financial debt. These assets are depreciated in accordance with the schedule defined by the Group in respect of the fixed assets concerned.

Comparison of purchases and external expenses



Breakdown of purchases and external expenses (€M)

€M AT 31 OCTOBER	2017	2016	2015
Raw materials	37,9	36,9	37,2
Fixed asset leases	9,8	9,0	9,4
Current asset leases	7,5	7,0	7,2
Maintenance	9,5	9,2	9,5
Professional fees	15,7	15,1	15,7
Advertising	21,0	24,6	19,1
Subcontracting expenses	22,0	21,7	20,0
Other	11,2	10,1	9,5
TOTAL	**134,6**	**133,5**	**127,6**

Please refer to Section 21.3 “Statutory Auditors’ fees” for details of the Statutory Auditors’ fees.

Breakdown of “Sundry” item

€000 AT 31 OCTOBER	2017	2016	2015
Insurance premiums	1 076	1 018	991
External staff	1 431	1 044	1 275
Entertainment	2 734	2 348	2 297
Post and telecoms	2 086	1 914	1 910
Banking fees	2 445	2 080	2 275
Other	1 475	1 666	788
TOTAL	**11 247**	**10 070**	**9 536**

5.4 OTHER OPERATING INCOME AND EXPENSES

5.4.1 Other current operating income and expenses

€000 AT 31 OCTOBER	2017	2016	2015
Net gain (loss) on asset disposals	(486)	(149)	(459)
Changes in impairment of current assets	486	(745)	(513)
Changes in provisions for contingencies	164	(861)	(325)
Sundry current operating income and expenses	(7 600)	(6 719)	(9 828)
Other current operating income and expenses	**(7 436)**	**(8 475)**	**(11 125)**

Breakdown of "Sundry current operating income and expenses" at 31 October 2017

Charges related to casino operating requirements	(12 065)
Gaming oversight fees	(669)
Other sundry current operating expenses*	(2 689)
Total sundry current operating expenses	**(15 423)**
Tax relief for manifestations artistiques de qualité (high-quality artistic productions)	101
Investments subsidies taken to income for the period	1 277
Other sundry current operating income**	6 446
Total sundry current operating income	**7 823**
Total sundry current operating income and expenses	**(7 600)**

(*) Mainly includes all other recurring operating costs (image costs, copyright, other royalties and miscellaneous operating costs, etc.) incurred by all the Group's companies.

(**) Mainly includes all other recurring operating revenue earned by all the Group's companies.

At 31 October 2017, "Other sundry current operating income" consists of €4.1m in income from high-quality artistic productions.

5.4.2 Other non-current operating income and expenses

€000 AT 31 OCTOBER	2017	2016	2015
Net gain (loss) on asset disposals*	236	178	2 647
Sundry operating income and expenses**	(1 911)	(3 143)	(850)
Total	**(1 675)**	**(2 965)**	**1 797**

(*) At 31 October 2017, this item solely comprised the net gain of €236k from the sale of a real estate asset owned by SCI Foncière de Contrexéville.

(*) At 31 October 2016, this item included the net gain from the sale of a real estate asset owned by Cannes Balnéaires for €174k and the net gain from the sale of a real estate asset owned by Forges-les-Eaux for €4k.

(**) Includes all non recurring sundry operating income and expenses not related to the Group's usual operating cycle.

At 31 October 2017, this included exceptional depreciation charges on the Palm Beach and Aix-en-Provence casinos (€1,150k and €579k respectively) corresponding to depreciation for obsolescence as part of the relocation of the Palm Beach de Cannes casino and renovation works at Aix-en-Provence.

At 31 October 2016, this included exceptional depreciation charges on the Palm Beach, Aix-en-Provence and Juan-les-Pins casinos (for €1,959k, €855k and €397k respectively) corresponding to depreciation for obsolescence as part of the relocation of the Palm Beach de Cannes and Juan-les-Pins casinos and renovation works at Aix-en-Provence, as well as a penalty payment received for a failure to meet deadlines on the sale agreement for assets at Contrexéville.

5.5 INVENTORIES AND SEMI-FINISHED GOODS

Inventories are stated at their acquisition cost. The costs of inventories sold are determined on the basis of the first-in-first-out method. An impairment loss is recognised when the carrying amount of inventories is higher than their net realisable value.

€000 AT 31 OCTOBER	2017	2016	2015
Inventories – Solids	703	639	661
Inventories – Liquids	1 816	1 149	1 221
Inventories – Other consumed purchases	284	244	178
Inventories – Production in progress*	3 476	87	87
Inventories – Finished and semi-finished products	-	-	-
Inventories – Merchandise inventories	1 506	1 050	1 074
GROSS AMOUNT	**7 785**	**3 169**	**3 220**
Provision	(29)	(28)	(36)
NET AMOUNT	**7 756**	**3 142**	**3 184**

(*) At 31 October 2017, the €3,356k in relevant fixed assets were reclassified under "Inventories – Production" in progress in connection with the property development plan for the former casino building at La Grande-Motte, in accordance with IFRIC 15.

5.6 RECEIVABLES AND OTHER DEBTORS

Receivables are recognised at their face value. An impairment provision is set aside whenever their fair value, based on the likelihood of their being recovered, is less than their nominal value.

€000 AT 31 OCTOBER	2017	2016	2015
Trade receivables	21 321	19 863	15 724
Provisions for trade accounts receivable	(9 485)	(9 891)	(9 672)
Total net value of trade receivables	**11 836**	**9 972**	**6 052**
Other debtors	56 401	38 360	35 422
Provisions for other debtors	(42 200)	(23 265)	(23 341)
Total net value of other debtors	**14 201**	**15 096**	**12 081**
Total net value of trade receivables and other debtors	**26 037**	**25 068**	**18 133**

Breakdown of other debtors

€000 AT 31 OCTOBER	2017	2016	2015
Suppliers: advances and down payments	699	911	766
Employee receivables – advances and down payments	159	162	117
Receivables from social security organisations	418	499	537
Tax receivables – excluding corporate income tax	8 090	7 460	5 960
Current accounts – assets	32 428	15 353	13 587
Receivables in respect of sales of property and equipment	20	20	20
Receivables in respect of sales of securities	1 113	1 362	828
Other receivables	12 876	11 985	10 987
Dividends receivable	-	-	-
Other income receivables	599	607	2 619
Total other debtors	**56 401**	**38 360**	**35 422**

Comments on other debtors:

At 31 October 2017, "Tax receivables – excluding corporate income tax" included primarily sums due as tax relief for high-quality artistic events, notably €1.6m for the Aix-en-Provence casino (vs. €1.9m as at 31 October 2016) and €1.5m for the Lyon Pharaon casino (vs. €2.4m as at 31 October 2016).





The steep increase in "Current accounts – assets" was primarily the result of the deconsolidation of Casino de Vichy 4 Chemins following its liquidation since its current account, which was written off in full, was no longer eliminated upon consolidation (gross amount of €18.9m, 100% impaired).

Current receivables from disposals of securities correspond to the current portion (€712k) of the balance receivable in connection with the sale of Société Française de Casinos (SFC) to Tête Dans les Nuages (TDN) (receivable fully impaired), the current portion (€400k) of the seller financing related to the divestment of the Dinant casino which took place in 2014.

"Other receivables" includes in particular a longstanding €6.9m receivable from a third party that has yet to deliver a property title acquired under contract and against which proceedings have been filed. This receivable is provided for in full.

Breakdown of provisions for other debtors

€000 AT 31 OCTOBER	2017	2016	2015
Provisions on current accounts – assets	(31 285)	(12 174)	(12 846)
Provision for receivables in respect of sales of securities	(712)	(961)	(427)
Provision for other receivables	(10 204)	(10 130)	(10 069)
Provision for other debtors	**(42 200)**	**(23 265)**	**(23 341)**

Comments on provisions for other debtors:

Besides the impairment losses mentioned above, "Provisions on current accounts – assets" mainly includes:

- a €2.1m provision recognised in previous financial years by Compagnie Européenne de Casinos in its dealings with a foreign company;
- an €8.3m provision for Group Partouche SA's current account with the Beaulieu casino (liquidated company, deconsolidated in 2010).

Accounts receivable aging of trade and other receivables

€000 AT 31 OCTOBER 2017 RECEIVABLES OUTSTANDING FOR:	< 1 MONTH OR NOT OUTSTANDING	< 3 MONTHS	< 6 MONTHS	< 9 MONTHS	> 9 MONTHS	TOTAL
Net value of trade receivables	1 474	4 238	2 857	994	2 273	11 836
Net value of other debtors	7 298	2 054	1 237	255	3 357	14 201
Total trade and other receivables	**8 772**	**6 292**	**4 094**	**1 249**	**5 630**	**26 037**

Receivables outstanding for more than nine months include accrued income on additional allowances receivable (linked to "Article 34" hotel investments and "high-quality artistic events").

Accrued income of this type is directly related to expenditure incurred in recent gaming seasons; its collection is dependent on the Ministry of the Interior approving applications filed by casinos in this regard, which can give rise to relatively long delays between the point at which casinos pay out the expenditure and the point at which the Ministry authorises the allowances. However, no unfavourable settlements have been recorded for these casinos in recent financial years.

5.7 INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

The Group's investments in equity-accounted associates and the percentage ownership interest are presented in the note relating to the scope of consolidation. The financial information relating to the Group's equity-accounted associates is summarised below:

Balances relating to equity-accounted associates

€000 AT 31 OCTOBER	2015	2016	SHARE IN PROFIT	RECLASSIFICATION	CHANGES IN SCOPE	2017
Investments in equity-accounted associates	-	-	(537)	511	26	-
Provision for share of negative equity	-	-	-	(511)	-	(511)
Total	**-**	**-**	**(537)**	**-**	**26**	**(511)**
Of which, goodwill relating to equity-accounted associates	-	-	-	-	-	-

NOTE 6. INTANGIBLE AND TANGIBLE FIXED ASSETS

6.1 GOODWILL

▸ **Determination of goodwill**

Upon the acquisition of the shares of a consolidated company, the separately identifiable assets and liabilities are measured at their total fair value based on the Group's intended utilisation. The corresponding assets and liabilities are therefore recognised in the balance sheet at this revised value.

Goodwill is the difference between the acquisition cost of shares and the Group's share in the fair value of any identifiable assets and liabilities. Under the previous IFRS 3, all of the expenses representing external costs directly related to the acquisition are included in the acquisition cost. Most of the goodwill has been generated by external growth operations. However, as of the financial year ended 31 October 2010, and where no change in control has occurred, this difference is recorded directly as a reduction in equity, in accordance with IAS 27 (revised). Goodwill is accounted for in the functional currency of the acquired entity and is translated in the consolidated financial statements according to the rules of conversion as previously defined.

Upon the sale of a subsidiary, the amount of goodwill attributable to the company sold is included in the calculation of the gain or loss on disposal.

€000 AT 31 OCTOBER	2017	2016	2015
Net goodwill, excluding impairment for the financial year	241 795	245 680	267 139
Impairment for the financial year	(4 718)	(5 737)	(21 459)
Net goodwill	**237 076**	**239 944**	**245 680**

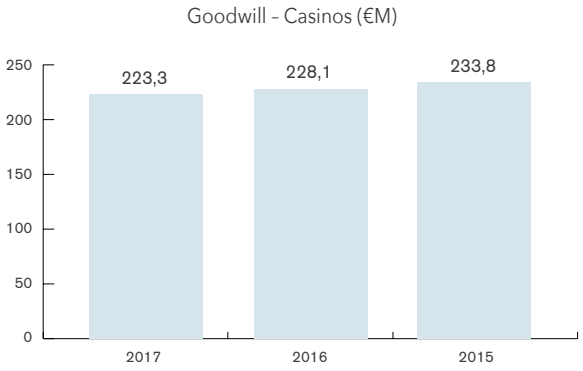
Impairment of goodwill in respect of financial year 2017, recognised in "Impairment of non-current assets" under "Non-current operating profit (loss)" in the consolidated income statement, totalled €4.7m and concerned only the casino CGUs based on value in use.

The full methodology used for the impairment of goodwill is set out in Section 6.2 below.

No CGUs were rebundled or subdivided in relation to the previous financial year.

6.1.1 Breakdown of changes in goodwill by division





€000 AT 31 OCTOBER	2017	2016	2015
Casinos	223 333	228 051	233 788
Hotels	3 072	3 072	3 072
Other	10 672	8 821	8 821
TOTAL	**237 076**	**239 944**	**245 680**

Breakdown of changes

NET VALUE AT 31 OCTOBER 2016 IN €000	239 944
Increase*	4 537
Decreases**	(2 686)
Impairment	(4 718)
IFRS 5 reclassification	-
Net value at 31 October 2017	**237 076**

(*) At 31 October 2017, the increase reflects the addition of SEGR Le Laurent to the scope of consolidation.

(**) The decrease reflects the deconsolidation of the Cannes Balnéaires goodwill.

Breakdown of impairment

BREAKDOWN OF IMPAIRMENT IN €000	2017
Casino Bandol	(4 718)
Impairment	**(4 718)**

A goodwill impairment charge of €4,718k was recognised under line item "Impairment of non-current assets" within "Non-current operating profit" in the consolidated income statement.

6.1.2 Goodwill by company

The breakdown of accumulated goodwill (net of impairment) above €10m as at 31 October 2017 is as follows:

€M AT 31 OCTOBER	2017	2016
Casino Divonne	30,75	30,75
Casino Pornichet	30,13	30,13
Casino Annemasse	27,19	27,19
Casino La Grande-Motte	22,82	22,82
Casino Pornic	19,27	19,27
Casino La Roche-Posay	16,98	16,98
Casino Ostende	15,39	15,39
Casino Plouescat	12,98	12,98
SUBTOTAL	**175,52**	**175,52**
Other entities (aggregate)	61,56	64,43
TOTAL	**237,08**	**239,94**

6.2 IMPAIRMENT IN THE VALUE OF GOODWILL

6.2.1 Impairment testing of goodwill

Goodwill is not amortised, but is subject to impairment tests annually or more frequently if there is any indication of identified impairment in value. Besides external indicators that measure any loss in value related to the economic climate, the Group mainly uses changes in the following internal indicators: gross gaming revenue, turnover and EBITDA.

For the purposes of carrying out impairment testing, each goodwill item is allocated to a cash generating unit (CGU) representing the smallest group of identifiable assets that generate largely independent cash inflows, i.e. the lowest level at which goodwill is monitored for the purposes of monitoring for internal management purposes (generally a casino operating company). Monitoring the value of goodwill falls within the scope of application of Section 135 of IAS 36.

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

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

The value in use of a CGU is determined by discounting the future cash flows generated by its assets. The data used for the value-in-use method is extracted from the annual budgets and multi-annual plans drawn up by management for a period of five years. These forecasts are drawn up by each operating segment, drawing on their financial targets and assumptions on the following factors: discount rate, the long-term growth rate used to calculate the terminal value, EBITDA, investment expenditure, competition environment, regulatory environment, changes in technology and level of marketing and selling costs.

Beyond the five-year period, a terminal value corresponding to the value of the CGU at the end of the explicit projection period was calculated using the capitalisation, for an unlimited time, of normative cash flows, taking into consideration a specific forecast long-term growth rate for each business segment.

The forecast cash flows and the terminal value have been discounted to present value at the assessment date using a discount rate equal to the weighted average cost of capital (WACC), including a risk premium for each business segment.

Should the tests, once performed, yield a loss in value, the impairment is deducted from goodwill. It is charged to «Impairment of non-current assets» under non-current operating profit. Under IFRS as adopted by the European Union, a recorded impairment of goodwill can never be reversed.

The main assumptions used at 31 October 2017 are shown below:

DISCOUNT RATE	GROWTH RATE	DEBT-FREE SEGMENT BETA	MARKET PREMIUM	TAX RATE
7,4 %	Between 0% and 2%	0,70	7 %	28 %

The tests performed on the Group's goodwill at 31 October 2017 led to the recognition of additional impairment in the amount of €4,718k, as shown in the table in Note 6.1.1.

6.2.2 Sensitivity of impairment tests

Sensitivity to interest rate changes

Sensitivity tests of realisable value based on reasonably possible changes of a key assumption were carried out, and more specifically, sensitivity tests to changes of 0.5 points of the discount rate and the growth rate to infinity. They did not reveal any situations in which the realisable value of CGU would become lower than the carrying amount, with the exception of the CGU values mentioned below:

CGU	IMPACT IN €M OF A CHANGE IN			
	DISCOUNT RATE		PERPETUAL GROWTH RATE	
	+1/2 POINT	-1/2 POINT	+1/2 POINT	-1/2 POINT
Casino d'Andernos	(0,32)	0,41	0,37	(0,29)
Casino de La Grande-Motte	(1,73)	2,23	1,97	(1,52)
Casino d'Ostende	(0,76)	1,26	1,24	(0,74)
Casino de Bandol	(0,30)	0,35	0,35	(0,30)
SEGR Le Laurent	(0,10)	0,65	0,54	(0,01)

The figures shown reflect the results of sensitivity tests, with the understanding that:

- a negative impact reflects an additional impairment charge, taking into account the change in the recoverable amount of the CGU against its carrying amount;
- a positive impact reflects a positive change in the recoverable amount of the CGU.

Sensitivity to changes in turnover and EBITDA

The Group carries out an analysis of the sensitivity of recoverable amounts to reasonably possible changes in assumptions impacting certain parameters of the budget forecasts used: turnover and EBITDA.

At 31 October 2017, the results are presented below for those CGUs designated in the preceding section:

CGU	IMPACT IN €M OF A CHANGE IN			
	TURNOVER		EBITDA	
	+1.5%	-1.5%	+2%	-2%
Casino d'Andernos	0,12	(0,09)	0,14	(0,12)
Casino de La Grande-Motte	0,48	(0,32)	0,58	(0,42)
Casino d'Ostende	0,34	(0,02)	0,39	(0,07)
Casino de Bandol	0,13	(0,13)	0,14	(0,14)

The figures shown reflect the results of sensitivity tests, with the understanding that:

- a negative impact reflects an additional impairment charge, taking into account the change in the recoverable amount of the CGU against its carrying amount;
- a positive impact reflects a positive change in the recoverable amount of the CGU.

6.3 INTANGIBLE ASSETS

Intangible assets with indefinite useful lives are not amortised. In light of the Group's sectors of activity, they represent assets in respect of which it is possible to verify the change in value. They are subject to periodic impairment testing.

Intangible assets with definite useful lives are amortised based on their expected useful lives and are impaired where there is an indication of impairment in value.

Other intangible assets notably include operating rights acquired to operating licences, client lists and lease rights.

€000	CONCESSIONS, PATENTS, BRANDS	INTERNALLY GENERATED GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL
Gross value at 31 October 2015	**8 046**	**9 584**	**6 335**	**23 965**
Accumulated amortisation at 31 October 2015	(7 541)	(6 517)	(5 870)	(19 928)
Net value at 31 October 2015	**505**	**3 067**	**465**	**4 037**
Acquisitions	68	-	261	330
Assets sold or scrapped	(51)	-	(265)	(316)
Additions to the consolidation scope	-	-	-	-
Removals from the consolidation scope	(2 823)	-	-	(2 823)
Translation difference	-	-	(3)	(3)
Transfers, reclassifications and IFRS 5 reclassification	-	133	64	197
Depreciation charges and reversals	2 858	(206)	(13)	2 640
Gross value at 31 October 2016	**5 239**	**9 716**	**6 393**	**21 349**
Accumulated amortisation at 31 October 2016	(4 683)	(6 722)	(5 883)	(17 288)
Net value at 31 October 2016	**556**	**2 994**	**510**	**4 060**
Acquisitions	53	160	309	522
Assets sold or scrapped**	(9)	(66)	(268)	(343)
Additions to the consolidation scope	-	-	41	41
Removals from the consolidation scope*	(2)	(1 250)	(21)	(1 272)
Translation difference	-	-	(44)	(44)
Transfers, miscellaneous reclassifications, IFRS 5 reclassification	-	-	110	110
Depreciation charges and reversals	(29)	716	(135)	552
Gross value at 31 October 2017	**5 281**	**8 560**	**6 522**	**20 364**
Accumulated amortisation at 31 October 2017	(4 712)	(6 007)	(6 018)	(16 736)
Net value at 31 October 2017	**569**	**2 554**	**504**	**3 627**

(*) The "Removals from the consolidation scope" line for the financial year ended 31 October 2017 reflects the exit of the Cannes Balnéaires leasehold right measured at €1,250k (with €786k in amortisation) and deconsolidation of Vichy 4 Chemins following its liquidation.

(**) At 31/10/2017 this item consisted wholly of assets scrapped.

6.4 TANGIBLE FIXED ASSETS

▸ Measurement

The Group's property and equipment is recognised at acquisition cost (acquisition price and acquisition costs of the fixed assets) or at production cost.

Borrowing costs directly attributable to the acquisition, construction or production of certain assets until the date on which they are brought into service are recognised in addition to the value of the corresponding asset.

Property and equipment is measured at each balance sheet date, based on the amortised cost model: at cost less depreciation and any impairment losses.

Assets under construction correspond to fixed assets for which the acquisition or production is not yet complete, with the result being that the expected initial return has yet to be realised.

▸ Depreciation method and period

The main depreciation method used by the Group is the straight-line method.

Land is not depreciated. Depreciation is applied based on the expected useful life of the assets. The main useful lives fall within the following ranges:

- Buildings – structures	20 to 50 years
- Buildings – fluids	15 to 20 years
- Buildings – fittings	8 to 15 years
- Equipment, fixtures and fittings	5 to 10 years
- Other tangible fixed assets	3 to 7 years

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

The residual values and useful lives of the assets are reviewed and, where applicable, are adjusted at the balance sheet date. The carrying amount of an asset is immediately impaired to bring it in line with its net realisable value when the carrying amount of the asset is higher than its estimated net realisable value.

Gains and losses on disposal are determined by comparing the proceeds on sale with the carrying amount of the

asset sold. They are recognised in the income statement under "Other current operating income and expenses", or "Other non-current operating income and expenses" according to the principles described in Note 5.2.

€000 AT 31 OCTOBER	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Gross value at 31 October 2015	**28 740**	**428 047**	**219 304**	**103 682**	**779 773**
Accumulated depreciation at 31 October 2015	(7 900)	(263 180)	(181 061)	(80 277)	(532 418)
Accumulated impairment losses at 31 October 2015	-	-	-	-	-
Net value at 31 October 2015	**20 840**	**164 868**	**38 243**	**23 404**	**247 356**
Acquisitions	747	6 193	20 870	15 346	43 157
Assets sold and scrapped	(10)	(14 062)	(10 602)	(7 164)	(31 838)
Additions to the consolidation scope	-	-	-	-	-
Removals from the consolidation scope	-	-	-	(37)	(37)
Translation difference	(41)	(347)	(59)	(50)	(497)
Transfers, reclassifications and IFRS 5 reclassification	94	2 581	549	(966)	2 259
Depreciation charges and reversals	(317)	(5 201)	(4 399)	1 862	(8 054)
Impairment for the financial year	(20)	(10 603)	-	-	(10 623)
Gross value at 31 October 2016	**29 530**	**422 413**	**230 063**	**110 811**	**792 818**
Accumulated depreciation at 31 October 2016	(8 217)	(268 380)	(185 460)	(78 415)	(540 472)
Accumulated impairment losses at 31 October 2016	(20)	(10 603)	-	-	(10 623)
Net value at 31 October 2016	**21 293**	**143 430**	**44 604**	**32 396**	**241 723**
Acquisitions and assets under construction	109	24 272	27 659	15 151	67 191
Assets sold or scrapped**	(31)	(15 051)	(11 584)	(6 861)	(33 527)
Additions to the consolidation scope***	-	-	1 557	2 306	3 863
Removals from the consolidation scope****	-	(9 634)	(109)	(212)	(9 954)
Translation difference	(53)	(1 534)	(1 858)	(427)	(3 872)
Transfers, miscellaneous reclassifications, IFRS 5* reclassification	-	2 730	912	(8 847)	(5 204)
Depreciation charges and reversals	(251)	7 857	(5 756)	292	2 142
Impairment for the financial year	-	-	-	-	-
Gross value at 31 October 2017	**29 555**	**423 196**	**246 641**	**111 921**	**811 313**
Accumulated amortisation at 31 October 2017	(8 468)	(260 523)	(191 216)	(78 123)	(538 330)
Accumulated impairment losses at 31 October 2017	(20)	(10 603)	-	-	(10 623)
Net value at 31 October 2017	**21 068**	**152 070**	**55 425**	**33 798**	**262 361**

(*) At 31 October 2017, this item reflects a reclassification to inventories of the former building occupied by the Casino de La Grande Motte after the property development agreement was entered into, in accordance with IFRIC 15. This had a negative impact of €4.5m. The remainder consists of assets internally transferred and miscellaneous reclassifications.

(**) At 31 October 2017, this item mainly reflects the scrapping of renovation works and improvements to the Group's facilities (including – €18,798k gross in respect of Casino 3.14 Cannes, of which €18,533k was depreciated).

(***) At 31 October 2017, this item fully reflects the acquisition of the SEGR Le Laurent restaurant by Groupe Partouche.

(****) At 31 October 2017, this item mainly includes cash flows related to the disposal of Cannes Balnéaires.

Land:

The main change in this item reflects the acquisition of land by the Forges-les-Eaux casino for €86k and €23k in improvements to the land at the Saint-Amand casino.

Buildings:

The main changes in this item were related to renovation and other work on the Group's establishments, the main contributors being the new La Ciotat casino (€7,649k), the Crans-Montana casino (€5,701k, construction of a car park), the new 3.14 Cannes casino (€5,293k), the Ostende casino (€1,952k), and the Dieppe casino (€1,096k).

Technical equipment:

The main acquisitions during the financial year derived from the renewal of the slot machine portfolio and the extension of the electronic English roulette base with investments of €16,059k and €5,264k spread across all the Group's casinos.

Other tangible fixed assets (excluding assets under construction):

The most significant acquisitions relate to renovation works on the Aix-en-Provence casino for €1,739k, the Plouescat casino for €1,112k, the La Ciotat casino for €355k and the

Aquabella hotel for €794k. This item also include advances and down payments in connection with construction of the new Pornic casion (€287k) and the renovation of the Dieppe (€287k) and Calais (€157k) casinos.

Assets under construction:

The "Other tangible fixed assets" line item includes tangible assets under construction representing a net value of €7,755k at the balance sheet date. These relate chiefly to renovation work at the Aix-en-Provence (€4,169k) and Dieppe (€665k) casinos and construction work on the new Pornic casino (€1,228k).

Breakdown at 31 October 2017 of "Assets transferred, miscellaneous reclassifications and IFRS 5 reclassification": :

€000 AT 31 OCTOBER 2017 GROSS VALUE	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Total	**-**	**2 730**	**912**	**(8 847)**	**(5 204)**
IFRS 5					
Assets internally transferred and miscellaneous reclassifications	-	2 730	912	(8 847)	(5 204)

Of which breakdown of assets internally transferred and miscellaneous reclassifications:

	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Casino de La Grande-Motte	-	(4 479)	390	(219)	(4 308)
Partouche Immobilier		6 125		(6 691)	(567)
Other assets internally transferred and miscellaneous reclassifications	0	1 084	522	(1 937)	(329)
Total assets internally transferred and miscellaneous reclassifications	**-**	**2 730**	**912**	**(8 847)**	**(5 204)**

Breakdown at 31 October 2016 of "Assets transferred, miscellaneous reclassifications and IFRS 5 reclassification":

€000 AT 31 OCTOBER 2016 GROSS VALUE	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Total	**94**	**2 581**	**549**	**(966)**	**2 259**
IFRS 5	94	842	264	1 009	2 209
Assets internally transferred and miscellaneous reclassifications	-	1 740	285	(1 975)	50

Of which breakdown of assets internally transferred and miscellaneous reclassifications:

	LAND	BUILDINGS	TECHNICAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TOTAL
Casino de Forges-les-Eaux	-	1 519	(175)	(1 556)	(213)
Casino Vichy 4 Chemins	-	-	(675)	218	(457)
Casino de Vichy Grand Café	-	76	644	(259)	461
Casino la Tour de Salvagny	-	-	(137)	34	(103)
Casino de Royat	-	5	47	(53)	(1)
Casino de Saint-Galmier	-	-	44	(44)	-
Casino de La Ciotat	-	8	-	(8)	-
Casino d'Andernos	-	(2 843)	-	876	(1 967)
Casino d'Annemasse	-	-	117	(16)	101
Groupe Partouche	-	-	107	(107)	(0)
Appolonia	-	-	209	4	213
Européenne de casino	-	2 975	-	(1 008)	1 967
Other assets internally transferred and miscellaneous reclassifications	-	-	105	(57)	48
Total assets internally transferred and miscellaneous reclassifications	**-**	**1 740**	**285**	**(1 975)**	**50**

NOTE 7. EMPLOYEE EXPENSES AND BENEFITS

7.1 WORKFORCE

7.1.1 AVERAGE WORKFORCE

AT 31 OCTOBER	2017	2016	2015
France	4 016	3 908	3 922
Other countries	272	260	276
TOTAL	**4 288**	**4 168**	**4 198**

At 31 October 2017, 1,939 people worked in the gaming sector.

7.1.2 BREAKDOWN OF WORKFORCE BY PROFESSIONAL CATEGORY

AT 31 OCTOBER	2017	2016	2015
Executives	838	809	822
Junior executive staff	248	248	243
Non-executives	3 064	2 964	2 969
Manual workers	138	147	164
TOTAL	**4 288**	**4 168**	**4 198**

7.2 EMPLOYEE EXPENSES

€000 AT 31 OCTOBER	2017	2016	2015
Wages and salaries	127 638	123 292	125 690
Social security expenses	42 117	41 781	43 188
Employee profit-sharing	3 259	3 316	3 622
TOTAL	**173 013**	**168 389**	**172 500**

At 31 October 2017, the Group recognised €6.1m in income related to the CICE tax credit for competitiveness and employment as a reduction in social security expenses (€5.2m at 31 October 2016 and €5.3m at 31 October 2015).

7.3 EMPLOYEE BENEFITS

▸ **Retirement plans**

The Group has set up various defined-contribution and defined-benefit retirement plans.

The provision recognised in the balance sheet for defined-benefit plans relates to the discounted value of the commitment for defined benefits at the balance sheet date, less the fair value of the plan's assets at that date, adjusted for actuarial gains or losses, and less the cost of past service. The provision relating to defined-benefit plans is calculated annually according to the projected unit of credit method. In accordance with IAS 19 (revised), since 1 November 2013 the Company recognises service cost for the period and net interest on the net defined-benefit liability in net profit or loss, and recognises remeasurements of the net defined-benefit liability, including actuarial gains and losses, in equity (items of other comprehensive income that may not be recycled to net profit).

The discounted value of commitments under defined-benefit plans is determined by discounting future disbursements with a market rate at the balance sheet date based on first-class corporate bonds, corresponding to the currency and to the estimated schedule of benefit payments.

For defined-contribution plans, the Group pays contributions to private or public insurance companies on a mandatory, contractual or voluntary basis. The Group's commitments are limited to contributions paid. Contributions are recorded in expenses when they are due. Contributions paid in advance are deferred to assets insofar as the payment in advance will result in a decrease in future payments or a cash reimbursement.

▸ Other post-employment benefit plans

Nearly all employees of the Company are covered by health insurance plans and life insurance plans financed by the public authorities. Consequently, the Company has no significant commitment in respect of its employees in terms of post-employment benefits other than retirement benefits; as a result, no provision has been established to this effect.

▸ Termination benefits

Termination benefits are employee benefits payable as a result of either the Group's decision to terminate an employee's employment contract before the normal retirement date or an employee's decision to accept benefits in connection with a voluntary redundancy. The Group recognises these termination benefits when it is demonstrably committed either to terminate the employment contract of a staff member in accordance with a detailed official plan without any real possibility of withdrawal or to grant termination benefits as a result of an offer made to encourage voluntary redundancy.

7.4 EMPLOYEE COMMITMENTS

These commitments were subject to an actuarial valuation based on the prospective method. The entire expense corresponding to rights acquired by the employees is determined based on the agreements in force at each company.

Provisions are calculated taking into account the probabilities of employees remaining at the Group until retirement (65 years), mortality based on gender, voluntary redundancy by the employee at retirement and on the following bases:

	2017	2016	2015
Discount rate	1,44 %	1,38 %	1,63 %
Salary inflation rate	1 %	1 %	1 %
Social charge provision rate	42 %	42 %	42 %

€000 AT 31 OCTOBER	2017	2016	2015
Provision at the beginning of the financial year	14 958	13 871	11 158
Impact recorded on employee expenses*	(58)	418	29
Impact on equity**	(39)	654	2 648
Changes in scope and translation adjustment	91	15	36
Total employee commitments	**14 952**	**14 958**	**13 871**
o/w non-current provision	14 607	14 621	13 553
o/w current provision	345	337	317

(*) Impact on employee expenses = current/past service cost for the period + net interest on the defined-benefit liability.

(**) Impact on equity = remeasurement of the net defined-benefit liability.

7.5 DIRECTORS' COMPENSATION

For the financial year ended 31 October 2017, the amount of gross compensation allocated to the management and supervisory bodies of Groupe Partouche SA amounted to €2,098,402. For the 2016-17 financial year, €120,000 in directors' fees was allocated by Groupe Partouche to the members of the Supervisory Board and paid in full in September 2017, along with the €72,000 outstanding balance of the 31 October allocation, for a total of €192,000.

NOTE 8. OTHER CURRENT AND NON-CURRENT PROVISIONS

A provision is established when, at the balance sheet date, the Group has an obligation resulting from a past event that is likely to result in an outflow of resources representing future economic benefits, the amount of which may be estimated reliably.

The obligation may arise from an agreement or from legal or regulatory provisions or from any established legal precedent, or it may be implicit since, through its past practices, its stated policy or a recent, sufficiently explicit statement, the Group created a reasonable expectation among third parties that it will assume this liability.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the amount of the

obligation cannot be evaluated with sufficient reliability, no provision is recognised.

If the effect of discounting is significant, the amount of the provision recognised relates to the discounted value of the expenditures that the Group expects to have to incur to settle the corresponding obligation.

In determining the possible outcomes of tax risks and litigation, the management uses as its basis the assessment performed by external consultants who have knowledge of each of the related issues and jurisprudence.

Groupe Partouche sets aside provisions for progressive jackpots at the end of the financial year. This provision is recognised in the line item "Current provisions" in the consolidated balance sheet. The jackpot provision is calculated at the balance sheet date on the basis of the jackpot amount displayed on all progressive slot machines, minus the amounts at the start of the period for each of these jackpots in addition to the amount saved in levies relating to the jackpot payout.

8.1 CHANGE IN PROVISIONS

€000 AT 31 OCTOBER	2015	2016	CHANGES IN 2017						2017
			CHARGES	REVERSALS NOT USED	REVERSALS USED	TRANSLATION DIFFERENCE	RECLASS.	CHANGES IN SCOPE	
Non-current provisions	4 580	4 545	1 137	-	(633)	(2)	276	(401)	4 922
Current provisions	3 049	3 512	1 929	-	(2 597)	(1)	235	(242)	2 836
Total provisions	**7 630**	**8 057**	**3 066**	**-**	**(3 230)**	**(3)**	**511**	**(642)**	**7 758**

8.2 BREAKDOWN OF PROVISIONS BY TYPE

€000 AT 31 OCTOBER	TOTAL PROVISIONS		NON-CURRENT PORTION		CURRENT PORTION	
	2017	2016	2017	2016	2017	2016
Tax and social audits	1 298	1 578	1 093	1 431	205	148
Labour and redundancy disputes	3 935	3 452	2 701	2 520	1 235	933
Provision for net equity of companies accounted for under the equity method	511	-	511	-	-	-
Other contingency and loss provisions*	643	1 090	617	594	26	495
Jackpot provision	1 371	1 936	-	-	1 371	1 936
Total	**7 758**	**8 057**	**4 922**	**4 545**	**2 836**	**3 512**

(*) The "Other contingency and loss provisions" line consists of provisions across several entities.
Details on the main disputes are provided in Section 20.5 of this Annual Report.

NOTE 9. FINANCING AND FINANCIAL INSTRUMENTS

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale financial assets. The classification depends on the reasons underlying the acquisition of the financial assets. Management determines the classification of its financial assets on their initial recognition and reviews it at each accounting close.

▸ Financial assets and liabilities at fair value through profit or loss

A financial asset is classified in this category if it is acquired primarily for the purpose of being sold in the near term or has been designated as such by Management. Derivatives are designated as held for trading, except where they are qualified hedge accounting transactions. All of the derivatives held by the Group are designated as hedges. Assets attached to this category are classified under current assets when they are held for trading, or where they are expected to be realised within 12 months following the balance sheet date.

Assets held to maturity

Assets held to maturity are non-derivative financial assets other than loans and receivables having a fixed settlement term, whose payments are determined or determinable and which the Group plans and has the capacity to hold until maturity. These assets are initially recognised at fair value and then at amortised cost in accordance with the effective interest rate method. They are subject to impairment tests where there is an indication of losses of value. An impairment loss is recognised if the carrying amount is higher than the estimated realisable value.

Loans, receivables and debt issued by the Company

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included under current assets, except those falling due within more than twelve months after the balance sheet date, which are classified under "Other non-current financial assets".

Available for sale financial assets

Available for sale financial assets are derivatives relating to this category or those which do not fall within another category. They are included under non-current assets unless Management intends to sell such assets within 12 months following the balance sheet date.

Investments in equity instruments in which the Company owns less than 20% of the shares in circulation or the voting rights of the issuing entity, and which are neither controlled by, nor under the significant influence of the Company, are classified as available for sale financial assets and are recognised under «Other non-current financial assets" within non-current assets. Quoted instruments are measured at fair value and changes in fair value taken directly to equity. Non-quoted instruments are recognised as follows:

- if the fair value of the unquoted instruments is determinable by valuation techniques that are appropriate to the type of security, they are recognised at fair value and the changes in fair value are taken directly to equity;
- if the fair value cannot be determined reliably, the instruments are measured at cost.

Gains and losses recognised on the sale of equity investments are recognised in the consolidated income statement. Any impairment loss representing a non-permanent impairment loss is recognised in the period in which such a loss of value arose. At each balance sheet date, the Group measures the impairment in value of a financial asset or a group of financial assets if there is an indication of a loss of value of a financial asset or a group of financial assets.

Derivative financial instruments

Derivative financial instruments are initially recognised at their fair value. They are then re-evaluated at their fair value. The method of accounting for the related profit or loss depends on whether the derivative is designated as a hedging instrument and, as applicable, the nature of the hedged item.

The Group uses cash flow hedges to manage risks on financial flows related to floating-rate borrowings.

According to IAS 39, the application of hedge accounting requires the company to demonstrate and document the effectiveness of the hedging relationship upon its establishment and throughout its life. The effectiveness of the hedge with respect to accounting is verified by the relationship among changes in value of the derivative and of the underlying hedged asset.

Derivative instruments are recognised in the balance sheet for their market value at the balance sheet date. The market value is established by reference to market data and according to commonly used models. The measurement of financial instruments is substantiated by two independent valuations.

In the case of hedging future interest expense, the hedged financial debt continues to be recognised at amortised cost, with the change in value of the effective portion of the hedging instrument being recorded in equity within comprehensive income (items that may be recycled subsequently to net profit).

The change in value of the ineffective portion of hedging instruments is recorded in the result from financial items.

When a hedging instrument reaches maturity or is sold, or when a hedge no longer meets the criteria for hedge accounting, the gains and losses accumulated on that hedging instrument and recorded in equity (comprehensive income) during the period of effective hedging remain in equity and are not reclassified to income unless earnings are affected by the hedged item.

9.1 OTHER NON-CURRENT FINANCIAL ASSETS

€000 AT 31 OCTOBER	2017	2016	2015
Non-consolidated investments	3 028	2 983	2 719
Other financial assets	12 935	1 647	1 666
Other non-current financial assets	**15 963**	**4 630**	**4 385**



Non-consolidated investments:

€000 AT 31 OCTOBER	GROSS VALUE IN 2017	IMPAIRMENT	NET VALUE IN 2017	NET VALUE IN 2016	NET VALUE IN 2015
Non-consolidated companies owned > 50%	2 910	(2 669)	241	-	-
Non-consolidated companies owned 20 to 50%	225	(155)	71	83	83
Non-consolidated companies owned < 20%	4 022	(1 305)	2 717	2 900	2 636
TOTAL	**7 157**	**(4 129)**	**3 028**	**2 983**	**2 719**

Due dates of other net non-current financial assets:

€000 AT 31 OCTOBER 2017	AMOUNT	1 TO 5 YEARS	> 5 YEARS
Non-current investment securities	1	1	-
Employee loans	195	16	179
Loans, guarantees and other receivables	1 440	90	1 349
Receivables attached to investments	11 300	11 300	-
GROSS AMOUNT	**12 935**	**11 407**	**1 528**
Provision	-	-	-
NET AMOUNT	**12 935**	**11 407**	**1 528**

The increase in receivables attached to investments reflects the €11.3m current account advance granted to Palm Beach Cannes Côte d'Azur (now accounted for under the equity method, see Note 3.2 "Changes in scope").

9.2 CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" includes cash as well as all immediately available short-term investments.

These investments are made in SICAV-type or FCP-type mutual fund units, the value of which is not subject to changes in stock market prices and which can be converted easily into a cash amount subject to negligible risk of change in value.

Cash and cash equivalents are financial assets held for trading and are valued at their fair value. Changes in value are recorded as results from financial items.

Cash presented in the consolidated cash flow statement includes cash and cash equivalents such as defined above, net of current bank overdrafts, which are an integral part of the Group's cash management.

Pursuant to IAS 7, the amount of significant cash and cash equivalents balances held which are not available for the Group is disclosed below.

€000 AT 31 OCTOBER	2017	2016	2015
Cash and cash equivalents (assets)	116 406	152 492	164 858
Cash (liabilities)	(16)	(192)	(17)
Neutralisation of impairment provision	-	-	-
Cash position per cash flow statement	**116 390**	**152 300**	**164 841**

€000 AT 31 OCTOBER	2017	2016	2015
Highly liquid cash management financial assets	3 372	20 131	36 611
Cash and cash equivalents	113 034	132 361	128 247
Cash and cash equivalents	**116 406**	**152 492**	**164 858**

Breakdown of cash management financial assets:

€000 AT 31 OCTOBER	2017	2016	2015
SICAV-type mutual fund units	3 373	20 131	36 611
FCP-type mutual fund units	-	-	-
Accrued interest / SICAV & FCP	-	-	-
Provision for impairment	(1)	-	-
Cash financial management assets	**3 372**	**20 131**	**36 611**

Breakdown of positive cash balances:

€000 AT 31 OCTOBER	2017	2016	2015
Bank	100 038	118 581	115 597
Cash	12 961	13 656	12 382
Interest receivable	34	125	268
Cash and cash equivalents	**113 034**	**132 361**	**128 247**

Cash less gaming levies:

€000 AT 31 OCTOBER	2017	2016	2015
Cash and cash equivalents (assets)	116 406	152 492	164 858
- Gaming levies	(30 708)	(32 136)	(29 791)
= Cash less gaming levies	**85 698**	**120 356**	**135 067**

In addition, regulations related to the Swiss gaming industry do not allow these establishments to transfer free cash flow, with the exception of payment of dividends.

This concerns two of the Group's casinos (Lac Meyrin casino and Crans-Montana casino) which had cash net of levies of €23.1m at 31 October 2017 (compared with €31m at 31 October 2016).

9.3 FINANCIAL DEBT

Financial debt is recognised at face value, net of related issuing costs and premiums. Subsequently, these borrowings are recognised at amortised cost using the effective interest-rate method, the difference between cost and repayment value being recognised in the income statement over the term of the borrowings.

The cost of net financial debt includes interest payable on borrowings, interest receivable on investments, and income from other dividends.

Financial debt is classified under current liabilities unless the Group has the unconditional right to defer the settlement of the debt at least twelve months after the balance sheet date, in which case those debts are classified as non-current liabilities.

€000 AT 31 OCTOBER	CURRENT PORTION IN 2017	NON-CURRENT PORTION IN 2017	TOTAL IN 2017	CURRENT PORTION IN 2016	NON-CURRENT PORTION IN 2016	TOTAL IN 2016	CURRENT PORTION IN 2015	NON-CURRENT PORTION IN 2015	TOTAL IN 2015
Bank borrowings	23 134	127 914	151 048	24 439	140 921	165 360	22 420	154 906	177 326
Interest accrued on loans	47	-	47	13	-	13	17	-	17
Restated capital lease	-	-	-	-	-	-	-	-	-
Bank overdrafts	16	-	16	192	-	192	17	-	17
Subtotal: Bank liabilities	**23 198**	**127 914**	**151 111**	**24 644**	**140 921**	**165 565**	**22 454**	**154 906**	**177 360**
Other borrowings	244	3 274	3 518	2 236	17 886	20 122	2 236	20 122	22 357
Employee profit-sharing	415	2 183	2 598	374	2 350	2 724	486	2 512	2 998
Deposits and guarantees	15	92	107	17	94	111	15	100	115
Liabilities in respect of investments in associates	-	4	4	-	5	5	-	5	5
Fair value remeasurement of hedging instruments	350	58	407	357	412	768	273	468	740
Total	**24 222**	**133 524**	**157 747**	**27 627**	**161 668**	**189 295**	**25 463**	**178 112**	**203 575**

A syndicated loan held by the parent company, Groupe Partouche SA, constitutes most of the Group's bank loans.

In light of the provisions of the Safeguard Plan approved by the Paris Commercial Court in its ruling of 29 September 2014, and implementation during the 2017 financial year of the amended Plan ratified in a ruling by the Paris Commercial Court (on 2 November 2016, corrected on 8 December 2016) with €120,413k in capital remaining outstanding at 31 October 2017:

New borrowings were also arranged during the financial year:

- Arrangement by Groupe Partouche SA of a loan entered into on 23 March 2017 with a bank syndicate in an aggregate amount of €25m for the financing of investments by certain subsidiaries and split into two credit lines:
  - Capex 1 = €5m to €8m. €2.5m released over the financial year;
  - Capex 2 = €17m to €20m. €5.8m released over the financial year;
- Arrangement by several operating subsidiaries of borrowings in an aggregate amount of €13.5m.

In addition, the "Other borrowings" line item included a €20,122k advance from Financière Partouche SA to Groupe Partouche SA at the end of the previous financial year. This advance was repaid in full during the financial year, in accordance with the amended Safeguard Plans of Financière Partouche SA and Groupe Partouche SA (see Section 4.1.2 "Liquidity risk" and Note 1 "Key events during the financial year").

In the 2017 financial year, the same "Other borrowings" line includes a €3,518k financial liability arranged by Partouche Immobilier with Ispar to cover a portion of the financing for the PleinAir casino in La Ciotat.

9.3.1 Maturity dates of financial debt

€000 AT 31 OCTOBER 2017	TOTAL	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Bank borrowings	151 048	23 134	101 181	26 733
Interest accrued on loans	47	47	-	-
Restated capital lease	-	-	-	-
Bank overdrafts	16	16	-	-
Other borrowings	3 518	244	1 060	2 214
Employee profit-sharing	2 598	415	2 022	160
Deposits and guarantees	107	15	38	54
Liabilities in respect of investments in associates	4	-	4	-
Fair value remeasurement of hedging instruments	407	350	58	-
Total	**157 747**	**24 222**	**104 363**	**29 161**

€000 AT 31 OCTOBER 2016	TOTAL	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Bank borrowings	165 360	24 439	87 177	53 744
Interest accrued on loans	13	13	-	-
Restated capital lease	-	-	-	-
Bank overdrafts	192	192	-	-
Other borrowings	20 122	2 236	10 620	7 266
Employee profit-sharing	2 724	374	2 350	-
Deposits and guarantees	111	17	38	57
Liabilities in respect of investments in associates	5	-	-	5
Fair value remeasurement of hedging instruments	768	357	412	-
Total	**189 295**	**27 627**	**100 596**	**61 071**

There is no foreign currency-denominated debt.

9.3.2 Change in bank loans

€000 AT 31 OCTOBER	2015	2016	CHANGES IN SCOPE	INCREASE	DECREASE	2017
Bank borrowings	177 326	165 360	554	**21 830**	**36 696**	**151 048**

A syndicated loan of €120.4m constitutes most of the Group's bank loans.

In light of the provisions of the Safeguard Plan approved by the Paris Commercial Court in its ruling of 29 September 2014, and implementation during the 2017 financial year of the amended Plan ratified in a ruling by the Paris Commercial Court (on 2 November 2016, corrected on 8 December 2016):

- Original loan amount: €431,000k;
- Principal amount outstanding at period-end: €120,413k;
- Repayment terms: the balance is due to be repaid to the lenders according to the following repayment schedule, expressed in thousands of euros:

MATURITY DATES	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	AMORTISATION	PRINCIPAL AMOUNT OUTSTANDING AFTER AMORTISATION
15/12/2017	120 413	16 165	104 247
15/12/2018	104 247	20 089	84 158
15/12/2019	84 158	20 089	64 069
15/12/2020	64 069	20 089	43 980
15/12/2021	43 980	22 387	21 593
15/12/2022	21 593	21 593	-

This repayment schedule is likely to be revised in light of the clause on early repayment upon asset sales provided for in the Safeguard Plan, as detailed in Note 16.

Interest rates:

Interest is calculated on the outstanding balance of the loan at an annual rate corresponding to one-, two- or three-month Euribor plus a margin of 3.50% per annum over the period from the date on which the plan was adopted to 15 December 2016, and 3.25% per annum from 16 December 2016 until the syndicated loan is repaid in full.

Guarantees:

Pledges of securities described in Section 4.1.8 "Pledges" of the Annual Report.

9.3.3 Analysis of bank loans by interest rate at the financial year-end

Please refer to Section 4.1.3 "Interest rate risk" of the Annual Report.

€000 AT 31 OCTOBER	BEFORE INTEREST RATE HEDGING IN 2017	AFTER INTEREST RATE HEDGING IN 2017	BEFORE INTEREST RATE HEDGING IN 2016	AFTER INTEREST RATE HEDGING IN 2016	BEFORE INTEREST RATE HEDGING IN 2015	AFTER INTEREST RATE HEDGING IN 2015
Fixed-rate loans	22 335	72 335	12 106	62 106	2 543	52 543
Variable-rate loans	128 713	78 713	153 254	103 254	174 783	124 783
Bank loans at the financial year-end	**151 048**	**151 048**	**165 360**	**165 360**	**177 326**	**177 326**
Average interest rate – fixed	1,95 %	3,08 %	1,65 %	3,41 %	1,38 %	3,71 %
Average interest rate – variable	2,79 %	2,74 %	3,13 %	3,13 %	3,38 %	3,38 %
Weighted average interest rate at the financial year-end	**2,67 %**	**2,90 %**	**3,02 %**	**3,23 %**	**3,35 %**	**3,48 %**

At the balance sheet date, variable rate borrowings, including the syndicated loan, represented more than 85% of total bank borrowings.

Variable rate debt is partially covered by a single financial instrument: a €50m swap starting on 31 January 2015 and expiring on 31 December 2018 at 0.33%.

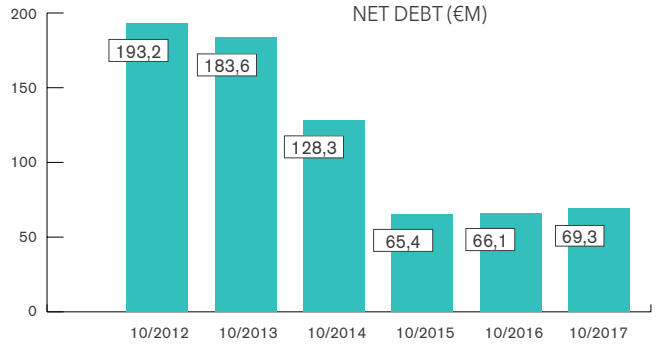
The accounting treatment of these hedges and the use of hedge accounting are documented in Note 9 "Derivative financial instruments", and Note 9.4 "Financial income (expense)" in Section 20 of the Annual Report.

The hedging instrument described above was considered "highly effective" under the terms of IAS 39.

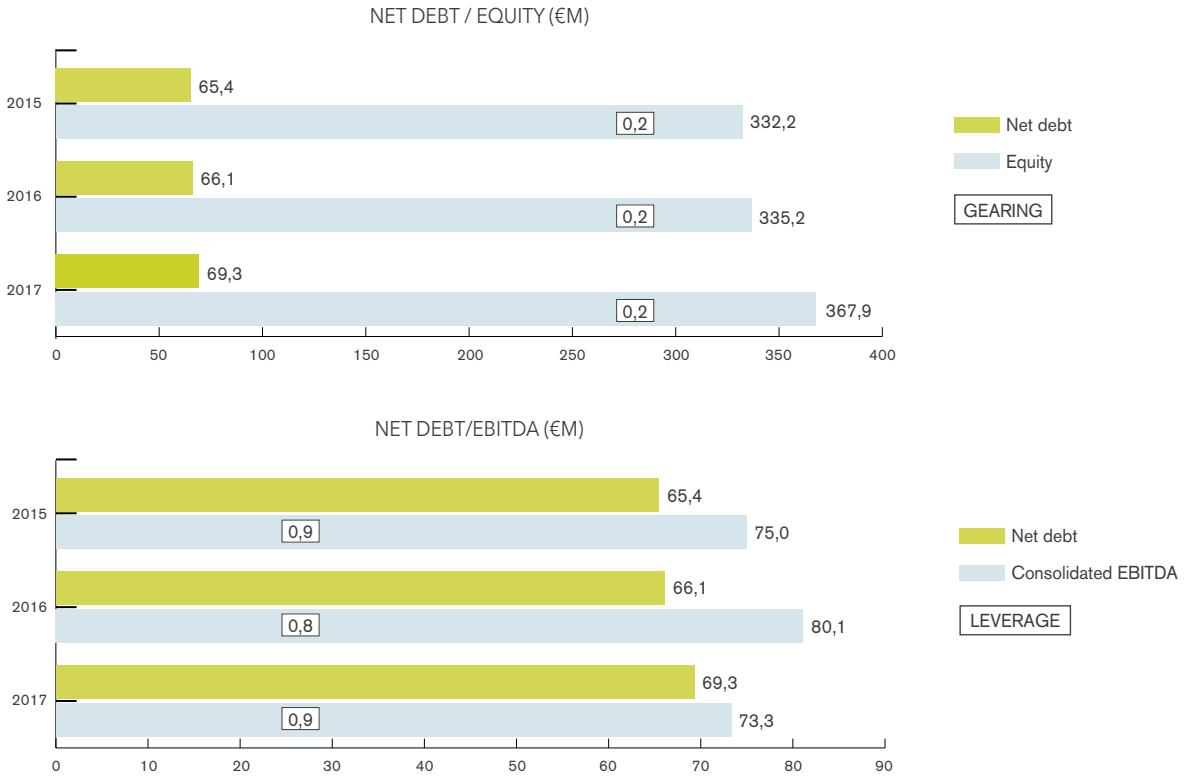
9.3.4 Net debt

Gearing is the ratio of the Group's net debt to its equity. It is a measure of the risk associated with the Group's financial structure.

Leverage is the ratio of the net debt to consolidated Group EBITDA.



€000 AT 31 OCTOBER	2017	2016	2015
Bank loans and restated capital leases	151 048	165 360	177 326
Accrued interest	47	13	17
Sundry borrowings and financial liabilities	3 518	20 122	22 357
Financial instruments – assets	-	-	-
Financial instruments – liabilities	407	768	740
Bank overdrafts	16	192	17
Gross debt	**155 037**	**186 455**	**200 458**
Cash net of levies (see Note 9.2)	**85 698**	**120 356**	**135 067**
Other unavailable cash (cash subject to conditions precedent)	**-**	**-**	**-**
Net debt	**69 339**	**66 099**	**65 391**



For the entirety of this note, please refer to Section 4.1 “Financial risks” of the Annual Report.

For liquidity risk, please refer to Section 4.1.2 “Liquidity risk” of the Annual Report.

9.4 FINANCIAL INCOME (EXPENSE)

Income from interest is recognised in the income statement when it is acquired, using the effective interest-rate method.

Income from dividends is recognised in the income statement when the Group acquires the right to collect the payments.

€000 AT 31 OCTOBER	2017	2016	2015
Cost of debt	(4 523)	(5 692)	(7 172)
Cost of interest rate hedging	(356)	(316)	(245)
Investment income	152	447	569
Net financial income (expenses)	**(4 726)**	**(5 560)**	**(6 848)**
Finance costs linked to finance leases	-	(5)	(68)
Change in the fair value of hedging instruments (ineffective portion)	-	-	-
Cost of financial debt (a)	**(4 726)**	**(5 566)**	**(6 916)**
Foreign exchange gains	2 082	2 162	2 711
Foreign exchange losses	(74)	(491)	(137)
Dividends (non-consolidated companies)	230	815	126
Other	555	496	892
Financial provision charges and reversals	**(222)**	55	(218)
Other financial income and expenses (b)	**2 571**	**3 036**	**3 374**
Net financial income/(expense) (a + b)	**(2 156)**	**(2 529)**	**(3 542)**

Net financial expenses fell as a result of the combined effects of:

- a decrease in the average amount outstanding between the two balance sheet dates;
- a lower average annual interest rate than the preceding year.

Regarding the fair value of cash flow hedging instruments, since the Company has opted for hedge accounting as described in the section on "Derivatives" above, the change in the effective portion of hedging instruments is recorded in equity (comprehensive income).

9.5 FINANCIAL RISKS

The Group could be exposed to liquidity risks and foreign exchange risks in the line of its activity. This exposure is detailed in Sections 4.1.2 "Liquidity risk", 4.1.3 "Interest rate risk" and 4.1.4 "Foreign exchange risk" of the Annual Report.

NOTE 10. TAXES

10.1 ANALYSIS OF THE TAX EXPENSE

€000 AT 31 OCTOBER	2017	2016	2015
Profit before tax	**44 356**	**19 555**	**18 412**
Current tax expense	(5 693)	(6 715)	(6 321)
Change in deferred tax	7 693	9 132	604
CVAE tax expense	(277)	(3 325)	(3 388)
Total tax expense	**1 723**	**(908)**	**(9 105)**
Total tax expense – CVAE tax excluded	**2 000**	**2 417**	**(5 717)**
Effective tax rate*	**(4,51) %**	**(12,36) %**	**31,05 %**

(*) CVAE tax excluded.

Rationalisation of the effective tax rate – Tax proof

€000 AT 31 OCTOBER	2017	2016	2015
Profit before tax	**44 356**	**19 555**	**18 412**
French corporate income tax rate	33,33 %	33,33 %	33,33 %
Tax charge based on current corporate income tax rate (theoretical)	**(14 784)**	**(6 518)**	**(6 137)**
Temporary differences	(1 059)	21	(532)
Permanent differences	12 005	9 645	18 302
Net effect of consolidation operations	14 216	(3 992)	(14 676)
Impact of the change in the rate applied to deferred taxes (reduction from 33.33% to 28% to reflect the expected timing of their use)*	3 617	-	-
Tax losses generated by Group companies during the financial year	(14 158)	(2 540)	(17 288)
Impact of tax consolidation	12 296	11 264	13 009
Income taxed at the reduced tax rate, long-term capital gains or losses and effect of differences in foreign companies' tax rates	(8 644)	(12 369)	(146)
Tax loss carryforwards recognised as assets	(2 248)	5 335	-
Use of unrecognised tax loss carried forward	212	1 065	1 069
Tax credit and other	547	507	682
Total tax expense – CVAE tax excluded*	**2 000**	**2 417**	**(5 717)**
Consolidated net income before tax	**44 356**	**19 555**	**18 412**
Reconstituted Group tax rate	**(4,51) %**	**(12,36) %**	**31,05 %**

(*) The 2017 Finance Act passed in late December 2016 provides for a tapered reduction out to 2020 in the standard rate of corporate income tax to 28% for all French businesses (from 33.33% at present). Under IAS 12, deferred tax assets and liabilities have to be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. At 31 October 2017, Groupe Partouche conducted an analysis of these tax bases and the expected timing of their use and measured the deferred taxes accordingly.

10.1.1 Corporate income tax receivables

€000 AT 31 OCTOBER	2017	2016	2015
Current receivables from the French State	5 568	3 824	3 275
Current corporate income tax receivables	**5 568**	**3 824**	**3 275**

At 31 October 2017, 2016 and 2015, "Accounts receivable from the French State" mainly included tax credits and income tax receivables for companies outside the tax consolidation group.

10.1.2 Current tax liabilities

€000 AT 31 OCTOBER	2017	2016	2015
State – Gaming levies	30 708	32 136	29 791
State – Corporate income tax	530	142	969
TOTAL	**31 238**	**32 278**	**30 760**

10.2 DEFERRED TAX

The Group calculates its taxes in accordance with the tax legislation in force in the countries where the income is taxable.

Deferred taxes are determined each year for each tax entity using the liability method based on each company's tax position or on the income of all the companies that are included in the tax consolidation groups.

Deferred tax is calculated by applying the most recent tax rate enacted at the balance sheet date applicable to the period in which temporary differences reverse.

Deferred tax assets relating to tax losses carried forward are only recognised if the tax entity is reasonably certain that it will recover these amounts in later years.

All deferred tax liabilities are recognised unless the tax results from the initial recognition of goodwill.

In accordance with Section 39 of IAS 12, the Group did not recognise a deferred tax liability relating to the difference between the book value of equity-accounted investments and their tax bases.

In accordance with IAS 12, deferred taxes are classified as non-current assets and liabilities.

10.2.1 Deferred tax assets and liabilities

Deferred tax is recognised using the liability method on all differences between tax bases and carrying amounts. Deferred tax assets and liabilities are not discounted. A breakdown of the net change in deferred taxes (both assets and liabilities) is as follows:

€000	2017	2016
Deferred tax assets at the beginning of the period	3 415	2 651
Deferred tax liabilities at the beginning of the period	(27 294)	(36 218)
Net deferred tax at 1 November	**(23 880)**	**(33 567)**
Impact of profit*	8 202	9 454
Impact of changes in scope	236	-
Impact of foreign exchange rates	(79)	9
Other movements**	(303)	224
Net deferred tax at 31 October	**(15 824)**	**(23 880)**
Deferred tax assets at 31 October	2 427	3 415
Deferred tax liabilities at 31 October	(18 249)	(27 294)

(*) The impact on profit includes in 2017 (including the change in tax rates referred to above):

- a €510k impact arising from the change in deferred taxes on CVAE timing differences;

- a €(2,910)k impact arising from the use of deferred tax assets linked to tax loss carryforwards;

- a €8,875k impact arising from the change in deferred taxes caused by eliminations of internal provisions; and

- a €2,391k impact arising from the use of deferred taxes relating to the amortisation and depreciation of property assets.

(*) The impact of profit in 2016 included a €323k effect from the change in deferred taxes on CVAE timing differences, as well as €5,335k for the capitalisation of loss carry-forwards and €4,327k from the use of loss carry-forwards relating to the depreciation and impairment of real estate assets, including notably €3,541k of deferred taxes on the impairment of goodwill as discussed in Note 6.1.

(**) The other items mainly concern deferred taxes arising from changes in the fair value of financial instruments recognised in equity (recyclable component). These movements had no impact on profit for the period.

Deferred tax was in relation to the following:

€000	2017	2016
Employee commitments	3 991	4 986
Derivative instruments	136	256
Revaluation adjustments / Real estate assets	(9 352)	(11 743)
Internal provisions	(14 605)	(23 480)
Tax loss carryforwards recognised as assets	2 425	5 335
Deferred tax on restatement of CVAE	(829)	(1 338)
Capital lease restatement	(761)	(1 001)
Other temporary items and consolidated adjustments	3 171	3 105
TOTAL	**(15 822)**	**(23 880)**

10.2.2 Tax losses carried forward

Deferred tax assets related to loss carryforwards are recognised on the balance sheet only when such losses are determined to be recoverable.

At 31 October 2017, the total amount of unrecognised tax in relation to uncapitalised loss carryforwards was around €23.5m (total for French companies).

At 31 October 2017, deferred tax assets recognised as capitalised loss carry-forwards were €2.4m, concerning primarily the Groupe Partouche SA tax consolidation group.

To assess the capitalisation of loss carryforwards in the consolidated financial statements at 31 October 2017, the Group conducted an analysis of the expected use of the taxes over a 24-month horizon, while also factoring in actual uses during the 2016 and 2017 financial years and the change in the tax rate applied to deferred taxes.

NOTE 11. EQUITY

11.1 SHARE CAPITAL OUTSTANDING

SHARE CAPITAL AT 31 OCTOBER	2017	2016	2015
Amount of share capital	192 540 680 €	193 631 200 €	193 631 200 €
Shares issued, fully paid up	9 627 034	9 681 560	9 681 560
Nominal value	20 €	20 €	20 €

The share capital is fully paid up at 31 October 2017. Shares may be in registered or bearer form, based on the choice of the shareholder. In accordance with the Articles of Association, all of the shares have one voting right each.

During the financial year, a capital reduction took place through the cancellation of 54,526 treasury shares acquired at a cost of €1.671m:

- this reduced the share capital by €1.091m given that the shares each have a par value of €20,
- with other reserves being reduced by €0.58m to reflect the residual balance of the acquisition cost.

This transaction had a limited impact on equity given that treasury shares are always deducted from consolidated reserves, as outlined in the following note.

11.2 TREASURY SHARES

IN EUROS AT 31 OCTOBER	2017	2016	2015
Treasury shares at historical cost held directly	309 551	1 636 333	437 719
Number of treasury shares held directly	6 257	49 729	16 745

Treasury shares are deducted from consolidated reserves.

Historical treasury shares:

At its meeting held on 4 April 2000, the Ordinary Shareholders' Meeting authorised the Executive Board, pursuant to the provisions of Article 217-2 of the Law of 24 July 1966, to acquire more than 10% of the number of shares comprising the share capital. This authorisation led to the purchase of 19,166 shares, representing 0.04% of the total share capital of Groupe Partouche SA, for a total amount of €168,767.

Following the buyback of fractional shares during the financial year in connection with the reverse stock split referred to in Section 11.1, "Share capital outstanding" of Section 20 of the 2016 Annual Report, the 19,166 shares held by the Company since the Extraordinary Shareholders' Meeting of 10 November 2003 became 1,917 shares.

Agreement with Oddo/CM-CIC:

In 2012, Groupe Partouche and Oddo Corporate Finance signed a liquidity provider's agreement compliant with the code of ethics drawn up by Amafi and approved by the Autorité des Marchés Financiers in its decision dated 21 March 2011. The aim of this liquidity provider's agreement is to ensure the liquidity and regular trading of the Company's shares. The funds allocated to this agreement amounted to €350,000.

This agreement, which was renewable automatically for one-year terms, was not renewed with Oddo Corporate Finance upon its expiry on 12 May 2017 and was transferred to CM-CIC with effect from 15 May 2017.

At 31 October 2017, 4,340 treasury shares were held pursuant to this agreement.

IN EUROS AT 31 OCTOBER	2017	2016	2015
Number of Oddo treasury shares held	-	6 367	12 241
Value	-	255 322	223 065

IN EUROS AT 31 OCTOBER	2017	2016	2015
Number of CM-CIC treasury shares held	4 340	-	-
Value	140 777	-	-

Agreement with Aurel BGC:

Since October 2015, Groupe Partouche appointed Aurel BGC to implement a partial share buyback execution agreement, as authorised by the shareholders at the Combined Shareholders' Meeting of 25 March 2015.

As of 31 October 2016, the number of treasury shares held under this agreement was 41,445 shares, with a value of €1,212,237; these shares were acquired for the purpose of being cancelled.

During the 2017 financial year, Aurel BGC continued to acquire shares for the purposes of their cancellation. At 11 September 2017, the total number of shares acquired was 54,526 at a cost of €1,671,125.

At 30 November 2016 and 11 September 2017, 16,385 and 12,311 shares respectively were transferred from the Aurel BCG account to the Groupe Partouche registered treasury share account at CM-CIC (with a respective value of €597,826 and €429,041).

Since September 2017, the share buyback agreement with Aurel BGC has been suspended following implementation of the reduction in share capital presented in Section 11.1.

€000 AT 31 OCTOBER	2017	2016	2015
Number of Aurel BGC treasury shares held	-	15 615	2 587
Number of treasury shares held as registered shares	-	25 830	-
Number of treasury shares held for the purpose of cancellation	**-**	**41 445**	**2 587**
Value (at historic cost) of shares held for the purpose of cancellation	**-**	**1 212 237**	**45 879**

11.3 CONSOLIDATED RESERVES

€000 AT 31 OCTOBER	2017	2016	2015
Revaluation reserve	(42 663)	(42 663)	(42 663)
Other reserves and retained earnings	169 788	156 657	137 880
Legal reserve	9 732	9 684	8 778
Group consolidation reserves	(44 311)	(38 470)	(18 954)
Other Group reserves	10 624	10 751	11 133
Consolidated reserves	**103 171**	**95 959**	**96 174**

The change in "Consolidated reserves" chiefly reflects:

- the appropriation of the €11,144k in net profit attributable to equity holders of the parent in the 2016 financial year;
- the €(3,001)k in exceptional dividends paid out by the Group;
- the €(581)k impact of the cancellation of treasury shares;
- the €240k change in the fair value of the effective portion of financial instruments net of related deferred taxes;
- the €(237)k impact of remeasurements of net defined-benefit liabilities (provision for post-employment benefit obligations) recognised in equity under the revised IAS 19;
- the €(250)k impact of the buyouts of minority shareholders in La Roche-Posay and Agon Coutainville, excluding the impact on translation reserves.

11.4 MINORITY INTERESTS

€000 AT 31 OCTOBER	2017	2016	2015
Non-group reserves	14 108	13 000	17 984
Non-group translation reserves	2 289	3 694	3 537
Non-group earnings	8 112	7 504	7 329
Minority interests	**24 509**	**24 197**	**28 849**

The change in minority interests primarily reflects:

- the €8.1m net profit in the 2017 financial year attributable to minority interests;
- the €(8.5)m in payments of non-Group dividends;
- the €(1.4)m change in translation reserves;
- the €0.3m net impact of buyouts of minority investors in the La Roche-Posay and Agon Coutainville casinos (in respect of the second tranche of share buyouts) in return for the cancellation of the put option on minority interests recognised for this purpose on 31 October 2016;
- and the €1.7m impact arising from the deconsolidation of the Vichy 4 casino.

NOTE 12. ADDENDA TO THE CONSOLIDATED FINANCIAL STATEMENTS

12.1 OTHER CURRENT AND NON-CURRENT ASSETS

12.1.1 Other non-current assets

€000 AT 31 OCTOBER	GROSS VALUE IN 2017	IMPAIRMENT	NET VALUE IN 2017	2016	2015
Receivables from the French State*	7 252	-	7 252	15 342	12 877
Other non-current receivables	3 137	(1 452)	1 685	2 112	2 641
Other non-current assets	**10 390**	**(1 452)**	**8 938**	**17 454**	**15 518**

(*) At 31 October 2017, this item was mainly comprised of:

- accrued income with respect to 10 months of the 2017 CICE tax credit currently being acquired, for €5.3m.

At 31 October 2016, this item was comprised of:

- a receivable from the French State with respect to the 2014 and 2015 CICE tax credit for Groupe Partouche SA's tax consolidation group (calendar year) for €9.2m, repaid in full in the 2017 financial year;

- accrued income with respect to 10 months of the 2016 CICE tax credit currently being acquired, for €4.3m.

Breakdown of "Other non-current receivables":

€000 AT 31 OCTOBER	GROSS VALUE IN 2017	IMPAIRMENT	NET VALUE IN 2017	2016	2015
Receivables on disposal of assets > 1 year	1 824	(1 424)	400	676	1 076
Other receivables – due in more than one year	216	(28)	188	240	270
Prepaid expenses – portion > 1 year	1 097	-	1 097	1 195	1 295
Other non-current receivables	**3 137**	**(1 452)**	**1 685**	**2 112**	**2 641**

"Receivables on disposal of assets > 1 year" consists of the following:

- a €400k non current receivable related to the divestment of the Dinant casino;
- the non current portion of the receivable related to the sale of Société Française de Casinos (SFC) to Tête Dans les Nuages (TDN), provided for in full (€1,424k). The current portion of this receivable is classified as a current asset under "Trade receivables and other debtors" (in the amount of €712k, provided for in full).

12.1.2 Other current assets

€000 AT 31 OCTOBER	2015	2016	AUGMENTATION	DIMINUTION	2017
Accrued interest/receivables and loans	-	-	-	-	-
Employee loans	127	105	108	(134)	80
Loans, guarantees	278	290	136	(67)	359
Receivables from the French State	3 408	3 821	1 218	(16)	5 022
Prepaid expenses	6 487	5 723	1 367	(127)	6 963
TOTAL GROSS VALUE	**10 300**	**9 940**	**2 829**	**(344)**	**12 424**
Provision/impairment loss	-	-	-	-	-
NET VALUE	**10 300**	**9 940**	**2 829**	**(344)**	**12 424**

12.2 TRADE AND OTHER PAYABLES

The chart of accounts for casinos (Order of 27 February 1984) involves the application of particular rules with respect to capital subsidies arising from the special casino tax (prélèvement à employer).

The special casino tax related to the additional revenue earned by the casinos using the sliding-scale levy system (26 August 2009), 50% of which had to be earmarked for capital investment designed to improve tourist facilities, as provided by Decree. The capital subsidies appearing in equity of the subsidiaries' individual company financial statements are, depending on their scheduled due date, recorded in the line item "Other current liabilities" or in the line item "Other non-current assets" in the consolidated balance sheet. The government withdrew this special casino tax during financial year 2015, with retroactive effect from 1 November 2014.

€000 AT 31 OCTOBER	2017	2016	2015
Customers, advances and down payments received	3 989	2 294	1 833
Trade accounts payable	15 882	13 371	14 919
Liabilities in respect of fixed asset acquisitions**	8 272	5 637	4 173
Liabilities in respect of securities acquisitions*	3	2 994	3
Employees	3 491	3 637	3 743
Employee profit-sharing	3 347	3 465	3 759
Social security organisations	7 873	7 308	7 717
Paid vacation	16 809	16 039	16 042
Applicable levy	559	685	2 074
Current account and partner liabilities	568	416	278
State – VAT	3 211	2 805	2 718
State – expenses payable	7 907	7 228	7 057
Other	20 257	25 149	23 062
TOTAL	**92 170**	**91 029**	**87 377**

(*) The €2,991k increase between 31 October 2015 and 31 October 2016 reflected the recognition of a put option on minority interests in respect of the second tranche of share buyouts in the La Roche-Posay and Agon Coutainville casinos in accordance with IAS 32, with the relevant consideration recognised in minority interests. Following completion of the transaction during the financial year, this liability was settled at 31 October 2017 (see note 11.3).

(*) At 31 October 2015, the current portion of liabilities relating to the restatement of finance leases used to acquire slot machines under licence was recognised under this heading on the consolidated balance sheet in the amount of €752k. At 31 October 2016 the debt relating to this restatement had been settled.

At 31 October 2017, the increase in this item was attributable to the various renovation programmes underway at various Group entities.

12.3 OTHER CURRENT AND NON-CURRENT LIABILITIES

€000 AT 31 OCTOBER	2017	2016	2015
Tax liabilities	-	-	13
Other liabilities	1 995	-	-
Liabilities to suppliers of fixed assets	-	-	-
Deferred income – non-current portion	4 977	6 030	6 349
TOTAL OTHER NON-CURRENT LIABILITIES	**6 972**	**6 030**	**6 361**
Deferred income – current portion	1 579	1 591	1 985
TOTAL OTHER CURRENT LIABILITIES	**1 579**	**1 591**	**1 985**

Deferred income is mainly attributable to investment subsidies.

NOTE 13. BREAKDOWN OF THE CASH FLOW STATEMENT

13.1 BREAKDOWN OF CASH FLOW

Cash flow from operating activities

Net cash from operating activities before change in the working capital requirement, financial interest and taxes paid totalled €75.2m, versus €79.2m in 2016, related to the change in EBITDA measured during the financial year.

Total cash flow, which came to €65.7m (vs. €54.2m in 2016), also reflects:

- an unfavourable trend in the WCR, representing a €10.7m cash requirement chiefly owing to an increase in "Receivables and accrued and deferred items" and "Trade receivables";
- €4.5m in interest paid (reduction of €1.2m);
- tax "paid" actually representing a source of €5.6m in net cash following the €11.8m repayment of the CICE tax credit awarded in respect of the 2013, 2014 and 2015 financial years.

Cash flow from (used in) investing activities

Cash from (used in) investing activities came to a net use of cash of €58.1m, compared with a net use of €43.8m in the previous financial year. It chiefly consisted of:

- a net cash outflow of €7.2m on acquisitions of shares, primarily relating to the acquisition of minority interests in the La Roche-Posay and Agon Coutainville casinos (-€3.0m) and the acquisition of SEGR Le Laurent (-€4.2m);
- the impact of other changes in the scope of consolidation, which generated €11.7m in cash through the sale of Cannes Balnéaires;
- a net cash outflow of €64.0m on acquisitions of tangible fixed assets, including an outflow of €53.0m in the casino sector, consisting in particular of – in addition to the acquisition of slot machines and other electronic equipment, and replacement investments – the completion of the PleinAir de La Ciotat casino, the acquisition of the Crans-Montana car parks, improvements to accommodate the Cannes casino in Hotel 3.14, and the launch of renovation work at various subsidiaries.

Cash flow from (used in) financing activities

This item represented a net cash outflow of €41.5m, mainly consisting of the following:

- the repayment of bank debt for -€36.7m, -€32.8m of which in respect of annual and early repayments of the syndicated loan, in line with the amended Safeguard Plan that entered into force, and asset disposals during the financial year;
- the issue of new borrowings for €25.3m;
- the full repayment of the remaining balance of Financière Partouche's advance for -€20.1m, in line with the amended Safeguard Plan that entered into force during the financial year;
- dividend payments to minority shareholders for €8.5m.

Based on these movements, cash amounted to €116.4m at the balance sheet date, down €35.9m compared with 31 October 2016.

13.2 BREAKDOWN OF WCR

Changes in items making up the working capital requirement are as follows:

€000	2017	2016	2015
Inventories and semi-finished goods	(501)	47	(417)
Trade receivables	(3 369)	(3 885)	4 611
Receivables and accrued and deferred items	(7 572)	(8 221)	(7 181)
Trade accounts payable	1 867	(1 610)	(1 164)
Other payables	(1 077)	3 929	4 418
Deferred expenses	-	-	-
IMPACT OF THE CHANGE IN WCR	**(10 654)**	**(9 740)**	**267**

NOTE 14. OFF BALANCE SHEET COMMITMENTS

14.1 RELATED TO THE SCOPE

Commitments given at 31 October 2017:

None

Commitments received at 31 October 2017:

€000	2017	2016	2015
Sureties, deposits and pledges	2 136	2 741	2 740
TOTAL	**2 136**	**2 741**	**2 740**

At 31 October 2017, the above sureties, deposits and pledges covered the receivable from Société Française de Casinos in the amount of €2,136 (fully impaired).

14.2 RELATED TO FINANCING

Commitments given at 31 October 2017:

€000	2017	PAYMENTS DUE PER PERIOD			2016	2015
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS		
Long-term liabilities (bank debts with guarantees)	134 921	19 493	93 355	22 073	158 558	176 228
Capital leases	1 255	355	901	-	308	302
TOTAL	**136 176**	**19 848**	**94 256**	**22 073**	**158 866**	**176 530**

The amount of commitments given in respect of long-term liabilities reflects the outstanding balance of the Group's borrowings backed by guarantees.

Commitments received at 31 October 2017:

€000	2017	2016	2015
Capital leases	1 067	253	317
TOTAL	**1 067**	**253**	**317**

14.3 RELATED TO OPERATING ACTIVITIES

14.3.1 Contractual commitments

Commitments given at 31 October 2017:

€000	2017	PAYMENTS DUE PER PERIOD			2016	2015
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS		
Operating lease contracts (leases, non-real estate lease contracts, other)	56 761	8 810	27 691	20 260	59 772	59 292
Collateral or mortgages	505	43	178	284	547	-
Sureties and deposits	30 315	1 877	2 747	25 690	11 739	4 846
Notes issued	406	406	-	-	146	-
Liability guarantees	-	-	-	-	-	-
Other financial commitments	-	-	-	-	-	-
Other commercial commitments	9 408	4 066	5 341	-	7 800	9 509
EHB specification	61 866	9 137	30 947	21 782	66 661	67 807
TOTAL	**159 259**	**24 339**	**66 903**	**68 017**	**146 665**	**141 454**

The line item "Commitments in respect of operating requirements" includes all of the operator's obligations over the remaining term of the concession. The corresponding expenses, which are paid annually, are recognised in the income statement under "Other current operating income and expenses".

The "Sureties and deposits" line includes a €15m commitment under the lease entered into by SCI Pietra Pornic of which no use was made at 31 October 2017, and a €7m commitment in respect of the principal amount outstanding on the medium-term borrowing arranged by Partouche Immobilier in 2017.

Commitments received at 31 October 2017:

€000	2017	2016	2015
Claw back	98	98	98
Operating lease contracts (leases, non-real estate lease contracts, other)	473	2 093	3 884
Sureties and deposits	1 479	735	689
Liability guarantee	-	-	-
Other commercial commitments	-	9	-
TOTAL	**2 051**	**2 935**	**4 671**

The Sureties and deposits line chiefly reflects the €750k in commitments made by the SEGR Le Laurent subsidiary that was consolidated for the first time in 2017.

14.3.2 INVESTMENT COMMITMENTS

Commitments given at 31 October 2017:

€000	2017	PAYMENTS DUE PER PERIOD			2016	2015
		LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS		
Commitments related to investments	36 115	36 115	-	-	3 400	49
TOTAL	**36 115**	**36 115**	**-**	**-**	**3 400**	**49**

The commitments at 31 October 2017 stated in this table report commitments to carry out renovation work at the Aix-en-Provence, Lyon Vert and Royat casinos under the renewal of their casino public service concessions for €23.3m, €8m and €3.4m respectively, and a €1.4m commitment to carry out construction work at the Dieppe casino.


ENGAGED
OPEN
ATTENTIVE
RECEPTIVE

Commitments received at 31 October 2017:

€000	2017	2016	2015
Other market commitments received	469	378	313
TOTAL	**469**	**378**	**313**

The commitments reported in this table concern the La Ciotat casino.

To the best of the Company's knowledge, there are no other significant off balance sheet commitments.

NOTE 15. RELATED-PARTY TRANSACTIONS

Concerning the provisions of IAS 24 on management compensation, refer to Note 7, "Employee expenses and benefits".

▸ Agreements with Financière Partouche SA

Groupe Partouche SA rents the premises of its registered office from Financière Partouche SA. The total rent, including charges and tax, was €318,284 for financial year 2016-2017.

Groupe Partouche SA benefited from a shareholder's advance from Financière Partouche SA (agreement signed on 29 August 2003 and modified agreements signed on 30 September 2005 and 30 December 2009), for which the terms concerning interest (Euribor +2%) and settlement were set out in the plan approved by the Paris Commercial Court in its ruling of 29 September 2014.

The principal amount outstanding of this advance at 31 October 2016 totalled €20,122k. Given the amendments made to the Safeguard Plan in the 2017 financial year, as presented in note 1, this advance was repaid in full.

The interest expense for the 2016-2017 financial year amounted to €134k.

In addition, following the dividend payment approved at the Extraordinary Shareholders' Meeting of 5 September 2017, the portion attributable to Financière Partouche was recognised as an advance in line with the terms of the amended Safeguard Plan. It carries interest at a rate of 12-month Euribor plus a margin of 0.25 points.

The balance of the current account stood at €1,995k at 31 October 2017.

▸ Investment agreement between Financière Partouche SA and Butler Capital Partners (BCP)

An investment agreement was executed on 19 April 2011 in order to define the terms and conditions of the entry of BCP in the share capital of the company, with the approval of the principal shareholder Financière Partouche SA. This agreement led in May 2011 to two capital increases.

▸ Agreements with Ispar Holding SA

Ispar Holding SA, controlled and chaired by Isidore Partouche, provides assistance and advice to the Swiss casinos. With respect to financial year 2016-2017, the expenses recognised in respect of the remuneration of Ispar Holding SA by the Crans-Montana and Meyrin casinos amounted to €98k and €197k, respectively.

▸ Agreements with Shal & Co

Shal & Co, controlled and chaired by Hubert Benhamou, provides assistance with the management activities of certain Groupe Partouche casinos.

The corresponding remuneration received for financial year 2016-2017 was €570,333.

▸ Intra-group loan

A €5.8m intra-group loan was arranged on 6 October 2017 with our Cannes Centre Croisette subsidiary to cover investments representing renovation work.

Accrued interest on the loan amounted to €477 during the financial year.

▸ Other

The other transactions in financial year 2016-2017 with related parties as part of ordinary activities are not considered significant for the Group and were carried out at market conditions.

NOTE 16. POST-BALANCE SHEET EVENTS

There were no post-balance sheet events.

NOTE 17. CONSOLIDATION SCOPE

Companies joining the Group at 31/10/2017

Changes in percentage interest at 31/10/2017

Companies leaving the Group at 31/10/2017

The following companies are consolidated by Groupe Partouche SA:

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2017	INTEREST PERCENTAGE IN 2016	INTEREST PERCENTAGE IN 2015	CONSOLIDATION METHOD
SA GROUPE PARTOUCHE	France				Parent company
FULLY CONSOLIDATED COMPANIES					
CASINOS					
SA CASINO DE SAINT-AMAND	France	100,00	100,00	100,00	FC
SA GRAND CASINO DE CABOURG	France	100,00	100,00	100,00	FC
SA CASINO DU GRAND CAFÉ	France	61,90	61,90	61,90	FC
SA FORGES THERMAL	France	60,38	60,38	60,38	FC
SA CASINO ET BAINS MERS DE DIEPPE	France	100,00	100,00	100,00	FC
SA JEAN METZ	France	100,00	100,00	100,00	FC
SA LE TOUQUET'S	France	90,10	90,10	90,10	FC
SA CASINOS DU TOUQUET	France	99,53	99,53	99,53	FC
SA CASINOS DE VICHY	France	0,00	92,00	92,00	FC
CASINO DE CONTREXÉVILLE	France	100,00	100,00	100,00	FC
SA NUMA	France	100,00	100,00	100,00	FC
SA GRAND CASINO DE LYON	France	100,00	100,00	100,00	FC
3.14 CASINO	France	100,00	100,00	100,00	FC
SA LE GRAND CASINO DE DJERBA	Tunisia	99,90	99,90	99,90	FC
CASINO NUEVO DE SAN ROQUE	Spain	98,90	98,90	98,90	FC
SA CASINO LA TOUR DE SALVAGNY	France	99,86	99,86	99,86	FC
SA CASINO MUNICIPAL DE ROYAT	France	99,86	99,86	99,86	FC
SA CASINO LE LION BLANC	France	99,86	99,86	99,86	FC
SA EDEN BEACH CASINO	France	99,65	99,65	99,64	FC
SA CASINO MUNICIPAL D'AIX THERMAL	France	99,61	99,61	99,61	FC
SA CASINO DES FLOTS BLEUS	France	99,59	99,59	99,59	FC
SA CASINO DE PALAVAS	France	99,87	99,87	99,87	FC
CASINO DE PORNICHET	France	100,00	100,00	100,00	FC
CASINO DE PORNIC	France	100,00	100,00	100,00	FC
CASINO D'ANDERNOS	France	99,98	99,98	99,79	FC
CASINO D'ARCACHON	France	99,88	98,75	98,73	FC
CASINO DE SALIES DE BÉARN	France	100,00	100,00	100,00	FC
CASINO DE LA GRANDE-MOTTE	France	99,98	99,98	99,98	FC
CASINO DE GRÉOUX	France	100,00	100,00	100,00	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2017	INTEREST PERCENTAGE IN 2016	INTEREST PERCENTAGE IN 2015	CONSOLIDATION METHOD
CASINO D'ÉVAUX-LES-BAINS	France	100,00	100,00	100,00	FC
CASINO DE PLOMBIÈRES	France	100,00	100,00	100,00	FC
CASINO D'OSTENDE	Belgium	99,98	99,98	99,98	FC
CASINO DE LA ROCHE-POSAY	France	100,00	95,24	89,70	FC
CASINO DE AGON COUTAINVILLE	France	100,00	95,39	89,62	FC
CASINO DE HYÈRES	France	99,90	99,90	99,90	FC
CASINO DE VAL-ANDRÉ	France	100,00	100,00	100,00	FC
CASINO DE PLOUESCAT	France	97,00	97,00	97,00	FC
CASINO DE BANDOL	France	100,00	100,00	100,00	FC
CASINO LAC MEYRIN	Switzerland	40,00	40,00	40,00	FC
CASINO DU HAVRE	France	100,00	100,00	100,00	FC
CASINO DE LA TRINITÉ	France	100,00	100,00	100,00	FC
CASINO DU PALAIS DE LA MÉDITERRANNÉE	France	100,00	100,00	100,00	FC
CASINO DE DIVONNE	France	98,71	98,71	98,70	FC
CASINO D'ANNEMASSE	France	99,92	99,92	99,93	FC
CASINO DE CRANS-MONTANA	Switzerland	57,00	57,00	57,00	FC
CASINO DE LA TREMBLADE	France	99,89	99,89	99,89	FC
CASINO TABARKA	Tunisia	99,89	99,89	99,89	FC
CLUB PARTOUCHE PARIS	France	100,00	-	-	FC
CLUB PARTOUCHE CAPITALE	France	100,00	-	-	FC
HOTELS					
SA ELYSEE PALACE HÔTEL	France	91,76	91,76	91,76	FC
SA HÔTEL INTERNATIONAL DE LYON	France	97,25	97,25	97,25	FC
SARL AQUABELLA	France	99,79	99,79	99,79	FC
HÔTEL 3.14	France	100,00	100,00	100,00	FC
GRANDS HÔTELS DU PARC	France	100,00	100,00	100,00	FC
HÔTEL COSMOS	France	100,00	100,00	100,00	FC
SARL SINOCA	France	100,00	100,00	100,00	FC
GREEN 3.14	France	100,00	-	-	FC
OTHER					
SA CANNES BALNÉAIRES PALM BEACH*	France	0,00	99,99	99,99	FC
SA CHM	France	87,04	87,04	87,04	FC
SA BARATEM	France	99,25	99,25	99,25	FC
SA HOLDING GARDEN PINÈDE	France	0,00	100,00	100,00	FC
SCI HÔTEL GARDEN PINÈDE	France	100,00	100,00	100,00	FC
SCI RUE ROYALE	France	99,99	99,99	99,99	FC
ELYSÉE PALACE EXPANSION	France	91,76	91,76	91,76	FC
ELYSÉE PALACE SA	France	91,73	91,73	91,73	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2017	INTEREST PERCENTAGE IN 2016	INTEREST PERCENTAGE IN 2015	CONSOLIDATION METHOD
SCI LES THERMES	France	99,99	99,99	99,99	FC
SARL THERM'PARK	France	99,99	99,99	99,99	FC
SA GROUPE PARTOUCHE INTERNATIONAL	Belgium	99,90	99,90	99,90	FC
SARL SEK	France	99,86	99,86	99,86	FC
SCI PIETRA SAINT-AMAND	France	100,00	100,00	99,86	FC
SCI PALAVAS INVESTISSEMENT	France	99,88	99,88	99,87	FC
CBAP CENTRE BALNÉOTHÉRAPIE	France	99,99	99,99	99,99	FC
SCI FONCIÈRE DE VITTEL ET CONTREX	France	100,00	100,00	100,00	FC
EUROPÉENNE DE CASINO HOLDING	France	100,00	100,00	100,00	FC
BELCASINOS	Belgium	100,00	100,00	100,00	FC
CASINO CHAUDFONTAINE	Belgium	99,90	99,90	99,90	FC
SCI GAFA	France	100,00	95,28	89,81	FC
SCI LES MOUETTES	France	100,00	100,00	100,00	FC
SCI LES JARRES	France	100,00	100,00	100,00	FC
HOLDING LUDICA	France	100,00	100,00	100,00	FC
SCI JMB	France	100,00	100,00	100,00	FC
VZW	Belgium	100,00	100,00	100,00	FC
SCI PARC DE POSAY	France	100,00	95,24	89,71	FC
SARL PARC DU CHÂTEAU	France	100,00	76,19	71,76	FC
SCI DE L'ARVE	France	99,92	99,92	99,93	FC
SCI LA TREMBLADE	France	99,89	99,89	99,89	FC
PARTOUCHE IMMOBILIER	France	100,00	100,00	100,00	FC
SCI PIETRA PORNIC	France	100,00	100,00	-	FC
PARTOUCHE SPECTACLES	France	100,00	100,00	100,00	FC
KIOUSK	France	100,00	100,00	100,00	FC
GROUPEMENT DE MOYEN DES CASINOS	France	100,00	100,00	100,00	FC
CKO BETTING OSTENDE	Belgium	100,00	100,00	100,00	FC
PARTOUCHE INTERACTIVE	France	100,00	100,00	96,00	FC
QUARISMA	France	95,07	95,07	91,26	FC
PARTOUCHE PRODUCTION	France	75,43	75,43	72,42	FC
PARTOUCHE TECHNOLOGIES	France	100,00	100,00	96,00	FC
PARTOUCHE IMAGE	France	88,66	88,66	85,11	FC
PARTOUCHE TOURNOIS	France	100,00	100,00	96,00	FC
AFRIGAMBLING	France	88,66	88,66	-	FC
SEGR LE LAURENT	France	100,00	-	-	FC
PLAGE 3.14	France	100,00	-	-	FC
PARTOUCHE STUDIO	France	100,00	-	-	FC
WORLD SERIES OF BACKGAMON	United Kingdom	100,00	96,00	96,00	FC

COMPANY AT 31 OCTOBER	COUNTRY	INTEREST PERCENTAGE IN 2017	INTEREST PERCENTAGE IN 2016	INTEREST PERCENTAGE IN 2015	CONSOLIDATION METHOD
APPOLONIA FRANCE	France	70,00	67,20	67,20	FC
PARTOUCHE INTERACTIVE HOLDING	Gibraltar	100,00	96,00	96,00	FC
PARTOUCHE INTERACTIVE GIBRALTAR	Gibraltar	0,00	96,00	96,00	FC
PASINO BET	France	100,00	96,00	96,00	FC
SOCIÉTÉ D'EXPLOITATION DU CASINO DE DIVONNE	France	96,00	96,00	96,00	FC
INTERNATIONAL GAMBLING SYSTEMS	Belgium	19,00	19,00	19,00	FC
COMPANIES CONSOLIDATED USING THE EQUITY METHOD					
OTHER					
PLAGE POINTE CROISETTE	France	49,00	-	-	EM
PALM BEACH ÉVÉNEMENTIEL	France	49,00	-	-	EM
PBCCA PALM BEACH CANNES CÔTE D'AZUR	France	49,00	-	-	EM
CANNES BALNÉAIRES	France	49,00	99,99	99,99	EM

(*) With regard to the changes in the method used to consolidate Cannes Balnéaires during the 2017 financial year, please refer to the transaction presented in note 3.2.1 « Changes in scope ».

20.2.2 FINANCIAL STATEMENTS OF THE COMPANY - 31 OCTOBER 2017

BALANCE SHEET – ASSETS (NET VALUES) €000 AT 31 OCTOBER	NOTES	2017	2016	2015
FIXED ASSETS				
Intangible assets	**2.1 / 2.2**			
Concession and similar rights		107	47	80
Internally generated goodwill		686	72 547	72 623
Advances and down payments on intangible assets		24	31	0
Tangible fixed assets	**2.1 / 2.2**			
Land		7 280	7 280	7 280
Buildings		10 879	11 669	12 465
Technical equipment		230	156	67
Other tangible fixed assets		541	748	694
Assets under construction		15	15	15
Advances and down payments		0	4	0
Financial investments				
Other investments	2.3 / 2.4	632 415	555 981	552 604
Receivables attached to investments		6 404	604	604
Other long-term investment securities	2.3	-	-	-
Loans	2.5	44	44	42
Other financial investments	2.4 / 2.5	194	1 395	219
Total fixed assets		**658 819**	**650 520**	**646 693**
CURRENT ASSETS				
Merchandise		-	-	6
Advances and down payments to suppliers		17	21	2
Trade receivables	2.5	103	102	60
Other receivables	2.4 / 2.5	119 262	132 363	130 538
Marketable securities		901	15 031	30 956
Cash and cash equivalents		34 488	42 439	42 954
Prepaid expenses	2.5 / 2.10	1 891	567	1 189
Total current assets		**156 662**	**190 522**	**205 703**
REGULARISATION ACCOUNTS				
Capitalised expenses		-	-	-
Translation adjustment – asset		-	-	-
GRAND TOTAL		**815 482**	**841 042**	**852 395**

BALANCE SHEET – LIABILITIES AND EQUITY €000 AT 31 OCTOBER	NOTES	2017	2016	2015
Share capital (o/w fully paid: 192,541)[1]	2.13	192 541	193 631	193 631
Share premium, merger and contribution reserves		70 056	54 285	54 285
Revaluation reserves[2]		-	-	-
Legal reserve		9 732	9 684	8 778
Statutory reserve[3]		-	-	-
Other reserves		10 841	14 423	14 423
Retained earnings		149 840	148 899	134 760
NET PROFIT (LOSS) FOR THE FINANCIAL YEAR		166	972	15 045
Equity	**2.12**	**433 176**	**421 894**	**420 921**
Provisions for contingencies	2.4	107	14	0
Provisions for losses	2.4	0	0	0
Provisions for contingencies and losses		**107**	**14**	**0**
Bank loans and overdrafts[5]	2.6	128 719	153 254	174 799
Sundry borrowings and financial liabilities	2.6	176	20 247	22 483
Advances and deposits on outstanding orders		-	-	-
Trade creditors	2.6	2 090	999	618
Tax and social security liabilities	2.6	2 713	2 561	2 572
Liabilities to fixed asset suppliers	2.6	19	21	18
Other liabilities	2.6	248 440	242 008	230 814
Deferred income	2.6 / 2.11	43	44	43
TOTAL4		**382 199**	**419 134**	**431 348**
Translation adjustment – liability		0	0	126
GRAND TOTAL		**815 482**	**841 042**	**852 395**
(1) Capitalised revaluation differential		294	294	294
(2) Includes a special revaluation reserve (1959)				
Free revaluation reserve				
Revaluation reserve (1976)				
(3) Includes a statutory reserve for long-term capital gains				
(4) Liabilities and deferred income falling due or to be released in less than one year		129 433	128 454	114 975
(5) Includes current account bank balances and bank overdrafts		-	-	-

INCOME STATEMENT €000 AT 31 OCTOBER	NOTES	2017	2016	2015
Merchandise sales		-	-	2
Sales of services		11 251	10 943	11 031
Net turnover	2.14	**11 251**	**10 943**	**11 033**
Self-constructed assets		-	-	1 367
Operational subsidies		-	-	-
Reversals of depreciation, amortisation, provisions and expense transfers[7]		1 574	1 340	356
Other revenue		-	-	-
Total operating revenue[2]		**12 824**	**12 283**	**12 756**
OPERATING EXPENSES				
Purchases of goods (and custom duties)		-	-	-
Change in inventory (goods)		-	6	10
Other purchases and external expenses6a		12 678	11 553	12 234
Tax		514	575	566
Wages and salaries		4 011	3 808	3 704
Social security expenses		1 655	1 546	1 486
Depreciation and amortisation charges and provision on fixed assets		1 270	1 194	1 105
Impairment of current assets		-	-	109
Other expenses		121	71	71
Total operating expenses[4]		**20 249**	**18 752**	**19 287**
OPERATING INCOME/(LOSS)		**(7 425)**	**(6 470)**	**(6 530)**
Income allocated or loss transferred		59	46	31
Loss borne or income transferred		-	-	-
Income from associates[5]	2.16	10 276	11 873	32 200
Income from other marketable securities and receivables[5]		-	-	-
Other interest income[5]		845	1 162	1 660
Provision reversals and expense transfers		87 883	26 055	2 710
Positive foreign exchange differences		-	12	-
Net gains on the disposal of marketable securities		-	-	-
Total financial income		**99 005**	**39 102**	**36 571**
FINANCE COSTS				
Depreciation, amortisation and provision charges		13 637	36 667	18 346
Interest expense[6]		4 691	6 142	7 537
Negative foreign exchange differences		4	16	20
Total finance costs		**18 333**	**42 825**	**25 902**
FINANCIAL ITEMS		**80 672**	**(3 722)**	**10 669**
CURRENT INCOME BEFORE TAX		**73 307**	**(10 146)**	**4 170**

INCOME STATEMENT €000 AT 31 OCTOBER	NOTES	2017	2016	2015
Exceptional income on management transactions		28	11	36
Exceptional income on capital transactions		11 536	213	127
Provision reversals and expense transfers		-	-	-
Total exceptional income		**11 564**	**224**	**163**
Exceptional expense on management transactions		2	319	1 302
Exceptional expense on capital transactions		96 723	37	996
Exceptional depreciation, amortisation and provision charges		167	14	-
Total exceptional expense		**96 892**	**369**	**2 298**
EXCEPTIONAL ITEMS	2.17	**(85 328)**	**(145)**	**(2 134)**
Employee profit-sharing				
Corporate income tax	2.18	(12 187)	(11 264)	(13 009)
Total income		**123 453**	**51 655**	**49 522**
Total expense		**123 287**	**50 683**	**34 477**
NET PROFIT OR LOSS		**166**	**972**	**15 045**

(2) Includes property rental income		1 086	1 169	1 145
(2) Includes operating revenue relating to prior financial years		24	-	-
(4) Includes operating revenue relating to prior financial years		-	-	10
(5) Includes income from associated entities		10 837	12 462	33 184
(6) Includes interest from associated entities		357	597	660
(6a) Includes contributions made to organisations deemed to be in the public interest		10	31	20
(7) Includes expense transfers		1 574	1 213	356

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Notes to the balance sheet before appropriation for the financial year ending 31 October 2017 which totals €815,482k and the income statement for the financial year, presented in list format, showing total income of €123,453k and net profit of €166k.

The financial year is a 12-month period, from 1 November 2016 to 31 October 2017.

REMINDER ON THE SAFEGUARD PROCEDURE:

In a judgment dated 29 September 2014, the Paris Commercial Court approved Groupe Partouche SA's Safeguard Plan, previously unanimously adopted by all creditors' committee members, thus bringing to a close the observation period that had begun on 30 September 2013.

The main provisions of this nine-year plan were as follows:

- for the syndicated loan:
  - spreading of the syndicated loan repayment schedule until December 2022,
  - margin reduced to 3.25% from December 2016, compared with 3.50% until then,
  - abolition of numerous constraints, such as limitation of the volume of investments, compliance with financial ratios and the surplus cash flow repayment mechanism,
  - no obligation to sell assets,
  - a clause requiring the Group to allocate 50% of the net proceeds of any asset sales towards the early repayment of the syndicated loan;
- repayment of the shareholder's advance by Financière Partouche in line with a repayment schedule that runs to December 2022;
- freezing of intra-group debts until repayment in full of the other liabilities included in the plan, apart from any offsetting of related receivables or resulting from dividend distributions;
- methods of repaying current liabilities according to several options proposed to creditors.

AMENDMENTS TO THE SAFEGUARD PROCEDURE:

In connection with agreements reached with bank creditor OCM Luxembourg to settle its disputes with Groupe Partouche and its principal shareholder Financière Partouche, the Paris Commercial Court, in its ruling of 2 November 2016 corrected on 8 December 2016, amended Groupe Partouche's Safeguard Plan.

In view of the above decision and the lifting of conditions precedent attached during the 2017 financial year, Groupe Partouche applied the amendments adopted unanimously by the committee of credit institutions and similar, authorising:

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

THE KEY HIGHLIGHTS OF THIS FINANCIAL YEAR WERE AS FOLLOWS:

- An exceptional dividend payment of €3.001m on the basis approved by the Extraordinary Shareholders' Meeting of 5 September 2017;
- Pursuant to a decision of 11 September 2017 by the Executive Board acting under powers delegated by the General Shareholders' Meeting, a reduction in the share capital through the cancellation of 54,526 treasury shares, each with a par value of €20;
- The sale of Cannes Balnéaires and acquisition of a minority stake in the new Palm Beach Côte d'Azur (49%) vehicle, owned by the new controlling shareholder – hereinafter the "Cannes Balnéaires sale": The impact of the potential sale of Cannes Balnéaires had been anticipated in Groupe Partouche's financial statements for previous financial years by means of provisions for impairment of investments and current accounts. This transaction had a positive impact of €153k on net profit for the 2017 financial year.

However, it also affects the presentation of the financial statements for the 2017 financial year. In accordance with applicable accounting rules, the transactions have been accounted for as follows:

- Exceptional profit/loss (a net loss of €85,211k):
  - The residual gross value of the investment securities and related receivables was recognised as an exceptional expense of €96,481k,
  - Proceeds from the sale of the securities and current account were recognised as exceptional income of €11,270k;
- Financial income/(expense) (net income of €85,364k):
  - Reversals of provisions for investments (income of €48,424k) and current accounts (income of €36,940k) divested were recognised as financial income.

- Acquisition from Financière Partouche of investment securities in SAS Enderbury GR, the parent company of SEGR Le Laurent, for €4.3m on 25 October 2017. A transmission universelle du patrimoine leading to the transfer of all SAS Enderbury GR's assets and liabilities under the preferential tax regime for mergers in accordance with Article 210 A of the French General Tax Code to Groupe Partouche SA, generating a technical merger loss of €3.9m.

Since this technical loss applied to the SEGR Le Laurent investment securities (gross value of €0.4m), it was recognised under long-term financial investments in accordance with ANC Regulation 2015-06;

- On 26 December 2016, the winding-up of SAS Holding Garden Pinède under the preferential tax regime in accordance with Article 210 A of the French General Tax Code, by means of a transmission universelle de patrimoine;

This generated a technical merger surplus of €15.8m, recognised entirely in a "merger premium" sub-account of equity;

- A €2.8m increase in the capital of the Casino de Contrexéville subsidiary;
- Incorporation of Club Partouche Paris, Club Partouche Capitale and SARL 3.14 Green.

The notes and tables below are an integral part of the parent company financial statements.

There were no changes to methods or presentation affecting the parent company financial statements, except for that stated below in Section 1.3, "Long-term financial investments".

1 - ACCOUNTING POLICIES AND PRESENTATION

The Company's financial statements are prepared in accordance with French legislation and regulations. Accounting conventions have been applied in accordance with the provisions of the French Commercial Code and ANC Regulation 2014-03 and updated as at 1 January 2017.

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 one to four years.

A long lease charge is written off over a period of 30 years.

1.2 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated in the balance sheet at their historical acquisition cost (supplemented by acquisition expenses), at their production cost or at their contribution value in respect of SIHB SA fixed assets contributed as part of the merger-renunciation agreement concluded in 1994 with retroactive effect as of 1 November 1993.

The straight-line method of depreciation is used over the expected useful lives of the assets.

Buildings:	Straight-line	20 to 50 years
Equipment, material:	Straight-line	3 to 8 years
Equipment, fixtures and fittings:	Straight-line	5 to 10 years
Event equipment:	Straight-line	3 years
Vehicles:	Straight-line	5 years
Office and computer equipment:	Straight-line	2 to 5 years

1.3 LONG-TERM FINANCIAL INVESTMENTS

Long-term financial investments are stated in the balance sheet at acquisition cost (excluding incidental expenses) or at contribution cost.

When their inventory value falls below their gross value, a provision for impairment is established for the amount of the difference.

The inventory value of investments is based on their value-in-use or fair value.

This value can notably be determined through:

- the calculation of their net asset value in the most recent financial statements of the subsidiary that owns them, adjusted for any unrecognised unrealised capital gains (internally generated goodwill, buildings, deferred tax, etc.);
- forward-looking data such as profitability prospects;

The securities contributed by SIHB SA are valued at their contribution value at the time of the merger.

The securities contributed under the terms of the transmission universelle du patrimoine (transfer of all assets and liabilities) in Groupe de Divonne SA completed in November 2007 were acquired at their carrying amount. The same applies to the securities contributed by means of the transmission universelle du patrimoine in respect of SAS Holding Garden Pinède and SAS Enderbury GR, which were completed in the 2017 financial year.

Change in accounting method:

Following the adoption of ANC Regulation 2015-06 amending ANC Regulation 2014-03 on the general chart of accounts, technical merger losses recognised as assets should now be accounted for together with the underlying assets to which the unrealised capital gains apply.

The "Groupe de Divonne" technical merger loss was thus reclassified under "Investment securities".

1.4 RECEIVABLES

Receivables are recorded at their face value. A provision for impairment is established whenever their inventory value, based on the likelihood of their being recovered, is less than their carrying amount.

1.5 RECEIVABLES AND DEBTS DENOMINATED IN FOREIGN CURRENCIES

During the financial year, receivables in foreign currencies are translated on the basis of the exchange rate on the transaction date. At the end of the financial year, these receivables are translated on the basis of the closing rate, and the differences with respect to amounts previously accounted are recorded under "Unrealised gains or losses on foreign exchange transactions". Losses on foreign exchange are provided for under "Provisions for contingencies".

1.6 CASH AND CASH EQUIVALENTS

Marketable securities are recorded in the balance sheet at their acquisition cost.

Where the acquisition cost is greater than their net realisable value at the end of the financial year, a provision for impairment is established for the amount of the difference.

1.7 DIVIDENDS

Dividends received from foreign subsidiaries are recorded at their net amounts after any withholding taxes applicable under the relevant tax regulations.

1.8 PROVISIONS FOR CONTINGENCIES AND LOSSES

Group Partouche SA has been cited jointly in relation to redundancy schemes carried out at two of its subsidiaries; as of 31 October 2017, no provisions have been recognised as a result, since management and its advisors believe that Groupe Partouche SA has very little exposure in said cases.

1.9 DISTINCTION BETWEEN CURRENT PROFIT AND EXCEPTIONAL ITEMS

The "Exceptional items" income statement heading includes exceptional items resulting from ordinary activities, as well as extraordinary items. Exceptional items resulting from ordinary activities are those whose achievement is not related to the Company's ordinary course of business, either because their amounts or impact are of abnormal nature or because they very rarely occur.

2 – ADDITIONAL INFORMATION IN RESPECT OF THE BALANCE SHEET AND INCOME STATEMENT (IN €000)

2.1 INTANGIBLE AND TANGIBLE FIXED ASSETS

€000 AT 31 OCTOBER 2017	GROSS VALUE OF FIXED ASSETS AT THE BEGINNING OF THE FINANCIAL YEAR	INCREASES	
		REVALUATION DURING THE FINANCIAL YEAR	ACQUISITION, CREATION, INTER-ACCOUNT TRANSFER
Setup costs, research	-	-	-
Other intangible assets	**76 468**		**159**
Land	7 280		-
Buildings on own land	11 317		-
Buildings on other land	2 239		-
Fixtures and fittings – buildings	4 949		-
Machinery and equipment	233		159
Other equipment, fixtures and fittings	1 451		14
Vehicles	372		-
Office and computer equipment, furniture	732		23
Fixed assets under construction	15		-
Advances and down payments	4		-
Total tangible fixed assets	**28 591**		**196**
GRAND TOTAL	**105 059**		**355**

€000 AT 31 OCTOBER 2017	DECREASES		GROSS VALUE OF ASSET AT END OF FINANCIAL YEAR	LEGAL REVALUATION ORIGINAL VALUE AT END OF FINANCIAL YEAR
	BY INTER-ACCOUNT TRANSFER	BY SALE OR SCRAPPING		
Setup costs, research	-	-	-	-
Other intangible assets	**71 749**	**66**	**4 812**	**-**
Land	-	-	7 280	-
Buildings on own land	-	-	11 317	-
Buildings on other land	-	-	2 239	-
Fixtures and fittings – buildings	-	-	4 949	-
Machinery and equipment	-	-	391	-
Other equipment, fixtures and fittings	-	-	1 465	-
Vehicles	-	-	372	-
Office and computer equipment, furniture	-	-	755	-
Fixed assets under construction	-	-	15	-
Advances and down payments	4	-	0	-
Total tangible fixed assets	**4**	**0**	**28 783**	**-**
GRAND TOTAL	**71 753**	**66**	**33 595**	**-**

Of the decrease in intangible assets during the financial year, €71.7m reflected the reclassification for accounting purposes of the "Groupe de Divonne" merger loss under "investment securities" as required pursuant to ANC Regulation 2015-06.

As a reminder, with a view to the application of CRC Regulation 2002.10, for the year ending 31 October 2005, the Company carried out an analysis of its buildings based on three components contributing to the net carrying amount of these assets as of 31 October 2005 which breaks down as follows:

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

2.2 DEPRECIATION AND AMORTISATION

€000 AT 31 OCTOBER 2017	POSITIONS AND MOVEMENTS DURING THE FINANCIAL YEAR			
	BEGINNING OF THE FINANCIAL YEAR	APPROPRIATION DURING THE FINANCIAL YEAR	DECREASE DURING THE FINANCIAL YEAR	END OF THE FINANCIAL YEAR
Setup costs, research	-			-
Other intangible assets	**3 844**	**151**		**3 995**
Land	-	-	-	-
Buildings on own land	2 186	365	-	2 551
Buildings on other land	1 940	112	-	2 052
Fixtures and fittings – buildings	2 710	313	-	3 023
Machinery and equipment	76	85	-	161
Other equipment, fixtures and fittings	1 079	108	-	1 187
Vehicles	127	66	-	193
Office and computer equipment, furniture	602	69	-	671
Recoverable packaging and other	-	-	-	-
TOTAL	**8 720**	**1 118**	**0**	**9 838**
GRAND TOTAL	**12 563**	**1 270**	**0**	**13 833**

2.3 INVESTMENTS

€000 AT 31 OCTOBER 2017	GROSS VALUE AT BEGINNING OF THE FINANCIAL YEAR	ACQUISITION, INTER-ACCOUNT TRANSFER
Investments in associates	-	-
Other investments	666 386	89 321
Other long-term investment securities	-	-
Loans and other long-term investments	1 439	470
TOTAL	**667 825**	**89 791**

€000 AT 31 OCTOBER 2017	DECREASE BY INTER-ACCOUNT TRANSFER	DECREASE BY SALE OR SCRAPPING	GROSS VALUE OF ASSET AT FINANCIAL YEAR-END	REVALUATION OF ORIGINAL VALUE AT FINANCIAL YEAR-END
Investments in associates	-	-	-	-
Other investments	4 638	48 424	702 645	-
Other long-term investment securities	-	-	-	-
Loans and other long-term investments	1 671	-	238	-
TOTAL	**6 309**	**48 424**	**702 883**	**-**

The main movements recorded under "Other investments" were as follows:

- Acquisitions:
  - €71.7m: reclassification for accounting purposes of the "Groupe de Divonne" merger loss to from "Intangible assets" to "Investment securities" as required pursuant to ANC Regulation 2015-06 (see the section entitled "Change in accounting regulations" in Section 1.3 "Long-term financial investments"),
  - acquisition for €4.3m of shares in SAS Enderbury GR (also recognised under decreases given the transmission universelle de patrimoine that took place subsequent to the acquisition),
  - a €3.9m technical merger loss generated by the transmission universelle de patrimoine of SAS Enderbury GR, attached to the SEGR Le Laurent investment securities,
  - €0.4m in SEGR Le Laurent shares transferred by means of the transmission universelle de patrimoine of SAS Enderbury GR's assets and liabilities,
  - an increase totalling in €2.8m in the capital of the Casino de Contrexéville subsidiary;
  - a €5.8m intra-group loan granted by GPSA to its Casino Cannes Centre Croisette subsidiary in connection with its "Capex 2" loan (see Section 2.20.2 "Other information");

▸ Decreases:

- gross value of the Cannes Balnéaires securities sold for €48.4m,

▪ gross value of the SAS Enderbury GR shares for €4.3m following the winding-up of the company by means of a transmission universelle de patrimoine.

The €1.7m aggregate decrease in "Loans and other long-term investments" resulted from the cancellation of the 54,526 treasury shares following the reduction in the share capital on 19 October 2017 (see the section on the key highlights of the financial year, and Section 2.12 "Statement of changes in shareholders' equity").

2.4 PROVISIONS

€000 AT 31 OCTOBER 2017	BEGINNING OF THE FINANCIAL YEAR	INCREASE / ALLOCATION	DECREASE / REVERSAL	END OF THE FINANCIAL YEAR
Provisions				
For litigation	-	-	-	-
For foreign exchange losses	-	-	-	-
For tax	-	-	-	-
Other contingency and loss provisions	14	92	-	107
TOTAL	**14**	**92**	**0**	**107**
For property and equipment	-	-	-	-
Provisions for investments in associates	109 800	2 629	48 604	63 826
Provisions for financial investments	-	-	-	-
Provisions for trade accounts receivable	115	-	-	115
Other provisions for impairment	177 457	11 083	39 279	149 260
TOTAL	**287 372**	**13 712**	**87 883**	**213 201**
GRAND TOTAL	**287 386**	**13 805**	**87 883**	**213 308**
Including:				
Operating allocations and recoveries		-	-	
Financial provision charges and reversals		13 637	87 883	
Exceptional allocations and reversals		167	-	
Movements by balance sheet accounts following the TUP		-	-	
Impairment of shares in equity-accounted associates		-	-	

An additional provision of €0.1m to cover the risk relating to a labour tribunal case was set aside during the financial year.

€2.6m in additions to provisions for investment securities chiefly related to the effects arising from the increase in the Casino de Contrexéville subsidiary's capital.

Of the reversals of provisions for investment securities, €48.4m relates to the reversal of the provision for Cannes Balnéaires shares (see the section on the key highlights of the financial year).

"Other provisions for impairment" relates to:

▸ Current account receivables, which were provisioned in respect of the Group's subsidiaries in light of their net financial positions, corrected, where applicable, according to their carrying amount (see Section 1.3). At the financial year-end, these provisions amounted to €139.3m.

As stated above under the main events of the financial year, a €36.9m financial provision was reversed following the sale of Cannes Balnéaires.

In addition, Contrexéville's capital increase through the capitalisation of receivables gave rise to the reversal of a €1.6m financial provision for current accounts;

▸ The balance of other provisions at the financial year-end concerns receivables from various third parties, including in particular:

▪ a receivable of €6.9m for contractually acquired goods never delivered. Legal proceedings are still in progress; for reasons of prudence, this receivable was fully impaired during prior years,

▪ a receivable from a third party which was provisioned in full when that third party was placed into court-ordered insolvency proceedings. Notwithstanding the approval of a recovery plan, the provision has been maintained at the full amount of the receivable, adjusted to reflect any payments received. The amount outstanding at the balance sheet date was €2.1m,

▪ a Jatek (foreign third party) receivable provisioned in full for €0.8m during prior years.

2.5 MATURITIES OF RECEIVABLES

€000 AT 31 OCTOBER 2017	GROSS AMOUNT	1 YEAR MAXIMUM	MORE THAN 1 YEAR
Receivables attached to investments	6 404	604	5 800
Loans	44	44	-
Other financial investments	194	-	194
Other trade receivables	218	218	-
Employee accounts payable	-	-	-
Social security and other social benefits	-	-	-
Corporate income tax*	4 911	4 911	-
- VAT	1 589	1 589	-
Other taxes	-	-	-
Other receivables	35	4	30
Subsidiaries and associates	240 177	228 907	11 270
Sundry receivables	21 702	20 279	1 424
Prepaid expenses	1 891	1 891	-
GRAND TOTAL	**277 166**	**258 447**	**18 719**
Loans granted during the financial year	1	-	-
Repayment of loans during the financial year	1	-	-

(*) The 2016 CICE tax credit for the Group's tax consolidation group came to €4,571k (2016 calendar year).

2.6 MATURITIES OF DEBTS

€000 AT 31 OCTOBER 2017	GROSS AMOUNT	1 YEAR MAXIMUM	MORE THAN 1 YEAR	MORE THAN 5 YEARS
Bank loans and overdrafts	128 719	17 416	89 294	22 008
Sundry borrowings and financial liabilities	176	-	-	176
Trade accounts payable	2 090	2 090	-	-
Employee accounts payable	347	347	-	-
Social security and other social benefits	333	333	-	-
State and other public authorities:				
- Corporate income tax	-	-	-	-
- VAT	1 751	1 751	-	-
- Other taxes	281	281	-	-
- Miscellaneous	-	-	-	-
Liabilities to fixed asset suppliers	19	19	-	-
Subsidiaries and associates	247 422	106 134	1 995	139 293
Other liabilities	1 017	1 017	-	-
Deferred income	43	43	-	-
GRAND TOTAL	**382 199**	**129 433**	**91 290**	**161 476**
Bank loans contracted during the financial year	8 300	-	-	-
Bank loan repayments during the financial year	32 842	-	-	-

Balance at 31 October 2017 of debts concerned by the Safeguard Plan:

€000	TOTAL AT 31/10/2016	EXCLUDING RELATED PARTIES	OF WHICH: RELATED PARTIES	FINANCIAL YEAR MOVEMENTS	TOTAL AT 31/10/2017	EXCLUDING RELATED PARTIES	OF WHICH: RELATED PARTIES
Bank loans and overdrafts	153 254	153 254		-32 842	120 413	120 413	
Sundry borrowings and financial liabilities	20 247		20 247	-20 122	125		125
Trade accounts payable	71	69	2	0	71	69	2
State and other public authorities:							
- Other taxes	194	194		0	194	194	
Liabilities to fixed asset suppliers	18	18		0	18	18	
Subsidiaries and associates	142 084	-	142 084	-1 772	140 312		140 312
GRAND TOTAL	**315 869**	**153 535**	**162 334**	**-54 736**	**261 133**	**120 694**	**140 440**

Changes during the financial year correspond to movements pursuant to the Safeguard Plan approved on 29 September 2014. They reflect the rulings of 2 November and 8 December 2016 amending the Safeguard Plan and early repayments on asset disposals that took place during the period.

2.7 ELEMENTS RELATED TO MORE THAN ONE BALANCE SHEET ITEM

RELATED-PARTY AMOUNT €000 AT 31 OCTOBER 2017	AMOUNT
Fixed assets	
Investments in associates	629 911
Receivables attached to investments	6 404
Deposits and guarantees paid	57
Current assets	
Trade receivables	-
Other receivables	101 062
Prepaid expenses	2
Liabilities	
Sundry borrowings and financial liabilities	176
Trade accounts payable	8
Liabilities in respect of securities acquisitions	-
Other liabilities	247 283
Deferred income	43

The information relating to financial income and expenses is mentioned in Notes 5 and 6 of the income statement.

2.8 ACCRUED INCOME

ACCRUED INCOME RECOGNISED IN THE FOLLOWING BALANCE SHEET ACCOUNTS €000 AT 31 OCTOBER 2017	AMOUNT
Accrued interest	-
Other financial investments	**0**
Trade receivables	**0**
State, income receivable	**35**
Trade accounts payable – credit notes receivable	-
Accrued income – social security bodies	-
Accrued income – management fees	11 457
Accrued income – other	-
Other receivables	**11 457**
Banks – accrued interest	**28**
Total	**11 521**

2.9 ACCRUED EXPENSES INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS

€000 AT 31 OCTOBER 2017	AMOUNT
Bank loans and overdrafts	6
Trade notes and accounts payable	-
Employees – paid vacation and social charges	483
Employees – other expenses payable	-
Tax and social security liabilities	277
Other liabilities	1 017
Accrued interest on overdrafts	0
TOTAL	**1 784**

2.10 PREPAID EXPENSES

€000 AT 31 OCTOBER 2017	AMOUNT
Prepaid operating expenses	1 891
Prepaid expenses	-
Total prepaid expenses	**1 891**

2.11 DEFERRED INCOME

€000 AT 31 OCTOBER 2017	AMOUNT
Deferred income	43
Total deferred income	**43**

2.12 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€000 at 31 October 2017

EQUITY ACCOUNTS	POSITION AT 31/10/2016	APPROPRIATION OF 2016 PROFIT	POSITION AFTER APPROPRIATION	FINANCIAL YEAR MOVEMENTS	POSITION AT 31/10/2017
Share capital[1]	193 631		193 631	-1 091	192 541
Share premium account, merger reserve[2]	7 881		7 881	15 771	23 652
Contribution reserve	46 404		46 404		46 404
Revaluation reserve	-		-		-
Legal reserve	9 684	49	9 732		9 732
Statutory reserve	-		-		-
Other reserves[3 & 1]	14 423		14 423	-3 582	10 841
Retained earnings[4]	148 899	924	149 822	18	149 840
Net profit (loss) for the year	972	-972	-	166	166
Net shareholders' equity carried forward	**421 894**	**-**	**421 894**	**11 282**	**433 176**

(1) Capital reduction through the cancellation of 54,526 treasury shares acquired at a cost of €1.671m:

- negative impact of €1.091m on the share capital given that shares have a par value of €20;

- negative impact of €0.58m on other reserves, reflecting the balance of the acquisition cost.

(2) The €15.771m increase in "Share premium account, merger reserve" reflected the allocation of the TUP surpluses related to SAS Holding Garden Pinède.

(3) The €3.58m decrease in "Other reserves" reflects the €3.001m exceptional dividend payment approved by the ESM on 5 September 2017 and the negative impact of €0.58m on the reserves of the cancellation of the treasury shares presented in (1) above.

(4) At the date of the exceptional dividend distribution (see (3)), Groupe Partouche held 58,400 of its own shares and received €18k in dividends, which were recognised under "Retained earnings".

2.13 BREAKDOWN OF SHARE CAPITAL

CATEGORIES OF SECURITIES	YEAR-END	NUMBER OF NEW SHARES ISSUED DURING THE FINANCIAL YEAR	NOMINAL VALUE	TOTAL
Ordinary shares	9 627 034	-54 526	20 €	192 540 680 €

TREASURY SHARES

At 31 October 2017, treasury shares fell into one of two categories:

- Following the transactions carried out in 2015 on the capital and after the stock split, 1,917 shares have been self-held by the Company since the Extraordinary Shareholders' Meeting of 10 November 2003. These treasury shares are presented under marketable securities;
- In addition, through the liquidity provider's agreement established in May 2012 with Oddo Corporate Finance and transferred in May 2017 to CM-CIC, 4,340 treasury shares were held at 31 October 2017. These treasury shares are also presented under marketable securities.

The purpose of this liquidity agreement is to foster regular and liquid trading in the Company's shares.

The share buyback agreement with Aurel BGC was suspended following implementation of the reduction in share capital presented in (1) of note 2.12.

The market price of Groupe Partouche shares at 31 October 2017 was €32.88.

2.14 BREAKDOWN OF NET TURNOVER

€000 AT 31 OCTOBER 2017	FRANCE	REST OF WORLD	TOTAL AMOUNT
Merchandise sales	-		-
Group management fees	8 686	1 034	9 720
Rent	1 086		1 086
Other	444		444
Total	**10 216**	**1 034**	**10 251**

2.15 EXPENSE TRANSFERS

€000 AT 31 OCTOBER 2017	AMOUNT
Miscellaneous operating expense transfers	1 574
Total operating expense transfers	**1 574**

2.16 FINANCIAL INCOME FROM ASSOCIATES

€000 AT 31 OCTOBER 2017	AMOUNT
Dividends distributed by subsidiaries	10 275
Total	**10 275**

2.17 BREAKDOWN OF EXCEPTIONAL ITEMS

€000 AT 31 OCTOBER 2017	EXCEPTIONAL EXPENSE	EXCEPTIONAL INCOME
Sale of investment securities and corresponding income*	48 424	0
Sale of receivables and corresponding income*	48 057	11 270
Net book value of intangible assets	66	0
Litigation indemnities	4	238
Premiums / discounts on treasury shares	152	27
Penalties and fines	1	-
Various exceptional income and expenses for the period	22	6
Various exceptional income and expenses for the previous period	0	24
Exceptional allocations and reversals	167	
TOTAL	**96 892**	**11 564**

(*) The exceptional items related to disposals in October 2017 reflect the sale of Cannes Balnéaires and should be read in conjunction with the relevant items recorded under financial items (see the section on the key highlights of the financial year).

2.18 BREAKDOWN OF CORPORATE INCOME TAX

€000 AT 31 OCTOBER 2017	PROFIT BEFORE TAX	TAX DUE	NET PROFIT AFTER TAX
Current profit	73 307	(17 194)	56 113
Exceptional profit	(85 328)	29 381	(55 947)
Accounting profit	**(12 022)**	**12 187**	**166**

It should be noted that Groupe Partouche SA is head of a tax consolidation group comprising 63 subsidiaries.

2.19 FINANCIAL COMMITMENTS

OFF BALANCE SHEET COMMITMENTS RELATED TO SUBSIDIARIES

€000 AT 31 OCTOBER 2017	
COMMITMENTS GIVEN	**AMOUNT**
Sureties and deposits	0
TOTAL	**0**
COMMITMENTS RECEIVED	**AMOUNT**
Clawback commitments	42 389
TOTAL	**42 389**

OFF BALANCE SHEET COMMITMENTS RELATED TO FINANCING

€000 AT 31 OCTOBER 2017	
COMMITMENTS GIVEN	AMOUNT
Guaranteed bank debt*	126 213
TOTAL	**126 213**
COMMITMENTS RECEIVED	AMOUNT
Other commitments received	7 936
TOTAL	**7 936**

(*) Covers commitments granted concerning the principal amount outstanding of the syndicated loan (€120.4m) and the Capex 2 drawdown (€5.8m).

OFF BALANCE SHEET COMMITMENTS RELATED TO BUSINESS ACTIVITY

€000 AT 31 OCTOBER 2017	
COMMITMENTS GIVEN	AMOUNT
Sureties and deposits*	28 688
Retirement indemnities	119
Operating lease contract	3 372
Other commitments given	**720**
TOTAL	**32 899**
COMMITMENTS RECEIVED	AMOUNT
Operating lease contract	7 895
TOTAL	**7 895**

(*) Includes a €15m commitment under the lease entered into by SCI Pietra Pornic of which no use was made at 31 October 2017, and a €7m commitment in respect of the principal amount outstanding of the medium-term borrowing arranged by Partouche Immobilier in 2017.

2.20 OTHER INFORMATION

The total amount of borrowings consists of:

1- SYNDICATED LOAN

A syndicated loan of €120.4m:

In light of the provisions of the Safeguard Plan approved by the Paris Commercial Court in its ruling of 29 September 2014, and implementation during the 2017 financial year of the amended Plan ratified in a ruling of the Paris Commercial Court (on 2 November 2016, corrected on 8 December 2016):

- Original loan amount: €431,000k;
- Principal amount outstanding at period-end: €120,413k;
- Repayment terms: The balance is due to be repaid to the lenders according to the following repayment schedule, expressed in thousands of euros:

MATURITY DATES	PRINCIPAL AMOUNT OUTSTANDING BEFORE AMORTISATION	AMORTISATION	PRINCIPAL AMOUNT OUTSTANDING AFTER AMORTISATION
15/12/2017	120 413	16 165	104 247
15/12/2018	104 247	20 089	84 158
15/12/2019	84 158	20 089	64 069
15/12/2020	64 069	20 089	43 980
15/12/2021	43 980	22 387	21 593
15/12/2022	21 593	21 593	-

This repayment schedule is likely to be revised in light of the clause on early repayment upon asset sales provided for in the Safeguard Plan.


INTERCONTINENTAL

▸ **Interest rates:**

Interest is calculated on the outstanding balance of the loan at an annual rate corresponding to one-, two- or three-month Euribor plus a margin of 3.50% per annum over the period from the date on which the plan was adopted to 15 December 2016, and 3.25% per annum from 16 December 2016 until the syndicated loan is repaid in full.

▸ **Guarantees:**

The pledges of securities described in the Annual Report are provided under 4.1.8 "Pledges" in this Reference Document.

2- CAPEX LOAN 1 AND 2

A loan was arranged on 23 March 2017 with a bank syndicate in an aggregate amount of €25m to finance investments by certain subsidiaries. It is split into two credit lines:

- Capex 1 = €5m to €8m. €2.5m released over the financial year;
- Capex 2 = €17m to €20m. €5.8m released over the financial year.

In return for the release of €5.8m under the Capex 2 loan, an intra-group loan for the same amount was granted by Groupe Partouche SA to its Casino Cannes Centre Croisette subsidiary on 6 October 2017 to finance improvement work.

The interest rates for the borrowing and for the loan are as follows:

- Interest rate for the Capex 1 loan = 3-month Euribor plus 1.70%;
- Interest rate for the Capex 2 loan = 3-month Euribor plus 1.48%.

Since this represents a partial release, the repayment schedules are as follows:

(€K)	CAPEX 1	CAPEX 2
Less than 1 year	375	870
2 to 5 years	2 000	4 640
More than 5 years	125	290
Total	**2 500**	**5 800**

SHAREHOLDER'S ADVANCE AGREEMENT BETWEEN FINANCIÈRE PARTOUCHE SA AND GROUPE PARTOUCHE SA

In addition, the "Sundry borrowings and financial liabilities" line item included at the end of the previous financial year a total advance of €20,122k from Financière Partouche SA to Groupe Partouche SA. This advance was repaid in full during the financial year in accordance with the amended Safeguard Plans of Financière Partouche SA and Groupe Partouche SA (see Section 4.1.2 "Liquidity risk" and the key highlights of the financial year in Section 20.2.2).

Interest on this advance gave rise to €134k in interest expense in the 2016-2017 financial year.

2.21 AVERAGE WORKFORCE

AT 31 OCTOBER 2017	STAFF
Executives	19
Non-executives	20
TOTAL	**39**

2.22 REMUNERATION AWARDED TO THE EXECUTIVE AND SUPERVISORY BODIES

These compensations amounted to €1,672,187 and consisted of:

- remuneration allocated to the members of the Supervisory Board: €592,200;
- remuneration allocated to the members of the Executive Board: €1,079,987.

The shareholders voted at the Combined Shareholders' Meeting of 5 April 2017 to set the total amount of directors' fees allocated to the Supervisory Board at €120,000. At 31 October 2017, this amount had been paid.

2.23 COMMITMENTS FOR PENSIONS AND OTHER RETIREMENT COSTS

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

2.24 SUNDRY INFORMATION

At the financial year-end, the amount outstanding on variable-rate loans represented the entirety of the Company's loans.

At year-end, only one financial instrument existed to cover interest rate risk: a €50m swap starting on 31 January 2015 and expiring on 31 December 2018 at 0.33%.

2.25 DEFERRED TAX

€000 AT 31 OCTOBER 2017	AMOUNT
Tax to be paid on:	
Pre-deducted expenses	-
Prepaid tax on:	
Temporarily non-deductible expenses (to be deducted in the following financial year)	8
Taxed revenue to be deducted at a later date	1
Net deferred tax	**9**

2.26 POST-BALANCE SHEET EVENTS

Execution of the Safeguard Plan: Groupe Partouche paid the €16.2m instalment on its syndicated loan in December 2017.

3 – SUBSIDIARIES AND EQUITY INVESTMENTS AT 31 OCTOBER 2017

Information in €000

NAME	HEAD OFFICE	CAPITAL	EQUITY*	
SUBSIDIARIES (MORE THAN 50% OF SHARE CAPITAL)				
Cie EUROPÉENNE DE CASINOS	PARIS	24 813	283 973	
HÔTEL COSMOS	CONTREXÉVILLE	50	(4 296)	
SOC EXPLOIT° CASINO ET HÔTELS CONTREXÉVILLE	CONTREXÉVILLE	75	204	
SOCIÉTÉ DU CASINO DE ST-AMAND-LES-EAUX	ST-AMAND-LES-EAUX	17 786	31 791	
SOCIÉTÉ DU GRAND CASINO DE CABOURG	CABOURG	300	2 070	
GRAND CASINO DE LA TRINITÉ-SUR-MER	LA TRINITÉ-SUR-MER	38	(1 854)	
JEAN METZ	BERCK-SUR-MER	80	302	
NUMA	BOULOGNE-SUR-MER	80	899	
GRAND CASINO DE LYON	LYON	750	8 250	
SOCIÉTÉ DU CASINO ET DES BAINS DE MER	DIEPPE	396	423	
SOCIÉTÉ FONCIÈRE DE VITTEL ET CONTREXÉVILLE	CONTREXÉVILLE	50	321	
GRAND CASINO DU HAVRE	LE HAVRE	150	156	
SCI LES THERMES	AIX-EN-PROVENCE	150	2 051	
SCI DE LA RUE ROYALE	PARIS	134	210	
CASINO LA POINTE CROISETTE	CANNES	38	(16 511)	
GROUPE PARTOUCHE INTERNATIONAL	BRUXELLES	144	(34 467)	
SATHEL	LA TOUR DE SALVAGNY	323	17 375	
CASINO DES 4 SAISONS	LE TOUQUET	392	1 900	
HOLDING IMMOBILIÈRE DE LYON	LYON	300	3 128	
LE TOUQUET'S	CALAIS	92	1 726	
ÉLYSÉE PALACE EXPANSION	VICHY	40	(1 120)	
ÉLYSÉE PALACE HÔTEL	VICHY	40	(1 136)	
SOC CHEMINS FER ET HÔTELS MONTAGNE PYRÉNÉES	VICHY	701	1 520	
CASINO DE LA TREMBLADE	LA TREMBLADE	39	532	
FORGES THERMAL	FORGES-LES-EAUX	15 600	27 541	
TTH DIVONNE	DIVONNE-LES-BAINS	2 442	20 155	
CASINO D'ANNEMASSE – SGCA	ANNEMASSE	200	8 584	
CASINO DE CRANS-MONTANA	CRANS-MONTANA (SUISSE)	4 302	8 589	
PARTOUCHE INTERACTIVE	PARIS	370	(50 720)	
SCI PIETRA SAINT-AMAND	PARIS	152	172	
PARTOUCHE IMMOBILIER	PARIS	12 000	15 120	

	% HELD	DIVIDENDS RECEIVED	GROSS VALUE OF INVEST-MENTS	NET	LOANS, ADVANCES (GROSS VA-LUE)	GUARANTEES	TURNOVER	NET PROFIT
	100,00 %	0	316 504	316 504	0	-	210	(7 283)
	100,00 %	0	50	0	4 681	-	1 798	106
	100,00 %	0	9 633	204	0	-	2 417	(72)
	100,00 %	0	18 371	18 371	0	-	23 664	3 604
	100,00 %	800	2 769	2 769	0	-	5 432	708
	100,00 %	0	4 476	0	4 401	-	48	(260)
	100,00 %	200	3 025	3 025	297	-	3 172	184
	100,00 %	450	3 458	3 458	0	-	4 729	592
	100,00 %	3 000	20 000	20 000	0		15 858	3 619
	100,00 %	165	4 611	4 611	2 088	-	5 545	(204)
	100,00 %	180	50	50	530	-	294	255
	100,00 %	0	9 450	9 450	6 984	-	10 652	(695)
	99,99 %	0	0	0	2 514	-	1 417	797
	99,99 %	0	534	534	0	-	146	86
	100,00 %	0	32 868	0	24 261	-	7 379	(7 219)
	99,90 %	0	153	0	39 112	-	0	(117)
	99,86 %	0	93 513	93 513	6 956	-	22 839	4 684
	99,53 %	244	5 593	5 593	205	-	3 442	303
	97,25 %	1 264	4 207	4 207	0	-	519	184
	90,10 %	586	4 668	4 668	0	-	3 815	663
	79,68 %	0	1 307	0	4 447	-	0	(11)
	79,68 %	0	1 240	0	646	-	0	(4)
	76,63 %	0	602	602	0	-	0	(6)
	99,89 %	0	1 488	532	0	-	1 940	201
	60,38 %	1 630	11 837	11 837	0	-	24 012	904
	98,71 %	0	62 182	62 182	0	-	26 715	4 737
	99,92 %	0	41 089	41 089	0	-	11 420	2 947
	57,00 %	1 576	5 776	5 776	0	-	10 934	2 833
	100,00 %	0	9 706	0	52 047	-	0	(1 516)
	99,00 %	0	151	151	6	-	43	24
	100,00 %	0	12 600	12 600	9 617	-	2 709	674

NAME	HEAD OFFICE	CAPITAL	EQUITY*	
SCI PIETRA PORNIC	PARIS	100	78	
PARTOUCHE SPECTACLES & ÉVÉNEMENTS	PARIS	37	(357)	
SEGR – LE LAURENT	PARIS	842	(776)	
CLUB PARTOUCHE PARIS	PARIS	150	146	
CLUB PARTOUCHE CAPITALE	PARIS	150	146	
SCI HOTEL GARDEN PINEDE	PARIS	2	(12)	
3.14 GREEN	PARIS	100	50	
CENTRE FORMATION PROFESSIONNEL CASINOS	FORGES-LES-EAUX	8	(32)	
CASINOS DE VICHY (company in liquidation)	VICHY	0	0	
GRAND CASINO DE BEAULIEU (company in liquidation)	BEAULIEU	0	0	
EQUITY INVESTMENTS (10 TO 50%)				
SOCIÉTÉ DU CASINO MUNICIPAL D'AIX THERMAL	AIX-EN-PROVENCE	2 160	7 608	
SOCIETAT DE L'OCI DELS PYRENEUS	ESCALDES ENGORDANY	38	NC	
BASTIDE II RICH TAVERN	MONTPELLIER	46	NC	
PALAVAS INVESTISSEMENT	PALAVAS-LES-FLOTS	8	211	
CASINO DE SAINT-JULIEN-EN-GENEVOIS	SAINT-JULIEN-EN-GENEVOIS	210	8 528	
PALM BEACH CANNES CÔTE-D'AZUR	CANNES	2	3	
SUD CONCERTS	MARSEILLE	61	50	
OTHER INTERESTS				
CASINO DE PALAVAS	PALAVAS-LES-FLOTS	330	1 137	
CASINO MUNICIPAL DE ROYAT	ROYAT	240	1 981	
EDEN BEACH CASINO	JUAN-LES-PINS	1 056	6 581	
SCI TREMBLADE	LA TREMBLADE	1	120	
SEMTEE	ESCALDES ENGORDANY	29 403	42 965	
CASINO D'ARCACHON	ARCACHON	60	338	
SOCIÉTÉ THERMALE DE PLOMBIÈRES-LES-BAINS	PLOMBIÈRES-LES-BAINS	38	NC	
CASINO LE LION BLANC	ST-GALMIER	240	794	
PLEIN AIR CASINO	LA CIOTAT	200	(671)	
CASINO LE MIAMI	ANDERNOS	268	(676)	
SCI LUNA JUAN	PARIS	3 400	2 988	
SCI DE L'ARVE	ANNEMASSE	381	1 585	

(*) Equity includes share capital, reserves and retained earnings, profit for the financial year as well as investment subsidies and statutory provisions.

	% HELD	DIVIDENDS RECEIVED	GROSS VALUE OF INVEST-MENTS	NET	LOANS, ADVANCES (GROSS VA-LUE)	GUARANTEES	TURNOVER	NET PROFIT
	100,00 %	0	100	100	938	-	0	(22)
	100,00 %	0	2 354	0	539	-	308	(377)
	100,00 %	0	4 300	4 300	1 102		4 124	(668)
	100,00 %	0	150	150	0	-	0	(4)
	100,00 %	0	150	150	0	-	0	(4)
	99,00 %	0	2	2	0	-	0	(4)
	100,00 %	0	100	100	145	-	0	(50)
	100,00 %	0	702	0	142	-	121	(32)
	-	0	371	0	18 329	-	-	-
	-	0	152	0	8 276	-	-	-
	38,63 %	0	2 780	2 780	2 839	-	22 746	(3 868)
	33,00 %	0	13	0	51	-	NC	NC
	25,00 %	0	46	0	-	-	NC	NC
	10,00 %	0	122	122	0	-	228	204
	18,00 %	97	2 224	2 224	0	-	8 511	788
	49,00 %	0	1	1	11 300	-	10	2
	39,83 %	0	71	71	810	-	6 675	9
	9,09 %	60	183	183	0	-	6 746	573
	1,91 %	19	73	73	0	-	6 721	1 008
	1,44 %	0	155	155	12 428	-	5 831	(41)
	1,00 %	0	0	0	1 075		318	138
	0,61 %	3	181	181	0	-	14 151	(64)
	0,03 %	0	1	0	37	-	2 669	10
	0,00 %	-	2	0	0	-	NC	NC
	0,16 %	1	0	0	0	-	5 935	502
	0,02 %	0	0	0	2 989	-	6 476	(1 660)
	0,00 %	0	0	0	466	-	3 030	177
	2,94 %	0	100	100	0	-	339	(266)
	0,04 %	0	0	0	0	-	901	492

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

Contributing company: SIHB, company absorbed by Compagnie Fermière des Eaux (now Groupe Partouche)

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 Paris, France

Type of operation: Merger

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

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

LAND

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
Cliff	1	-	(1)

INVESTMENTS IN ASSOCIATES

NAME	NUMBER OF SHARES	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
SAS CASINO DES 4 SAISONS 26 rue St-Jean 62520 Le Touquet	22 050	1 210	5 488	4 278
SA EDEN BEACH CASINO Boulevard Edouard Baudouin 06160 Juan-les-Pins	924	305	155	-150
SA FORGES THERMAL Avenue des Sources 76440 Forges-les-Eaux	6 210	2 310	9 072	6 762
SAS JEAN METZ Avenue du Général de Gaulle 62600 Berck-sur-Mer	992	27	3 025	2 998
SAS NUMA Place de la République 62200 Boulogne-sur-Mer	4 930	113	3 457	3 344
SAS CASINO ET BAINS DE MER DIEPPE Boulevard de Verdun 76200 Dieppe	4 600	991	3 825	2 834
SA SATHEL 200 avenue du Casino 69890 La Tour de Salvagny	10 008	10 965	29 104	18 139
SAS LE TOUQUET'S 59 rue Royale 62100 Calais	1 801	210	4 668	4 458
SUBTOTAL		**16 131**	**58 794**	**42 663**

RECEIVABLES

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
JATEK	778	778	-

CAPITAL GAINS ON DEPRECIABLE ASSETS*

Buildings

ITEM	TAX AND BOOK VALUE	CONTRIBUTION VALUE	CAPITAL GAINS CARRIED FORWARD FOR TAX PURPOSES
Granville cellar	0	1	1
Saint-Placide apartment	19	76	57
Subtotal	**19**	**77**	**58**
TOTAL	**16 929**	**59 649**	**42 720**

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

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

Contributing company: SA Groupe de Divonne
141 bis rue de Saussure – 75017 PARIS

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 PARIS

Type of operation: Transmission universelle de patrimoine

Date of the operation: 2 November 2007

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

NON-DEPRECIABLE ASSETS	TAX VALUE	BOOK VALUE	BALANCING AMOUNT RECEIVED	BALANCING AMOUNT TAXED	EXCHANGE OR CONTRIBUTION VALUE
Internally generated goodwill					
Other intangible assets					
Land					
Investments in associates	40 368	112 066			112 066
Other financial investments – Loan of securities	15	15			15

CAPITAL GAINS ON DEPRECIABLE ASSETS

DEPRECIABLE ASSETS	REINTEGRATION PERIOD	CAPITAL GAINS REALISED	AMOUNT PREVIOUSLY REINTEGRATED	AMOUNT AS A PROPORTION OF NET PROFIT FOR THE FINANCIAL YEAR	AMOUNT RE-MAINING TO BE REINTEGRATED
Patents					
Other intangible rights					
Land used for business operations			NONE		
Buildings					
Machinery and equipment					
Other tangible fixed assets					

4C – CAPITAL GAINS ON WHICH TAX HAS BEEN DEFERRED (€000)

Contributing company: SAS Holding Garden Pinède
141 bis rue de Saussure – 75017 PARIS

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 PARIS

Type of operation: Transmission universelle de patrimoine

Date of the operation: 26 December 2016

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

NON-DEPRECIABLE ASSETS	TAX VALUE	BOOK VALUE	BALANCING AMOUNT RECEIVED	BALANCING AMOUNT TAXED	EXCHANGE OR CONTRIBUTION VALUE
Internally generated goodwill					
Other intangible assets					
Land					
Investments in associates	2	2			2
Other financial investments – Loan of securities					

CAPITAL GAINS ON DEPRECIABLE ASSETS

DEPRECIABLE ASSETS	REINTEGRATION PERIOD	CAPITAL GAINS REALISED	AMOUNT PREVIOUSLY REINTEGRATED	AMOUNT AS A PROPORTION OF NET PROFIT FOR THE FINANCIAL YEAR	AMOUNT REMAINING TO BE REINTEGRATED
Patents					
Other intangible rights					
Land used for business operations			NONE		
Buildings					
Machinery and equipment					
Other tangible fixed assets					

4D – CAPITAL GAINS ON WHICH TAX HAS BEEN DEFERRED (€000)

Contributing company: SAS Enderbury GR
141 bis rue de Saussure – 75017 PARIS

Beneficiary company: Groupe Partouche
141 bis rue de Saussure – 75017 PARIS

Type of operation: Transmission universelle de patrimoine

Date of the operation: 25 October 2017

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

NON-DEPRECIABLE ASSETS	TAX VALUE	BOOK VALUE	BALANCING AMOUNT RECEIVED	BALANCING AMOUNT TAXED	EXCHANGE OR CONTRIBUTION VALUE
Internally generated goodwill					
Other intangible assets					
Land					
Investments in associates	4 300	4 300			4 300
Other financial investments – Loan of securities					

CAPITAL GAINS ON DEPRECIABLE ASSETS

DEPRECIABLE ASSETS	REINTEGRATION PERIOD	CAPITAL GAINS REALISED	AMOUNT PREVIOUSLY REINTEGRATED	AMOUNT AS A PROPORTION OF NET PROFIT FOR THE FINANCIAL YEAR	AMOUNT REMAINING TO BE REINTEGRATED
Patents					
Other intangible rights					
Land used for business operations			NONE		
Buildings					
Machinery and equipment					
Other tangible fixed assets					

5 - RESULTS OF THE LAST FIVE FINANCIAL YEARS (EXPRESSED IN EUROS)

INDICATION	FINANCIAL YEAR ENDED 31/10/2013 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2014 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2015 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2016 (12 MONTHS)	FINANCIAL YEAR ENDED 31/10/2017 (12 MONTHS) BEFORE APPROVAL AT SHAREHOLDERS' MEETING
I- SHARE CAPITAL AT THE END OF THE FINANCIAL YEAR					
Share capital	193 631 182	193 631 182	193 631 200	193 631 200	192 540 680
Number of existing ordinary shares	96 815 591	96 815 591	9 681 560	9 681 560	9 627 034
Number of preference shares	-	-	-	-	-
(without voting rights) outstanding	-	-	-	-	-
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	12 646 922	11 702 884	11 033 414	10 943 046	11 250 558
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	1 450 084	8 794 489	18 885 536	1 401 613	(84 830 598)
Corporate income tax	(9 774 079)	(10 963 735)	(13 009 088)	(11 263 808)	(12 187 177)
Employee profit-sharing for the financial year	-	-	-	-	-
Depreciation, amortisation and provision charges	24 455 360	16 680 634	16 850 147	11 693 241	(72 809 077)
Net profit	(13 231 196)	3 077 590	15 044 477	972 181	165 655
Distributed profit	-	-	-	-	3 001 284*
III- EARNINGS PER SHARE					
Profit after tax and employee profit-sharing, but before depreciation, amortisation and provisions	0,12	0,20	3,29	1,31	(7,55)
Profit after tax, employee profit-sharing, depreciation, amortisation and provisions	(0,14)	0,03	1,55	0,10	0,02
Dividend per share	0,00	0,00	0,00	0,00	0,31
IV- EMPLOYEES					
Average workforce during the financial year	46	45	45	44	45
Payroll for the financial year	3 660 360	3 632 619	3 704 299	3 808 042	4 011 178
Social benefits paid for the financial year	1 476 944	1 433 779	1 485 930	1 545 647	1 655 172

(*) As set out in Section 2.12, payment of an exceptional dividend, charged to "Other reserves", approved at the Extraordinary Shareholders' Meeting of 5 September 2017.

20.3 VERIFICATION OF HISTORICAL ANNUAL FINANCIAL INFORMATION

20.3.1 STATUTORY AUDITORS' REPORTS

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 OCTOBER 2017

To the Shareholders,

OPINION

In accordance with our engagement by your shareholders as Statutory Auditors, we have audited the consolidated financial statements of Groupe Partouche SA for the year ended 31 October 2017, as appended hereto.

In accordance with IFRS as adopted by the European Union, we hereby certify that the consolidated financial statements give a true and fair view of the results of the operations of the group of persons and entities included in the scope of consolidation for the financial year under review, as well as its financial position and its assets and liabilities at the financial year-end.

The opinion set out above is consistent with the content of our report to the Audit Committee.

BASIS OF OUR OPINION

AUDIT STANDARDS

We performed our audit in accordance with professional standards applicable in France. We believe that the evidence we have gathered provides a sufficient and reasonable basis for our opinion.

The responsibilities that fall to us under these standards are indicated in the section of this report titled "Statutory Auditors' responsibilities in relation to the audit of the consolidated financial statements".

INDEPENDENCE

We performed our audit in compliance with independence rules applicable to us over the period from 1 November 2016 to the date on which we issued our report. In particular, we provided no services prohibited by the first paragraph of Article 5 of Regulation (EU) No. 537/2014 or by the code of ethics adopted by the statutory audit industry.

OBSERVATION

Without calling into question the opinion expressed above, we would like to draw your attention to the following point set out in Note 2.1 to the consolidated financial statements, "Standards applied", on the implementation of a nationwide customer loyalty programme with effect from 1 November 2016, recognised in accordance with IFRIC 13, "Customer Loyalty Programmes".

JUSTIFICATION OF ASSESSMENTS AND KEY AUDIT MATTERS

Pursuant to Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby report on the key audit matters in relation to those risks of material misstatement which, in our professional judgment, were greatest for the audit of the consolidated financial statements, as well as on our responses to those risks.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and the formation of our opinion set out above. We have no opinion to express on items in these consolidated financial statements taken individually.

MEASUREMENT OF GOODWILL

Risks identified

In the course of its development, the Group has entered into targeted external growth transactions and recognised goodwill on a number of occasions.

At 31 October 2017, goodwill totalled €237,076k (34% of total assets).

Goodwill has been allocated to groups of cash-generating units (CGUs) within those businesses into which the acquired companies were integrated, and mainly corresponds to casino operations, as indicated in Notes 6.1 and 6.2 to the consolidated financial statements.

These notes also explain that management carries out annual checks to ensure that the carrying amount of goodwill does not exceed its recoverable amount, and that there is no risk of impairment.

We therefore consider the measurement of goodwill to constitute a key audit matter, given:

- the significance of goodwill within the Group's financial statements;
- the method used to determine the carrying amount of goodwill, based on forecast discounted future cash flows, requiring the use of assumptions, estimates and assessments by management, as indicated in Notes 6.1 and 6.2 to the consolidated financial statements;
- that any unfavourable change in those assumptions, estimates and assessments is liable to alter the recoverable amount of goodwill and lead to the recognition of an impairment loss.

Audit procedures followed in light of the risks identified

We obtained details of impairment tests carried out by management and reviewed the methodology used, the procedures used to carry out the tests and their compliance with accounting standards in force.

We assessed the reasonableness of key assumptions used to determine future cash flows in conjunction with underlying operational data. We also assessed the consistency of cash flow forecasts with past performance, the economic environment and the market outlook.

With the help of experts, we assessed the discount rate used, including its various components, as well as the long-term growth rate applied to future cash flows.

We obtained and reviewed sensitivity analyses carried out by management.

Lastly, we also verified the appropriateness of information provided in the notes to the consolidated financial statements.

VERIFICATION OF INFORMATION ABOUT THE GROUP PROVIDED IN THE MANAGEMENT REPORT

We also performed the specific procedures in accordance with professional standards applicable in France and required by law in relation to the information about the Group provided in the Executive Board's management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

APPOINTMENT OF STATUTORY AUDITORS

We were appointed Statutory Auditors of Groupe Partouche at the Shareholders' Meetings of 24 April 2007 (MCR Baker Tilly) and 20 April 2010 (France Audit Expertise).

At 31 October 2017, MCR Baker Tilly was in its eleventh year of uninterrupted service, while France Audit Expertise was in its eighth.

RESPONSIBILITIES OF MANAGEMENT AND INDIVIDUALS CHARGED WITH CORPORATE GOVERNANCE WITH REGARD TO THE CONSOLIDATED FINANCIAL STATEMENTS

It is management's responsibility to draw up consolidated financial statements that provide a true and fair view in accordance with IFRS as adopted in the European Union, and to put in place the internal control arrangements it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether the latter are the result of fraud or error.

When preparing the consolidated financial statements, it falls to management to assess the company's ability to continue to operate, to set out in the financial statements, as the case may be, the necessary information on business continuity and to apply the going concern basis of accounting, unless it is planned to wind up the company or cease operations.

It is the Audit Committee's responsibility to monitor the process of preparing financial information and the effectiveness of internal control, risk management and, as the case may be, internal audit systems, as regards procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements were approved for publication by the Executive Board.

STATUTORY AUDITORS' RESPONSIBILITIES IN RELATION TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OBJECTIVE AND APPROACH

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not include any material misstatements. While reasonable assurance corresponds to a high level of assurance, it does not guarantee that an audit performed in accordance with professional standards will always detect every material misstatement. Misstatements may be the result of fraud or of errors. They are considered material if it can reasonably be expected that they might, taken individually or together, influence financial decisions made by users of the financial statements on the basis of those statements.

As laid down in Article L. 823-10-1 of the French Commercial Code, our engagement to certify the financial statements does not consist of guaranteeing the viability or quality of management of your company.

In performing an audit in accordance with professional standards applicable in France, the Statutory Auditor exercises his or her professional judgment throughout that audit. Furthermore, the Statutory Auditor:

- identifies and assesses risks that the consolidated financial statements might include material misstatements, whether as a result of fraud or error, defines and implements audit procedures in light of those risks, and gathers what he or she considers sufficient and appropriate information on which to base his or her opinion. The risk of not detecting a material misstatement is greater when that misstatement is the result of a fraud than when it is the result of an error, since fraud may entail collusion, falsification, deliberate omissions, false declarations and the bypassing of internal control;
- familiarises him- or herself with internal control arrangements relevant to the audit so as to be able to define audit procedures appropriate to the circumstances, and not so as to express an opinion on the effectiveness of internal control;
- assesses the appropriateness of the accounting policies adopted and the reasonableness of accounting estimates made by management, as well as information set out in the consolidated financial statements pertaining thereto;

- assesses the appropriateness of management's application of the going concern basis of accounting and, based on the information gathered, assesses whether or not there is significant uncertainty regarding events or circumstances liable to call into question the company's ability to continue to operate. This assessment is supported by information gathered up to the date of his or her report, though it should be borne in mind that subsequent circumstances or events may call into question the company's ability to continue to operate. If the Statutory Auditor concludes that there is significant uncertainty, he or she alerts readers of his or her report on the information set out in the consolidated financial statements to that uncertainty or, if the information has not been provided or is not relevant, qualifies or withholds his or her certification;
- assesses the overall presentation of the consolidated financial statements and evaluates whether they present a true and fair view of underlying operations and events;
- As regards financial information concerning persons or entities included in the scope of consolidation, he or she collects what he or she considers sufficient and appropriate information to express an opinion on the financial statements. The Statutory Auditor is responsible for overseeing, supervising and performing the audit of the consolidated financial statements, as well as for the opinion expressed on the financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee setting out, in particular, the extent of our audit work and the programme of work carried out, together with the resulting findings. Where applicable, we also notify the Audit Committee of any significant weaknesses we have identified in the internal control system as regards procedures relating to the preparation and processing of accounting and financial information.

The information set out in our report to the Audit Committee includes those risks of material misstatement that we deem to have been the most significant for the audit of the consolidated financial statements and which, as such, constitute the key audit matters. These points are described in this report.

In accordance with Article 6 of Regulation (EU) No. 537-2014, we also provide the Audit Committee with written confirmation of our independence, within the meaning of rules applicable in France, in particular as laid down in Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of ethics adopted by the statutory audit industry. Where applicable, we discuss any risks to our independence, and any safeguards put in place, with the Audit Committee.

Marseille and Paris, 21 February 2018

MCR Baker Tilly	**France Audit Expertise**
Emmanuel Mathieu	José David

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 OCTOBER 2017

To the Shareholders,

OPINION

In accordance with our engagement by your shareholders as Statutory Auditors, we have audited the parent company financial statements of Groupe Partouche SA for the financial year ended 31 October 2017, as appended hereto.

In our opinion, the parent company financial statements give a true and fair view of the financial position and the assets and liabilities of the Company at the balance sheet date and of the results of its operations for the financial year then ended, in accordance with French accounting regulations.

The opinion set out above is consistent with the content of our report to the Audit Committee.

BASIS OF OUR OPINION

AUDIT STANDARDS

We performed our audit in accordance with professional standards applicable in France. We believe that the evidence we have gathered provides a sufficient and reasonable basis for our opinion.

The responsibilities that fall to us under these standards are indicated in the section of this report titled "Statutory Auditors' responsibilities in relation to the audit of the parent company financial statements".

INDEPENDENCE

We performed our audit in compliance with independence rules applicable to us over the period from 1 November 2016 to the date on which we issued our report. In particular, we provided no services prohibited by the first paragraph of Article 5 of Regulation (EU) No. 537/2014 or by the code of ethics adopted by the statutory audit industry.

OBSERVATION

Without calling into question the opinion set out above, we would like to draw your attention to the point set out in Notes 1.3 and 2.1 to the parent company financial statements, "Long-term financial investments" and "Intangible and tangible fixed assets", concerning the change of method resulting from implementation of the new accounting regulation applicable to technical merger losses (Regulation 2015-06 of the Autorité des normes comptables, the French accounting standards authority).

JUSTIFICATION OF ASSESSMENTS AND KEY AUDIT MATTERS

Pursuant to Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby report on the key audit matters in relation to those risks of material misstatement which, in our professional judgment, were greatest for the audit of the parent company financial statements, as well as on our responses to those risks.

These assessments were made in the context of our audit of the parent company financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report. We have no opinion to express on items in these parent company financial statements taken individually.

MEASUREMENT OF INVESTMENT SECURITIES

Risks identified

Investment securities, recognised on the balance sheet for a net amount of €632,415k at 31 October 2017, constitute the largest single item on the balance sheet. They are recognised at cost at their balance sheet entry date and depreciated on the basis of their present value, taken as the higher of value in use and market value less costs to sell.

As indicated in Note 1.3 to the parent company financial statements, "Long-term financial investments", management estimates the carrying amount of securities based on the value of the relevant entities' equity at the balance sheet date, as well as their profitability and forecast revenue.

In estimating the carrying amount of these securities, management must exercise its judgment in selecting which information to consider for each investment, which may, depending on the investment, include historical information or forecast information (notably subsidiaries' profitability outlook).

Competition and the economic environment facing certain subsidiaries may result in lower revenue and a deterioration in operating profit. Against this backdrop, and given the uncertainty inherent in certain items, including in particular the likelihood of forecasts coming to pass, we considered that the correct measurement of investment securities, and of related loans and current account advances, constituted a key audit matter.

Audit procedures followed in light of the risks identified

To assess the reasonableness of estimated carrying amounts of investment securities, on the basis of the information provided to us, our work mainly consisted of checking that these estimated amounts, determined by management, are supported by an appropriate justification of the measurement method and figures used, as well as, depending on the securities in question:

For measurements based on historical information:

- checking that the equity values used are consistent with the financial statements of audited or analysed entities, and that any adjustments applied to those equity values are supported by conclusive documentation;

For measurements based on forecast information:

- obtaining forecast cash flows and operating performance for the entities concerned, prepared under the responsibility of the company's management;
- assessing the reasonableness of assumptions used to determine future cash flows in conjunction with underlying operational data;
- assessing the consistency of assumptions made with past performance, the economic environment at each balance sheet and reporting date, and the market outlook;
- checking that the value resulting from forecast cash flows has been adjusted to reflect the amount of debt carried by each entity.

As well as assessing the carrying amounts of investment securities, our work also consisted of:

- assessing the recoverability of related loans and current account advances in light of our analysis of investment securities;
- verifying that a provision for impairment of a loan, or a provision for liabilities, has been recognised in cases where the company has committed to bear the losses of a subsidiary with negative equity.

VERIFICATION OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS ADDRESSED TO THE SHAREHOLDERS

We have also performed the other procedures required by law in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Executive Board's management report and in the other documents addressed to shareholders with respect to the financial position and the parent company financial statements.

We checked the disclosures made pursuant to Article L.225-102-1 of the French Commercial Code concerning the remuneration and benefits paid to the corporate officers and the commitments entered into in their favour, for consistency with the financial statements or with the data used to draw up those financial statements and, where applicable, with the information provided to your Company by the companies controlled by it or that it controls. On the basis of our audit, we hereby certify the truthfulness and accuracy of this information, and the fair view provided by it.

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to the shareholders' identities, ownership interests and voting rights.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

APPOINTMENT OF STATUTORY AUDITORS

We were appointed Statutory Auditors of Groupe Partouche at the Shareholders' Meetings of 24 April 2007 (MCR Baker Tilly) and 20 April 2010 (France Audit Expertise).

At 31 October 2017, MCR Baker Tilly was in its eleventh year of uninterrupted service, while France Audit Expertise was in its eighth.

RESPONSIBILITIES OF MANAGEMENT AND INDIVIDUALS CHARGED WITH CORPORATE GOVERNANCE WITH REGARD TO THE PARENT COMPANY FINANCIAL STATEMENTS

It is management's responsibility to draw up parent company financial statements that provide a true and fair view in accordance with accounting principles generally accepted in France, and to put in place the internal control arrangements it deems necessary for the preparation of parent company financial statements free of material misstatement, whether the latter are the result of fraud or error.

When preparing the parent company financial statements, it falls to management to assess the company's ability to continue to operate, to set out in the financial statements, as the case may be, the necessary information on business continuity and to apply the going concern basis of accounting, unless it is planned to wind up the company or cease operations.

It is the Audit Committee's responsibility to monitor the process of preparing financial information and the effectiveness of internal control, risk management and, as the case may be, internal audit systems, as regards procedures relating to the preparation and processing of accounting and financial information.

The financial statements have been approved by the Executive Board.

STATUTORY AUDITORS' RESPONSIBILITIES IN RELATION TO THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

AUDIT OBJECTIVE AND APPROACH

It is our responsibility to prepare a report on the parent company financial statements. Our goal is to obtain reasonable assurance that the parent company financial statements taken as a whole do not include any material misstatements. While reasonable assurance corresponds to a high level of assurance, it does not guarantee that an audit performed in accordance with professional standards will always detect every material misstatement. Misstatements may be the result of fraud or of errors. They are considered material if it can reasonably be expected that they might, taken individually or together, influence financial decisions made by users of the financial statements on the basis of those statements.

As laid down in Article L. 823-10-1 of the French Commercial Code, our engagement to certify the financial statements does not consist of guaranteeing the viability or quality of management of your company.

In performing an audit in accordance with professional standards applicable in France, the Statutory Auditor exercises his or her professional judgment throughout that audit. Furthermore, the Statutory Auditor:

- identifies and assesses risks that the parent company financial statements might include material misstatements, whether as a result of fraud or error, defines and implements audit procedures in light of those risks, and gathers what he or she considers sufficient and appropriate information on which to base his or her opinion. The risk of not detecting a material misstatement is greater when that misstatement is the result of a fraud than when it is the result of an error, since fraud may entail collusion, falsification, deliberate omissions, false declarations and the bypassing of internal control;
- familiarises him- or herself with internal control arrangements relevant to the audit so as to be able to define audit procedures appropriate to the circumstances, and not so as to express an opinion on the effectiveness of internal control;
- assesses the appropriateness of the accounting policies adopted and the reasonableness of accounting estimates made by management, as well as information set out in the parent company financial statements pertaining thereto;
- assesses the appropriateness of management's application of the going concern basis of accounting and, based on the information gathered, assesses whether or not there is significant uncertainty regarding events or circumstances liable to call into question the company's ability to continue to operate. This assessment is supported by information gathered up to the date of his or her report, though it should be borne in mind that subsequent circumstances or events may call into question the company's ability to continue to operate. If the Statutory Auditor concludes that there is significant uncertainty, he or she alerts readers of his or her report on the information set out in the parent company financial statements to that uncertainty or, if the information has not been provided or is not relevant, qualifies or withholds his or her certification;
- assesses the overall presentation of the parent company financial statements and evaluates whether they present a true and fair view of the underlying operations and events.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee setting out, in particular, the extent of our audit work and the programme of work carried out, together with the resulting findings. Where applicable, we also notify the Audit Committee of any signi-

ficant weaknesses we have identified in the internal control system as regards procedures relating to the preparation and processing of accounting and financial information.

The information set out in our report to the Audit Committee includes those risks of material misstatement that we deem to have been the most significant for the audit of the parent company financial statements and which, as such, constitute the key audit matters. These points are described in this report.

In accordance with Article 6 of Regulation (EU) No. 537-2014, we also provide the Audit Committee with written confirmation of our independence, within the meaning of rules applicable in France, in particular as laid down in Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of ethics adopted by the statutory audit industry. Where applicable, we discuss any risks to our independence, and any safeguards put in place, with the Audit Committee.

Marseille and Paris, 21 February 2018

MCR Baker Tilly	**France Audit Expertise**
Emmanuel Mathieu	José David

20.3.2 OTHER INFORMATION VERIFIED BY THE STATUTORY AUDITORS

No other information has been verified by the Statutory Auditors other than the information cited in their reports presented above (Section 20.3.1).

20.3.3 FINANCIAL INFORMATION NOT CONTAINED IN THE FINANCIAL STATEMENTS

There is no other financial information not contained in the financial statements.

20.4 DIVIDEND DISTRIBUTION POLICY

The net dividends distributed for the previous five financial years, tax paid (tax credit) and the total corresponding income are as follows:

FINANCIAL YEAR FOR WHICH THE DIVIDEND WAS PAID YEAR ENDED 31 OCTOBER	DIVIDEND PER SHARE (EUR)
2012	-
2013	-
2014	-
2015	-
2016	-

During the financial year ending 31 October 2017, no interim dividend was paid.

Any dividend that remains unclaimed within five years of falling due is payable under applicable legal provisions to the French state (Service des domaines – French government estates commission).

Since 29 September 2014, Groupe Partouche has been implementing the Safeguard Plan approved in a ruling by the Paris Commercial Court. On 2 and 8 December 2016, the Paris Commercial Court ratified an amendment to Groupe Partouche's Safeguard Plan. This plan which had previously been unanimously approved by the committee members of credit institutions and their equivalents, authorises in particular the adjustment of the initial authorisation to pay dividends, advanced with effect from 1 January 2017, in accordance with certain specific application requirements and subject to consolidated EBITDA of at least €75m and consolidated cash resources, after payment of the dividend, of at least €85m.

This allowed the Group to pay an exceptional dividend totalling €(3,001)k in financial year 2017, charged entirely against reserves.

The level of EBITDA recognised in financial year 2017 means no dividend may be paid by Groupe Partouche; as such, no dividend is proposed in respect of the financial year ended 31 October 2017.

20.5 LEGAL AND ARBITRATION PROCEEDINGS

See Note 8 to the consolidated financial statements, "Other current and non-current provisions".

▸ A longstanding legal claim relating to events that occurred in 1991 concerning the creation of the new Hyères casino and disputing the actions at that time of a local notary and Crédit Foncier was reactivated in 2011. The implication of the company CDTH operating the Hyères casino as an alleged indirect beneficiary at the time of these disputed wrongdoings appears unfounded and simply opportunistic. The legal proceedings have not yet resulted in a ruling to date.

▸ Following the judicial liquidation of the company Grand Casino de Beaulieu, the employees of this casino believed that they could initiate proceedings against Groupe Partouche SA, alleging that it was their co-employer. This co-employment action against the holding company was ultimately rejected in a ruling of the Court of Cassation on 7 March 2017.

▸ A conflict arose between the company Grand Casino de La Trinité-sur-Mer and the local council, which claimed that it could take over the assets of the casino as being essential to public service; our subsidiary has contested this claim on the grounds that gaming activities are not a public service. The administrative authorities and the courts will need to rule on this dispute. The Rennes Administrative Court rejected the local council's principal claim on 9 March 2017. The local council has appealed this ruling.

▸ Active tax-related claims have been estimated on the basis of information available at the balance sheet date. Evaluations of any tax-related claims are conducted within each subsidiary, on a case-by-case basis and in detail with respect to each of the grounds presented for reassessment. Provisions are recognised for any claims for which a favourable outcome does not seem likely.

On 27 March 2014, the proposed Safeguard Plan was unanimously voted for by the creditors who are members of creditor committees, including the Oaktree investment fund via OCM Luxembourg French Leisure SV. The plan was approved by a judgment of the Paris Commercial Court on 29 September 2014. In 2014, the Oaktree investment fund initiated proceedings to call into question its vote on the credit institutions committee and on the Safeguard Plan approved by the Commercial Court.

However, on 2 November and 8 December 2016, the Paris Commercial Court ratified an amendment to the Groupe Partouche Safeguard Plan, which had received unanimous prior approval from all creditors (cf. Section 4.1.2, "Liquidity risk"); furthermore, after all conditions precedent were lifted in the second half of the financial year, implementation of the amended Safeguard Plan was combined with the mutual discontinuance of all existing proceedings between Groupe Partouche and its majority shareholder Financière Partouche, and creditor bank OCM Luxembourg (Oaktree).

CLAIMS INVOLVING THE COMPANY OR THE GROUP

To the best of the Company's knowledge, there are no governmental, legal or arbitration proceedings, including any proceedings that might be suspended or threatened, which may have or which have had a direct or indirect material impact on the Company's or the Group's financial position or profitability during the twelve-month period under review.

21

ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 SHARE CAPITAL AT 31 OCTOBER 2017

Acting on the authorisation of the Annual Ordinary and Extraordinary Shareholders' Meetings of 6 April 2016, the Executive Board decided to cancel the 54,526 treasury shares purchased to this end, under the conditions set out by Article L.225-209 of the French Commercial Code, and in accordance with the powers conferred upon him in order to implement this decision, the Chairman of the Executive Board took due note on 19 October 2017 of the effective reduction of the company's share capital.

The company's share capital is now one hundred and ninety-two million five hundred and forty thousand six hundred and eighty euros (€192,540,680), comprised of nine million six hundred and twenty-seven thousand and thirty four (9,627,034) fully paid shares with a nominal value of twenty (20) euros each, with their nominal value fully paid up..

21.1.2 SECURITIES THAT DO NOT REPRESENT THE SHARE CAPITAL

There are no securities that do not represent the share capital, since all of the shares issued are the same type.

21.1.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

PURCHASE TRANSACTIONS RELATING TO THE SHARES OF THE COMPANY BY THE COMPANY IN RESPECT OF FINANCIAL YEAR 2016-2017

Since the Shareholders' Meeting of 24 April 1998, Groupe Partouche SA has had an authorisation relating to the purchase of treasury shares each year in compliance with the provisions of Article L.225-209 of the French Commercial Code.

The Annual Ordinary Shareholder's Meeting of 5 April 2017 once again authorised the Executive Board, for a period of 18 months, to purchase the Company's shares and specified the terms and limits to which these purchases are subject.

It was decided that the shares thus purchased could only be:

- cancelled in full or in part, with the Executive Board having moreover been authorised to reduce the share capital;
- awarded to the employees and/or corporate officers of the Company and/or existing or future related companies, under the conditions laid down in law, and in accordance with any formula permitted by law, particularly within the framework of share awards covered by Article L.225-209 Paragraph 5 of the French Commercial Code;
- held and subsequently exchanged or used as payment for future acquisitions;
- used to help ensure the liquidity and regularity of trading in the company's shares under a liquidity contract with a provider of investment services and in compliance with the code of conduct of the Autorité des Marchés Financiers, the French financial markets authority.

NUMBER OF TREASURY SHARES HELD

Groupe Partouche held 1,917 treasury shares at 31 October 2017. These shares are to be allocated, without consideration, to Company employees or officers pursuant to Article L.225-209-5 of the French Commercial Code. They are shown on Groupe Partouche's balance sheet at a nominal

value of €38,340 and in the annual financial statements at a carrying amount of €63,031.

The Executive Board also implemented a share buyback programme to help ensure the liquidity and regularity of trading in the Company's shares under a liquidity contract with CIC, an investment services provider, and held 4,340 shares for this purpose at the end of the financial year on 31 October 2017, which were shown on Groupe Partouche's balance sheet at a nominal value of €86,800 and in its annual financial statements at a carrying amount of €140,778.

Finally, at the Combined Shareholders' Meeting of 16 April 2016, the shareholders voted to authorise a share buyback programme for a period of eighteen months, expiring 6 October 2017. The agreement entered into with Aurel BGC on 5 October 2015 continued during the financial year until 22 August 2017, the date of the final purchases. The share capital was then reduced by cancelling 54,526 treasury shares, i.e. all of the treasury shares purchased under this contract.

SHARE BUYBACK PROGRAMME

The following Groupe Partouche shares were purchased and sold under the share buyback programme (transactions carried out by Oddo Corporate Finance, CIC and Aurel BGC) between 1 January 2017 and 31 December 2017:

Transaction type	Number	Amount	Average price
Purchase	77 774	2 681 564	34,48 €
Sale	70 411	2 356 089	33,46 €

In respect of the liquidity provider's agreement entered into by Groupe Partouche and CIC, the liquidity account contained the following shares and cash at 31 December 2017:

- 4,344 Groupe Partouche shares;
- €359,938.83 in cash.

EXISTING AUTHORISATION

The Annual Ordinary Shareholders' Meeting of 5 April 2017 renewed its authorisation to the Executive Board to repurchase its own shares on the stock market under the provisions of Article L.225-209 of the French Commercial Code, in order to allocate these shares to employees or senior executives in the event of a bonus share award falling under the terms set forth by Article L.225-209 Paragraph 5 of the French Commercial Code, remit these shares under the terms of an external growth transaction, or enhance the liquidity and regularity of share quotations.

The maximum purchase price has been set at €80 per share with an overall ceiling of €75,000,000. This authorisation, which is valid for a maximum period of 18 months, will expire on 4 October 2018.

21.1.4 OTHER SECURITIES GIVING ACCESS TO THE CAPITAL

None.

21.1.5 SHARE CAPITAL SUBSCRIBED, BUT NOT PAID UP - CAPITAL INCREASE - CAPITAL DECREASE

The Executive Board benefits from the following authorisations granted by the Extraordinary Shareholders' Meeting of 5 April 2017, which may lead to the issue of securities conferring access to the share capital. These authorisations are summarised in the table below:

TYPE OF OPERATION AUTHORISED	DURATION AND EXPIRATION OF AUTHORISATION	MAXIMUM AMOUNT	TERMS
Capital increase ▪ In cash (ESM of 5 April 2017)	26 months 4 June 2019	30 000 000 €	With and without preferential right of subscription
Capital increase ▪ By capitalisation of reserves, share premium or net profit (ESM of 5 April 2017)	26 months 4 June 2019	Amount of premiums, reserves and earnings available	
Capital increase ▪ By private investments (ESM of 5 April 2017)	26 months 4 June 2019	Maximum amount of 20 % of the share capital per year	Without preferential right of subscription
Capital increase ▪ By in-kind contributions (ESM of 5 April 2017)	26 months 4 June 2019	Maximum amount of 10 % of the share capital	Without preferential right of subscription
Capital decrease ▪ By cancelling the shares bought back under the conditions laid down in Article L.225-209 of the French Commercial Code (ESM of 5 April 2017)	18 months 4 October 2018	Maximum amount of 10 % of the share capital	

Acting in accordance with the authorisations granted by the Annual Ordinary and Extraordinary Shareholders' Meetings of 6 April 2016, the Executive Board decided on 11 September 2017 to cancel the 54,526 treasury shares the company purchased to this end under the conditions provided by Article L.225-209 of the French Commercial Code, and tasked its Chairman with completing this reduction in the share capital and more generally undertaking all the necessary proceedings. By the decision of 19 October 2017, the Chairman of the Executive Board took due note of the effective reduction in the share capital.

21.1.6 SHARE CAPITAL UNDER OPTION

None.

21.1.7 HISTORY OF SHARE CAPITAL

Changes in share capital over the five preceding financial years:

FINANCIAL YEAR (FROM 1 NOVEMBER 2012 TO 31 OCTOBER 2017)	TYPE OF OPERATION	AMOUNT OF CHANGE IN SHARE CAPITAL	SUCCESSIVE AMOUNTS OF SHARE CAPITAL	CUMULATIVE NUMBER OF SHARES
2013			193 631 182 €	96 815 591
2014			193 631 182 €	96 815 591
2015	Capital increase Reverse stock split 26 January 2015	18 €	193 631 200 €	9 681 560
2016			193 631 200 €	9 681 560
2017	Capital decrease of 19 October 2017 via cancellation of treasury shares	-1 090 520 €	192 540 680 €	9 627 034

21.1.8 MARKET IN THE COMPANY'S FINANCIAL INSTRUMENTS

Groupe Partouche shares are listed on the Euronext Paris stock exchange – Eurolist Comp. B (ISIN code: FR0012612646). Share transfers and payments of dividends are handled by CM-CIC Securities (6 rue de Provence, 75009 Paris, France).

The table below shows changes in the share price and trading volume of Groupe Partouche shares:

PERIOD	PERIOD HIGH AND LOW (IN EUROS)		NUMBER OF SHARES TRADED	CAPITAL (IN €M)
	HIGH	LOW		
2016				
January	29,0	23,2	105 991	2,70
February	32,8	27,2	123 673	3,67
March	34,5	29,5	60 086	1,93
April	33,4	31,0	31 890	1,02
May	33,2	31,0	23 844	0,76
June	38,0	31,8	50 903	1,76
July	47,9	35,5	126 179	5,43
August	43,7	36,5	47 630	1,91
September	40,3	36,8	33 197	1,28
October	44,2	38,1	26 443	1,08
November	42,2	35,7	24 052	0,94
December	43,0	36,5	33 137	1,33

PERIOD	PERIOD HIGH AND LOW (IN EUROS)		NUMBER OF SHARES TRADED	CAPITAL (IN €M)
	HIGH	LOW		
2017				
January	40,8	35,6	40 651	1,53
February	37,4	35,3	25 307	0,92
March	37,0	33,3	40 838	1,45
April	36,9	33,2	32 873	1,15
May	38,0	34,8	19 617	0,71
June	36,8	27,7	108 955	3,40
July	33,3	32,0	63 537	2,07
August	32,6	32,0	12 039	0,39
September	34,7	31,6	25 989	0,86
October	33,9	31,5	26 985	0,88
November	33,4	30,0	26 938	0,86
December	34,7	30,1	46 810	1,49

21.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

Memorandum and Articles of Association (see Section 5.1.3)

Pursuant to Article 37 of the Articles of Association, the latter may only be amended by an Extraordinary Shareholders' Meeting, notably in respect of a change to the type of the Company. However, an Extraordinary Shareholders' Meeting cannot increase the commitments of the shareholders, subject to operations resulting from the groupings of shares as provided by the law.

21.2.1 PURPOSE

Pursuant to Article 3 of the Articles of Association, the purpose of the Company in France and all other countries is:

- the administrative, financial and accounting management of all the present or future companies operating mainly in the entertainment, hotel and gaming sectors;
- the acquisition of equity stakes of all types in such companies;
- assisting these companies in improving their growth by providing all types of services;
- all transactions in shares in French and foreign markets;
- acquisition and sale of real estate fixed assets and current assets.

And in general all types of industrial and commercial operations related to:

- the creation, acquisition, rental, lease or operation of all types of business in any of the aforementioned sectors of activity;
- the acquisition, operation or sale of any process or patent related to these activities;
- the direct or indirect participation in any type of financial, real estate or personal property operations or commercial enterprise transaction related to the aforementioned purpose or any other connected purpose.

21.2.2 DISPOSITIONS IN THE ARTICLES OF ASSOCIATION OR ELSEWHERE RELATING TO EXECUTIVE AND MANAGEMENT BODIES

FUNCTIONING OF THE SUPERVISORY BOARD

(see Section 14.3 on internal regulations)

Members of the Supervisory Board must own at least one share.

The Supervisory Board's organisational and operating methods are detailed in Section 14.3, which relates to the internal regulation that it adopted on 27 October 2005, as modified on 24 December 2008 and 8 June 2011; as well as in Articles 21 and 22 of Groupe Partouche SA's Articles of Association, reproduced below:

ARTICLE 21 - ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD

- The Supervisory Board elects natural persons from among its members as Chairman and Vice-Chairman, responsible for convening Supervisory Board meetings and chairing these meetings. They are appointed for the period of their mandate on the Supervisory Board. The Board determines their remuneration, if any. The Board may appoint a secretary who need not be a shareholder.
- The Board meets as often as the interests of the Company dictate. However, the Chairman must convene a meeting of the Board no more than 15 days after the request date, when at least one member of the Executive Board or at least one-third of the members of the Supervisory Board presents him with a substantiated request to do so. Meetings take place at the registered office or at any other location indicated in the meeting notice. Any member of the Board may, via letter or telegram, mandate another advisor to represent him at a Board meeting. The effective presence of at least half of the members of the Board is required for its operations to be valid. The Board's deliberations shall be valid if at least half of its members are present or deemed present; each member present or represented has one vote and each member present only has one vote. In the event of a tie, the Chairman casts the deciding vote.
- A register is kept and signed by the members of the Board who attend the meeting. The Supervisory Board's deliberations are officially established by minutes kept in a special record filed at the Company's registered office. Copies or extracts of minutes presenting the Board's deliberations are provided and certified in accordance with the law.

ARTICLE 22 - POWERS OF THE SUPERVISORY BOARD

The Supervisory Board performs a permanent control of the way in which the Company is managed by the Executive Board.

It appoints the members of the Executive Board and designates its Chairman, and, where applicable, the General Managers; it proposes their revocation to the Shareholders' Meeting and sets the level of their remuneration.

It convenes the Shareholders' Meeting of Shareholders, if convocation is not issued by the Executive Board.

It gives the Executive Board the authorisations required prior to the operations falling within the provisions of Article 19 of the Articles of Association.

It authorises agreements governed by Article 24 of the Articles of Association. At any time, it may perform verifications and controls as it sees fit, and may receive any document it deems useful to accomplish its mission. It presents its observations on the Executive Board report and the accounts for the financial year to the Annual Ordinary Shareholders' Meeting.

The Supervisory Board may decide to transfer the registered office within the same department or to an adjoining department, subject to the ratification of this decision by the next Ordinary Shareholders' Meeting.

The Supervisory Board may grant one or more of its members any special mandates for one or more pre-determined purposes and set their remuneration for this end.

EXECUTIVE BOARD ORGANISATION AND PROCEDURES

The organisation and procedures of the Executive Board are stipulated in Articles 16 and 18 of Groupe Partouche SA's Articles of Association, reproduced below:

ARTICLE 16 - FORMATION OF THE EXECUTIVE BOARD

1 - The Company is managed by an Executive Board under control of the Supervisory Board.

The Executive Board is formed by at least two members (seven at most) appointed by the Supervisory Board.

2 - The members of the Executive Board must be individual entities who may be selected apart from the shareholders, even from among the Company's paid personnel.

Should a member of the Supervisory Board be appointed to the Executive Board, this member's first mandate shall come to an end as soon as he or she takes office on the Executive Board.

Subject to legal exceptions, no member may simultaneously belong to more than two Executive Boards, nor exercise the functions of General Manager or Chairman of the Board of Directors in more than two limited companies with their head offices in metropolitan France.

A member of the Executive Board may not accept an appointment to another company's Executive Board or as another company's sole General Manager without the prior authorisation of the Supervisory Board.

3 - The appointment of any member of the Executive Board may be revoked by the Ordinary Shareholders' Meeting upon recommendation of the Supervisory Board.

If the member concerned has an employment contract with the Company, the revocation of his or her appointment as a member of the Executive Board does not lead to the termination of his or her employment contract.

4 - The Supervisory Board sets the remuneration of each member of the Executive Board upon their nomination.

ARTICLE 18 - ORGANISATION AND PROCEDURES OF THE EXECUTIVE BOARD

1 - The Supervisory Board appoints one of the members of the Executive Board as Chairman.

The Executive Board meets as often as the interests of the Company dictate, as convened by its Chairman or at least half of its members, at the registered office or at any other location indicated in the meeting notice.

The Chairman of the Executive Board presides over its meetings and appoints a secretary, who need not be a member of the Executive Board.

The Executive Board's deliberations are only valid if at least half of its members are in attendance.

The Executive Board's decisions are taken based on the majority of the votes of its members. Voting by proxy is prohibited.

In the event of a tie, the Chairman casts the deciding vote.

2 - The deliberations of the Executive Board may be officially established by minutes kept in a special record, signed by the members of the Executive Board having attended the meeting.

The minutes mention the names of the members in attendance and those of the absent members.

Copies or extracts of these minutes are certified by the Chairman of the Executive Board or by one of its members and, in the event of liquidation, by the authorised liquidator.

3 - The members of the Executive Board may divide among themselves all management tasks, subject to the authorisation of the Supervisory Board. However, this allocation of tasks may not under any circumstances absolve the Executive Board from its obligation to meet regularly and deliberate upon the most important issues faced in managing the Company, nor may it prevent its members from acting collectively to ensure the management of the Company.

ARTICLE 19 - POWERS AND OBLIGATIONS OF THE EXECUTIVE BOARD

1 - The Executive Board is invested with the most extensive powers to act in all circumstances in the name of the Company in its relations with third parties, within the limits of the Company's purpose and subject to the powers that the law expressly confers upon the Supervisory Board and Shareholders' Meetings.

In its relations with third parties, the Company is bound even by acts of the Executive Board that are not within the Company's purpose, unless it can prove that the third party knew that the act went beyond this purpose or could not have been unaware thereof given the circumstances, mere publication of the Articles not being sufficient to constitute such proof.

The disposal of property, the full or partial disposal of shareholdings and the pledging of collateral, guarantees, security and warranties are subject to authorization by the Supervisory Board. Failure to comply with this provision may not be invoked against third parties except as provided for by law.

Should the Supervisory Board refuse to authorise one of the aforementioned operations, the Executive Board may, if it deems necessary, call an Ordinary Shareholders' Meeting on an extraordinary basis, which may grant the authorisation requested and draw all the necessary conclusions from the dispute arising between the management bodies.

The Executive Board calls Shareholders' Meetings, sets the agenda for these meetings and carries out the decisions there made.

2 - The Executive Board submits a management report to the Supervisory Board at least once per quarter. Within three months following the close of the financial year, it submits the annual financial statements and if necessary the consolidated financial statements to the Supervisory Board for verification and control.

3 - The Company is represented by the Chairman of the Executive Board in its relations with third parties.

The Supervisory Board may allot the same representative power to one or more of the members of the Executive Board, who are then called Group Managing Directors.

All documents committing the Company with regard to third parties must be signed by either the Chairman of the Executive Board, one of the Group Managing Directors or any other person authorised to this effect.

As provided by Article 8 of the Articles of Association, the Executive Board is also entrusted with the powers necessary to increase the Company's share capital.

I - Capital increases

[...] Capital increases are decided upon or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry out capital increases in one or more stages, to set their terms and conditions, to formally record the performance of these increases and to amend the Articles of Association accordingly. A capital increase must be carried out within five years of the date of the Shareholders' Meeting having decided upon or authorised the increase, except in the case of capital increases resulting from the conversion of bonds into shares or additional increases reserved for bondholders who will have opted for conversion, or for capital increases decided pursuant to the provisions of Article L.225-229-III of the French Commercial Code […]

21.2.3 RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHING TO SHARES

These are stipulated in Article 15 of the Articles of Association, which is reproduced below:

ARTICLE 15 - RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

1 - Each share entitles its holder to a share in the Company's profits and assets proportional to the portion of the amount of share capital that it represents, as stipulated in Articles 40 and 43 hereafter.

2 - Ownership of a share automatically implies acceptance of the Company's Articles of Association and of the resolutions passed by the Shareholders' Meeting.

The rights and obligations attached to a share pass to the acquirer thereof, whoever he or she may be.

The heirs or creditors of a shareholder may not, on any pretext whatsoever, demand that seals be affixed to the property of the Company or request the division or public sale by auction of same, or interfere in any way in the Company's administration; in order to exercise their rights they are obliged to refer to the company registers and decisions of the Shareholders' Meetings.

3 - Shareholders are only liable for the debts of the Company up to the par value of the shares they hold.

21.2.4 CHANGES TO SHAREHOLDERS' RIGHTS

By reference to Article 21.2.4 of Annex I of Commission Regulation (EC) No. 809/2004, no actions exist to modify shareholders' rights that are stricter than those provided by law.

21.2.5 SHAREHOLDERS' MEETINGS

(See Articles 27 to 37 of the Articles of Association, Article R.225-61 et seq. of the French Commercial Code; Decree of 23 June 2010)

COMMON RULES

Shareholders' Meetings may be convened by the Executive Board, or failing this, by the Supervisory Board or the Statutory Auditors, as provided by Article R.225-162 of the French Commercial Code, or by a proxy designated by the President of the Commercial Court rendering a decision under a summary procedure, upon the request of one or more shareholders together holding at least one twentieth of the share capital, or by the official liquidator.

- Shareholders' Meetings are held at either the head office or any other location that should be specified in the meeting notice.
- Notices are published in one of the newspapers entitled to receive legal notices in the departmental region of the head office, as well as in the French Bulletin des annonces légales obligatoires. Shareholders who have held nominative shares for at least one month at the announcement's publication date are convened by an ordinary letter. They may ask to receive notices by registered letter if they remit the relevant postage costs to the Company.
- Letters must be sent and/or publication must take place at least fifteen days before the meeting date for the first notice, and ten days before the meeting date for the second notice and any subsequent notices.

The meeting notice should include the name of the Company and if possible its logo, company type, share capital amount, head office address and registration number, as well as the meeting date, time, location, nature and agenda.

Pursuant to Article R.225-85 of the Decree of 23 June 2010, it shall also contain a clear and exact description of the terms under which particular faculties of shareholders may be exercised.

Should a meeting be adjourned due to a failure to obtain an adequate quorum, a second meeting shall be convened in the same form and manner, and notice thereof shall include the date of the first meeting.

Any meeting that has not been convened in the required form and manner may be annulled. However, recourse to such voidability is withdrawn should all shareholders have attended or been represented.

The proxy form addressed by the Company, or the person designated by it, to the shareholders shall clearly inform them that should the proxy form omit to designate the name of the nominated representative, their vote will be considered favourable to the resolutions submitted by the Executive Board. Each proxy form must be accompanied by the documents listed in Article R.225-81 of the French Commercial Code.

Announcements to shareholders, in advance of any meeting, may be made by any of the following means:

- Sending, at their request, the agenda of the meeting, all draft resolutions, notices in respect of the members of the Executive and Supervisory Boards and the candidates to these positions, the report of the Executive Board, the observations of the Supervisory Board, and a summary of the Company's financial position and net profit for the past five years. Moreover, the following should be enclosed:
  - in advance of an Annual Shareholders' Meeting, the income statement, the balance sheet and the special report of the Statutory Auditors,
  - in advance of an Extraordinary Shareholders' Meeting, the Statutory Auditors' report, if applicable;
- Making the aforementioned documents available to shareholders at the Company's head office, along with the list of companies, the company registers, and the indication of the total compensation paid to the Company's five or ten highest-earning individuals, as well as the Statutory Auditors' report and, if applicable, any merger or disposal proposals.

VOTING BY CORRESPONDENCE

Any shareholder may vote by correspondence by completing an official form established in accordance with the law. To be considered valid, this form must be received at least three days prior to the date of the Shareholders' Meeting. Forms which do not indicate a clear vote or which express an abstention are considered nay votes. Once a shareholder has cast his/her vote by correspondence or requested an admission card, he/she can no longer choose any other method of participating in the meeting.

ADMISSION TO MEETINGS

(Article 28 of the Articles of Association; Article L.225-106-1 of the French Commercial Code)

All shareholders may attend and vote at Shareholders' Meetings, irrespective of the number of the shares they hold. Shareholders may be represented by any person of their choosing, under the statutory and regulatory conditions laid down

in Article L.225-106-1 of the French Commercial Code. The right to participate in Shareholders' Meetings is contingent upon the shares being registered in the name of the shareholder, or of the intermediary registered on the shareholder's behalf, three business days before the date of the meeting, at the location indicated in the notice of meeting, and upon the provision of a certificate issued by the authorised intermediary confirming that such shares are not available for sale or transfer from the date of such delivery until the date of the meeting.

VOTING RIGHTS

(Article 31 of the Articles of Association)

At the Extraordinary Shareholders' Meeting of 15 January 2015, the shareholders voted, firstly, to proceed with reverse stock splits and, secondly, not to confer double voting rights upon fully paid-up Company shares which can be shown to have been held in registered form for at least two years in the name of the same shareholder, or registered Company shares allotted free of charge as part of a capital increase through the capitalisation of reserves, income or share issue premiums, to a shareholder, and to amend Article 31 of the Articles of Association accordingly as follows:

"Each shareholder present or represented by proxy at a Shareholders' Meeting has as many votes as the shares held or represented, without limitation.

However, until expiry of the two-year period following the start date of the share consolidation published by the Company in the Bulletin des Annonces Légales Obligatoires in accordance with the resolution adopted by the shareholders at the Extraordinary Shareholders' Meeting of 15 January 2015, any unconsolidated share will entitle its holder to one (1) vote and any consolidated share to ten (10) votes, such that the number of votes attaching to shares in the Company is proportional to the share of the capital those shares represent.

Voting rights attaching to shares in the Company shall be proportional to the share of the capital those shares represent, with each share in the Company entitling its holder to one vote. Shares in the Company (including any bonus shares that might be allotted as part of an increase in the share capital by way of capitalisation of reserves, earnings or issue premiums) shall not qualify for double voting rights, in accordance with the final paragraph of Article L.225-123 of the Commercial Code."

MULTIPLE VOTING RIGHTS

None.

QUORUM

(Article 34 for the Ordinary Shareholders' Meeting and Article 36 for the Extraordinary Shareholders' Meeting of the Articles of Association, and Article 6 of the Law of 26 July 2005)

The Extraordinary Shareholders' Meeting decides on changes to the Articles of Association, subject to a majority quorum as provided by Article 36 reproduced below:

1 - The deliberations of the Extraordinary Shareholders' Meeting are deemed valid when the shareholders present or represented own one-quarter for a first convening or one-fifth for the second convening of the Company shares with voting rights. Should this quorum fail to be reached, the second Shareholders' Meeting may be postponed for up to two months following the date upon which it was initially convened.

The quorum for all Shareholders' Meetings is calculated after the deduction of shares with no voting rights as provided by the law or the regulations in force.

2 - The resolutions voted on by all Extraordinary Shareholders' Meetings, whether on first or second convening, are deemed valid with at least two-thirds of the voting rights of the shareholders present or represented.

Shareholders' Meetings held on second convening may only deliberate on the agenda of the first Shareholders' Meeting.

3 - At constitutive Extraordinary General Meetings, the quorum and majority set out under Point 1 above are only calculated after deducting shares issued in return for contributions in kind or held by the recipients of special benefits, who have no voting rights either for themselves or as representatives.

21.2.6 CLAUSES DELAYING, DEFERRING OR PREVENTING A CHANGE OF CONTROL

There are no clauses that restrict a change of control.

Article 13 of the Articles of Association stipulates:

ARTICLE 13 - TRANSMISSION OF SHARES

Shares may be freely exchanged subject to legal provisions. Transmission is effected by account transfer under the terms and conditions specified by the texts in force.

21.2.7 CROSSING OF OWNERSHIP THRESHOLDS

CROSSING OF STATUTORY THRESHOLDS AND PENALTIES IN THE EVENT OF NON-COMPLIANCE WITH DISCLOSURE REQUIREMENTS

(Article 12 of the Articles of Association)

Pursuant to Article L.233-7 §5 of the French Commercial Code, and Article 12 of the Articles of Association, shareholders must notify the Company of the number of shares held directly or indirectly, alone or in concert, whenever their holding crosses the threshold of 2% of the share capital or a multiple of this percentage. In the event of non-compliance with this disclosure obligation, shares exceeding the non-disclosed fraction will be deprived of their voting rights at the request, recorded in the minutes of the Shareholders' Meeting, of one or more shareholders, holding 5% at least of the capital of the Company, when the shares of the Company are officially listed on a stock exchange.

21.2.8 CHANGES IN THE SHARE CAPITAL

Article 8 of the Articles of Association stipulates:

ARTICLE 8 - CHANGES IN THE SHARE CAPITAL

I - Capital increases

The share capital may be increased either by issuing new shares or by increasing the par value of the existing shares.

The new shares shall be paid for either in cash or through compensation with debts in liquid funds due and payable by the Company, through capitalisation of reserves, income or share issue premiums, with assets in kind or through bond conversion.

The new shares are issued either at their par value or at this value increased by an issue premium: they may be ordinary shares or preferred shares enjoying certain advantages over other shares and entitling their holders to preferential rights to income or assets or any other indirect advantage.

Capital increases are decided upon or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry out capital increases in one or more stages, to set their terms and conditions, to formally record the performance of these increases and to amend the Articles of Association accordingly. A capital increase must be carried out within five years of the date of the Shareholders' Meeting having decided upon or authorised the increase, except in the case of capital increases resulting from the conversion of bonds into shares or additional increases reserved for bondholders who will have opted for conversion, or for capital increases decided pursuant to the provisions of Article L.225-229-III of the French Commercial Code.

When a capital increase takes place through the capitalisation of reserves, income or share issue premiums, the Shareholders' Meeting deciding upon the increase must meet the quorum and majority requirements for Ordinary Shareholders' Meetings.

In the event of an issue of new shares to be paid for in cash, the share capital of the Company prior to the proposed increase must first be fully paid up and the shareholders shall be entitled to exercise their pre-emptive right to subscribe to shares as provided by law. The entitlement of usufructuaries and bare owners to the pre-emptive subscription right is governed by the aforementioned Article.

If the new shares are paid for through compensation with debts due and payable by the Company, the latter shall be disclosed in financial statements prepared by the Executive Board, certified as valid by the Statutory Auditors and attached to the statement of subscription and payment.

The minimum subscription period is ten trading days, with the option for early termination of this period once the capital increase is subscribed by shareholders in proportion to their existing holdings.

The Shareholders' Meeting that decides upon the capital increase may elect to exclude the pre-emptive subscription right upon examining the reports of the Executive Board and the Statutory Auditors.

Capital increases shall be carried out notwithstanding the existence of fractional rights. Those shareholders not possessing the number of subscription or share rights exactly required to obtain a whole number of new shares, shall have to personally arrange for the purchase or sale of fractional rights to bring their holdings to a whole number.

In conjunction with any decision to increase the Company's share capital, the Extraordinary Shareholders' Meeting shall also need to consider a draft resolution intended to authorise a capital increase reserved for employees. Moreover, a draft resolution of this kind must be presented, once every five years for the approval of an Extraordinary Shareholders' Meeting convened for this purpose, as long as the shares held by the employees of the Company and of any affiliated company as defined under Article L.225-180 of the French Commercial Code represent less than 3% of the total share capital.

II - Redemption of share capital

The share capital may, upon the decision of the Extraordinary Shareholders' Meeting, be redeemed by way of an equivalent reimbursement for each share, through transfer of income or reserves, with the exception of the legal reserve.

Dividend shares thus created may be reconverted into capital shares, either through an obligatory transfer of the portion of Company profits attributable to these shares, or through an optional payment by each of the owners of dividend shares.

III - Capital decreases

The share capital may be reduced in one or more stages for any reason, either by reducing the par value of shares or the number of shares. If a capital decrease is not entailed by losses, bondholders and creditors may oppose the decrease.

A decision to reduce the share capital to a level below the minimum required by law, regardless of the motivation behind this decision, may only be taken if a capital increase can be effected to increase the share capital to a level above said minimum, unless the Company is to be transformed into a company of another form not requiring a capital amount greater than its share capital following the decrease.

Should this condition not be met, any interested party may apply for a court order requiring the dissolution of the Company. The dissolution of the Company shall not take effect if, on the date when the court's decision is rendered, the share capital has been brought back up to the legal minimum.

The Company is not authorised to buy back its own shares. However, the Shareholders' Meeting having decided upon a capital decrease not entailed by losses may authorise the Executive Board to buy back a specified number of shares as to cancel them. This buyback shall be proportional to the number of shares held by each shareholder and limited to shares available in the market.

Capital decreases are decided or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry them out.

In all cases, the proposal for a reduction in the share capital is communicated to the Statutory Auditors no less than 45 days

prior to the Shareholders' Meeting of shareholders convened to decide upon this proposal.

The meeting examines the report of the Statutory Auditors, who present their assessment of the justification and conditions for the capital decrease.

If the capital decrease is carried out by reducing the number of shares, shareholders are required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares may be exchanged for new shares.

IV - Reverse stock splits

In the event of a reverse stock split, shareholders are also required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares may be exchanged for new shares.

21.2.9 PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

(Articles 39 and 40 of the Articles of Association)

ARTICLE 39 – PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

I - Presentation of the accounts

At the end of each financial year, the Executive Board establishes the schedule of the assets and liabilities existing at that date.

It also draws up the income statement and the balance sheet.

The Executive Board prepares a written report on the results for the financial year, the situation of the Company and its business activity during the period under review.

These documents are made available to the Statutory Auditors at the Company's registered office at least 45 days prior to the Shareholders' Meeting convened to approve the parent company financial statements, with the exception of the report on the results for the financial year and the situation of the Company, which may be made available to the Statutory Auditors no less than 20 days prior to the meeting. Copies of these documents must be forwarded to the Statutory Auditors should they request them.

II - Presentation and measurement methods

The income statement and the balance sheet are established each year in accordance with the same presentation guidelines and measurement methods used in previous years. However, in the event of any proposed changes, the Shareholders' Meeting, upon examining the financial statements established in accordance with both the proposed and existing presentation guidelines and methods, as well as the reports of the Executive Board and the Statutory Auditors, shall render its decision upon the proposed changes.

If methods other than those required by applicable legal and regulatory provisions were used for the measurement of the Company's assets in the schedule and in the balance sheet, mention is made of this fact in the report presented by the Executive Board.

III - Depreciation, amortisation and provisions

All necessary depreciation, amortisation and provisions are recognised even if there has not been any profit or it has been insufficient, to ensure that the balance sheet provides a fair view of the Company's financial position.

An impairment charge is recognised for any impairment in the carrying amount of assets, whether due to wear, change in techniques, or any other causes.

Provisions are recognised for all capital losses on other assets as well as probable future losses and expenses.

The Company's incorporation costs are amortised prior to any distribution of profit.

Capital increase expenses are amortised no later than the end of the fifth financial year following the one in which these expenses were incurred. These expenses may be charged to the amount of the issue premium relating to the capital increase.

IV - Deposits, sureties and guarantees

The amounts of deposits, sureties or guarantees given are mentioned at the foot of the balance sheet.

ARTICLE 40 - APPROPRIATION AND ALLOCATION OF EARNINGS

- Net earnings consist of the net profit for the financial year, less overheads and other Company expenditure, as well as the depreciation or amortisation of Company assets and all provisions for commercial and industrial contingencies.
- Net earnings are appropriated and allocated as follows:
  - A deduction of 5% is taken from net profit for the year after the offset of any prior year losses carried forward, for the purpose of creating the legally required "legal reserves", until these reserves equal one tenth of the Company's share capital;
  - Net earnings to be appropriated consist of the net profit for the financial year, less prior-year losses and legally required reserves, plus retained earnings carried forward;
  - The Shareholders' Meeting then allocates the amounts it deems appropriate to the optional, ordinary and/or extraordinary reserves, and to retained earnings.

The resulting balance, if any, is allocated among all shareholders proportionately to their paid-up outstanding shareholdings. Accordingly, and until expiry of the two-year period following the start date of the share consolidation published by the Company in the Bulletin des Annonces Légales Obligatoires in accordance with the resolution adopted by the shareholders at the Extraordinary Shareholders' Meeting of 15 January 2015, each unconsolidated share shall entitle its holder to one-tenth of the amount of dividend paid in respect of each consolidated share. However, except in the event of a reduction in the share capital, no distributions may be made to shareholders if net assets are and/or would be following such a distribution less than the amount of the share capital plus reserves which may not be distributed under the law or the Articles of Association.

The Shareholders' Meeting may decide to allocate amounts deducted from the optional reserves either in order to provide or supplement a dividend or for the purpose of alloca-

ting exceptional provisions; in this case, the resolution shall expressly indicate the reserve categories from which these deductions are to be made.

After the approval of the financial statements by the Shareholders' Meeting, any losses are recorded in a special account for offset against profit of future years until the expiry of their availability for carry forward.

- The Shareholders' Meeting convened to approve the financial statements for a given year may grant to each shareholder, in respect of all or a part of the dividend set aside for distribution, an option to be paid either in cash or in shares, the price of which is previously determined as provided by law. The offer of payment in shares must be made simultaneously to all shareholders. Requests by shareholders in this regard must be made during a period determined by the Shareholders' Meeting, which may not last longer than three months from the date of this meeting.

21.3 STATUTORY AUDITORS' FEES

	MCR				FRANCE AUDIT EXPERTISE			
	AMOUNT (€K)		%		AMOUNT (€K)		%	
AT 31 OCTOBER	2017	2016	2017	2016	2017	2016	2017	2016
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements								
Issuer	128	125	34 %	36 %	146	125	18 %	16 %
Fully consolidated subsidiaries	248	220	66 %	64 %	656	630	80 %	78 %
Services other than certifying accounts Issuer					20	50	2 %	6 %
SUBTOTAL	**376**	**345**	**100 %**	**100 %**	**822**	**805**	**100 %**	**100 %**
Other services rendered by the networks to fully consolidated subsidiaries								
Legal, tax, employee-related								
Other (specify if > 10% of audit fees)								
SUBTOTAL	-	-	-	-	-	-	-	-
TOTAL	**376**	**345**	**100 %**	**100 %**	**822**	**805**	**100 %**	**100 %**

22

MATERIAL CONTRACTS

SYNDICATED LOAN

On 27 September 2005, at the same time as the acquisition of Groupe de Divonne, Groupe Partouche contracted a syndicated loan, constituting the bulk of the Group's bank debt. Following the Paris Commercial Court ruling approving the Safeguard Plan, the repayment of this debt was spread over a period of more than eight years. The guarantees related to this loan are the collateralisations of the securities of the Group's main subsidiaries. (See Sections 4.1.1 "Risk of non-compliance with the Safeguard Plan (plan de sauvegarde)", 4.1.2 "Liquidity risk" and 4.1.8 "Pledges".).

SHAREHOLDER'S ADVANCE AGREEMENT

On 26 August 2003, Groupe Partouche signed a shareholder's advance agreement granted by Financière Partouche SA, in the amount of €100,000,000 for a period of 7 years and 3 months, commencing on 29 August 2003. The balance of this advance in the amount of €20.1 million was repaid in full during the 2017 financial year.

23

THIRD-PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST

Decree 2012-557 of 24 April 2012 relating to labour, social and environmental transparency requirements for companies stipulates that published data relating to these subjects must be verified by an independent third-party body, according to methods laid down by ministerial decree. Compta Durable, an accounting firm located at 14 boulevard de Douaumont, 75017 Paris, France, was commissioned by Groupe Partouche to carry out these verifications.

24

DOCUMENTS ON DISPLAY

24.1 DOCUMENTS ON DISPLAY

During the period of validity of this Reference Document, the following documents (or copy of these documents) may, where applicable, be consulted:

a) the memorandum and Articles of Association of the issuer;

b) all reports, correspondence and other documents, historic financial information, valuations and declarations established by an expert at the request of the issuer, certain of which are included or referred to in the Reference Document;

c) the historic financial information of the issuer or, in the case of a group, the historic financial information of the issuer and its subsidiaries for each of the two financial years preceding the publication of the Reference Document.

The documents above may be consulted at the registered office of the Company - Groupe Partouche SA, 141 bis rue de Saussure 75017 Paris, France.

24.2 PERSON RESPONSIBLE FOR THE INFORMATION

Alain Cens, Chief Financial Officer

Telephone: +33 (0)1.47.64.33.45

24.3 FINANCIAL COMMUNICATION CALENDAR

Results for the financial year ending 31 October 2017	>	Tuesday, 30 January 2018, in the evening
1st quarter financial information at 31 January 2018	>	Wednesday, 14 March 2018, in the evening
Turnover for the 2nd quarter ending 30 April 2018	>	Wednesday, 13 June 2018, in the evening
Results for the 1st half-year ending 30 April 2018	>	Wednesday, 27 June 2018, in the evening
3rd quarter financial information at 31 July 2018	>	Wednesday, 12 September 2018, in the evening
Turnover for the 4th quarter ending 31 October 2018	>	Wednesday, 12 December 2018, in the evening
Results for the financial year ending 31 October 2018	>	Wednesday, 30 January 2019, in the evening

25

INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

Please refer to the table listing the Company's subsidiaries and equity investments presented in Point 3 of the notes to the parent company financial statements in Section 20.2.2 above, and to Note 17 to the Group's consolidated financial statements for the financial year ended 31 October 2017, presented in Section 20.2.1 of this document.

26

CROSS-REFERENCE TABLE

In order to facilitate the reader's access to information in the annual report, for which the original French version has been registered as a Document de référence, the following cross-reference table presents the headings relating to the minimum disclosure requirements in this Reference Document.

1 MANAGEMENT REPORT OF THE BOARD OF DIRECTORS	9.2
1.1 Position of the company's activity during the financial year under review and where applicable of the subsidiaries and companies that it controls	6 and 9
1.2 Results of the activity for the company, its subsidiaries and the companies controlled by activity	9 and 20.2
1.3 Significant events that occurred between the balance sheet date and the date at which the report was prepared	20.2.1 (Note 16)
1.4 Difficulties encountered and outlook	9.1 and 12
1.5 Research and development activities	11
1.6 Analysis of the change in business, results and financial position	9
1.7 Key financial performance indicators	3
1.8 Key environmental and employee indicators	17
1.9 Description of the main risks and contingencies	4
1.10 Indications on the use of financial instruments and objectives and policy of the company with respect to the management of financial risks	4.1 and 10
1.11 Involvement of employees in the share capital	17.3
1.12 Total remuneration and benefits in kind paid and granted to each company officer	15.1
1.13 List of mandates and functions carried out at each company by each company officer	14.1
1.14 Employee and environmental impacts	17
1.15 Information on the policy for mitigating technology-related accident risks, capacity of the company to cover its civil liability, etc.	4.2
1.16 Amount of dividends distributed in the last three financial years	20.4
1.17 Information on share repurchase programmes	21.1.3
1.18 Transactions carried out by directors in their shares	14.2.2
1.19 Calculation variables and results of the adjustment of the conversion bases or exercise of securities conferring access to capital and share subscription or purchase options	17.2
1.20 Acquisition of investment stakes in companies having their registered office in the territory of the French Republic and representing more than 1/20, 1/10, 1/5, 1/3, 1/2 or 2/3 of the capital or voting rights of these companies and acquisition of a controlling interest in companies having their registered office in the territory of the French Republic	25

2 SUMMARY TABLE OF DELEGATION IN FORCE GRANTED TO THE BOARD OF DIRECTORS REGARDING CAPITAL INCREASES	**21.1.5**
3 MANAGEMENT REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED ENTITY	**9.1**
3.1 Analysis of changes in business	9.1
3.2 Position of the entity comprising the consolidated companies	9.1
3.3 Outlook	12
3.4 Significant events that occurred between the balance sheet date of the financial year and the date on which the report was prepared	20.2.1 (Note 16)
3.5 Research and development activities	11
3.6 Description of the main risks and contingencies	4
3.7 Indications on the use of financial instruments and objectives and policy of the Company with regard to financial risk management	4
4 NAME, USUAL FIRST NAME OF DIRECTORS OR SENIOR MANAGERS	**14.1**
5 TABLE OF RESULTS OF THE COMPANY IN THE LAST FIVE FINANCIAL YEARS	**20.2.2 (ANNEX 5)**
6 LIST OF INVESTMENT SECURITIES	**20.2.2 (ANNEX 3)**
7 INDIVIDUAL COMPANY FINANCIAL STATEMENTS	**20.2.2**
8 CONSOLIDATED FINANCIAL STATEMENTS	**20.2.1**
9 REPORT OF THE STATUTORY AUDITORS ON THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS	**20.3.1**
10 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS	**20.3.1**
11 SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS	**19**
12 SPECIAL REPORT OF THE CHAIRMAN ON INTERNAL CONTROL PROCEDURES	**16.5.1**
13 SPECIAL REPORT OF THE STATUTORY AUDITORS ON INTERNAL CONTROL PROCEDURES	**16.5.2**
14 ELEMENTS RELATING TO THE MANAGEMENT REPORT WITH REFERENCE TO ARTICLE L.225-100-3 OF THE FRENCH COMMERCIAL CODE	
14.1 Capital structure of the company	18.1
14.2 Restrictions in the Articles of Association relating to the exercise of voting rights and the transfer of shares or convention clauses brought to the attention of the company pursuant to Article L.233-11	18.2
14.3 Direct or indirect ownership of the share capital of the company of which it is aware, by virtue of Articles L.233-7 and L.233-12	18.1
14.4 List of owners of all securities comprising special control rights and description of the latter	18.1
14.5 Control mechanisms provided in any employee shareholder system	N/A
14.6 Agreements between shareholders of which the company is aware that may lead to restrictions in transferring shares	18.4
14.7 Rules applicable to the appointment and replacement of members of the Board of Directors and the Executive Board, and to the modification of the Articles of Association	21.2.2
14.8 Powers of the Board of Directors or the Executive Board with respect to the issue or purchase of shares	21.2.8
14.9 Agreements concluded by the company that are terminated in the event of a change of control of the company	N/A
14.10 Agreements providing for indemnities to be paid to the members of the Executive Board or employees	N/A
14.11 CSR report on labour, social and environmental information	17



The original French version of this document was submitted to the Autorité des Marchés Financiers on 22 February 2018 pursuant to Article 212-13 of the AMF's General Rules and Regulations.

The original French version of this document may be used for the purposes of public capital and financial operations if it is supplemented by a transaction note approved by the Autorité des Marchés Financiers.

The original French version of this document was prepared by the issuer, and its signatories are responsible for its content.

Artistic direction, design and layout: **Emmanuelle Morand (www.kromogen.eu)**

Photo of Isidore Partouche: **Marcel Partouche**

Casino photos: **Groupe Partouche**

GROUPE PARTOUCHE

141 bis rue de Saussure - 75017 Paris - France
Phone: +33 (0)1 47 64 33 45 - Fax : +33 (0)1 47 64 19 20

www.groupepartouche.com

Contact:
info-finance@partouche.com