Message from the Chairman of the Supervisory Board

Message from the Chairman of the Executive Board

2008 Financial Report

Message from the Chairman of the Supervisory Board

THE CASINO MARKET IN FRANCE is now a fully mature sector coming to grips with flagging growth.

Our prediction that an adjustment in our offerings would soon be inevitable has been confirmed.

The public authorities have finally begun to react along these lines by authorising the operation of Texas Hold'em Poker within casinos. Our company's Executive Board decided to immediately respond to this change by allocating the greatest possible resources to the development of this offering, which has been met with considerable success.

Nevertheless, the future of our service and hospitality industry, confronted with the increasing burden of our operating expenses and the exponential rise in cut-throat competition on the Internet, requires that French casinos, whose seriousness and expertise is now beyond question, be treated with greater leniency, while keeping in view the imperative of protecting gamers.

These avenues for development are well known and the authorities are finally beginning to explore them seriously. In a revitalised market, we feel certain that Groupe Partouche will continue to demonstrate, backed by the efforts of all of our personnel, an essential, unwavering commitment: satisfying and serving our clients and friends.

Isidore PARTOUCHE

Message from the Chairman of the Executive Board

Financial year 2007 was one of considerable change for the French gaming sector, primarily manifested by the introduction of customer identification checks at casino entrances and the combination of table games and slot machines within the same rooms. In the immediate aftermath of the entry into force on 1 November 2006 of required identification checks at all casinos, attendance at our establishments declined. This was clearly indicated in the interim financial statements for the first half of the year, which recorded a significant drop in the profitability of operations.

In order to address this issue, our efforts quickly turned to the partial renovation of our installed base of slot machines and the redefinition of gaming rooms, taking advantage of the newly authorised combination of different types of games within the same room to attract a new clientele for traditional games. This significant overhaul in our offerings was not in vain, and successfully put an end to the deterioration in our profitability of operations.

Always motivated by the desire to offer our customers the best of gaming, we were instrumental, in association with our oversight bodies, in defining the operating guidelines for a new game, eagerly awaited by many enthusiasts: Texas Hold'em Poker. Over the course of summer 2007, this game was gradually introduced across nearly all of our establishments, and it was with great satisfaction that we saw the ambiance of our gaming areas transformed with the arrival of new poker rooms!

Groupe Partouche intends to become the market leader for poker in France. Our recent success with the launch of the Partouche Poker Tour, a poker tournament organised within the Group and encompassing all of our regional operations, certainly reaffirms this credo, but even more so makes us impatient for the arrival of an updated regulatory framework for gaming in France, with poker as the bridge between brick-and-mortar and virtual casinos.

My interest in the development of offerings involving new technologies has been clear for some time now. I am more than ever convinced of the relevance of this strategic orientation. With its subsidiary Partouche Interactive, Groupe Partouche today benefits from an operational platform that is unique in Europe, allowing us to serenely contemplate this part of our future.

We will remain attentive to the anticipated regulatory change, but will also see to it that attractive gaming conditions are maintained within our casinos. We are succeeding in this area, as demonstrated by the results of our most recently opened casinos in St-Amand-les-Eaux and Le Havre.

Finally, we should not forget that further progress this past year with our debt reduction programme has resulted in an improved financial position.

The 2008 financial year will be the first to show the results of the entry into force, as of 1 January 2008, of the prohibition on smoking within casinos. I feel certain that this new major difficulty will be successfully assimilated by our operations and will not undermine the confidence I maintain at this time in a Group well placed to face the upcoming challenges of our sector.

It is this confidence that I wish to share with you, and I am very grateful for your support.

Patrick PARTOUCHE

Contents

1.	Persons Responsible	8
2.	Auditors	9
3.	Selected financial information	10
4.	Risk factors	11
5.	Information about the issuer	18
6.	Business overview	21
7.	Organisation chart	26
8.	Property, plant and equipment	34
9.	Operating and financial review	35
10.	Capital resources	42
11.	Research and development, patents and licenses	43
12.	Trend information	44
13.	Profit forecasts or estimates	45
14.	Administrative management, and supervisory bodies and senior management	46
15.	Remuneration and benefits	56
16.	Operation of directors' and executive bodies	58
17.	Employees	68
18.	Principal shareholders	71
19.	Related-party transactions	73
20.	Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	77
21.	Additional information	138
22.	Material contracts	149
23.	Third party information, and statement by experts and declarations of any interest	150
24.	Documents on display	151
25.	Information on investments	152
26.	Table of reconciliation	153

1. Persons Responsible

1.1. Person responsible for the Reference Document

Mr. Patrick PARTOUCHE, Chairman of the Executive Board.

1.2. Attestation of the person responsible for the Reference Document

“I attest that, having taken all reasonable care to ensure that such is the case, the information contained in this Reference Document is, to the best of my knowledge, in accordance with the facts and does not contain any omissions that may affect its interpretation.

I have obtained from the statutory auditors an end of mission letter, certifying that they have verified the information relating to the financial position and the data presented in this reference document and that they have read the document as a whole”

Groupe Partouche’s consolidated financial statements for the year ended October 31, 2007 were examined by the statutory auditors, who issued the report included on page 134 of the reference document, which contains an observation.”

Patrick PARTOUCHE
Chairman of the Executive Board

2. Auditors

2.1. Statutory auditors

Identity of the statutory auditors	Date of last renewal	Date of first appointment	End of term
PRINCIPAL			
FIDUCIAIRE MCR (*) 232 Av. du Prado 13008 MARSEILLE		AGM 24 April 2007	AGM called to approve the financial statements for the year ending 31 October 2009
PRINCIPAL			
Mr. José DAVID 47, Av. du Pt F. Roosevelt 92330 SCEAUX	AGM 23 April 2004	AGM 4 February 1995	AGM called to approve the financial statements for the year ending 31 October 2009
SECONDARY			
ORFIS Le Palais d'Hiver 149 bd de Stalingrad 69100 VILLEURBANNE		AGM 24 April 2007	AGM called to approve the financial statements for the year ending 31 October 2009
SECONDARY			
Mr. Emmanuel QUINIOU 62, rue de la Faisanderie 75116 PARIS	AGM 23 April 2004	AGM 8 March 1996	AGM called to approve the financial statements for the year ending 31 October 2009

(*) Following the resignation of BDO Gendrot, the Group's principal auditor, at the conclusion of the general meeting of 24 April 2007 convened to approve the financial statements for the year ended October 31, 2006, the firm of Fiduciaire MCR, who had served as secondary auditors, were appointed as principal auditors.

3. Selected financial information

The tables below present extracts of the Group's balance sheet and income statement for the financial years ended 31 October 2006 and 2007, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

INCOME STATEMENT **€000 at 31 October (except data per share)**	**2007**	**2006**
Turnover	510 898	511 675
Current operating profit	75 825	78 280
Operating profit	**65 063**	**81 189**
Total net profit	23 789	36 071
Of which, Group share	**14 259**	**28 670**
Net earnings per share attributable to the Group	0,33086	0,66528
Dividend distributed per share	-	-

ASSETS **€000 at 31 October**	**2007**	**2006**
NON-CURRENT ASSETS	**850 806**	**877 172**
CURRENT ASSETS	**199 604**	**173 261**
Available for sale assets	572	12 799
TOTAL ASSETS	**1 050 982**	**1 063 232**

LIABILITIES AND EQUITY **€000 at 31 October**	**2007**	**2006**
Equity attributable to the Group	303 310	271 216
Minority interests	30 459	32 336
TOTAL EQUITY	**333 768**	**303 552**
TOTAL NON-CURRENT LIABILITIES	**498 872**	**563 880**
TOTAL CURRENT LIABILITIES	**218 341**	**193 963**
Held for sale liabilities	-	1 837
TOTAL LIABILITIES AND EQUITY	**1 050 982**	**1 063 232**

4. Risk factors

4.1. Main risks

4.1.1 Liquidity risk

Groupe Partouche SA has a large amount of cash, which is enhanced by its structurally negative working capital requirements.

The level of debt at the balance sheet date is compatible with the group's EBITDA and its level of equity. The syndicated loan which was renegotiated at the time of the acquisition of Groupe de Divonne takes into account in its reimbursement profile the forecast operating and investment cash flows relating to future accounting periods. The principal trigger for mandatory early repayment is non-compliance with the financial covenants referred to in Note 17 of the notes to the consolidated financial statements (Chapter 20.2.1).

DEBT:

LIABILITIES €000 at 31 October 2007	Total	- 1 YEAR		1 to 5 YEARS		+ 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Syndicated loan	348 360		39 652		308 708		
Other bank borrowings	14 076	988	2 658	206	8 063		2 161
Total	**362 436**	**988**	**42 310**	**206**	**316 771**		**2 161**

ASSETS €000 at 31 October 2007	Total	- 1 YEAR		1 to 5 YEARS		+ 5 YEARS	
		Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
INVESTMENTS	**28 775**		**28 775**				
NET POSITION BEFORE HEDGING	**333 661**	**988**	**13 535**	**206**	**316 771**		**2 161**
INTEREST RATE HEDGING		196 500	(196 500)	100 000	(100 000)		
NET POSITION AFTER HEDGING	**333 661**	**197 488**	**(182 965)**	**100 206**	**216 771**		**2 161**

PRINCIPAL CHARACTERISTICS OF THE SYNDICATED LOAN:

- Original loan amount: €431,000,000
- Principal outstanding at the year-end: €348,360,000
- Remaining term: 5 years
- Rate: Variable rate based on 3-month Euribor, with a decreasing banking margin in proportion to an improved ratio of Consolidated financial debt net of cash / Consolidated operating profit plus depreciation, amortisation and operating provisions, less reversals of depreciation, amortisation and operating provisions.
- Guarantees: Pledging of the shares of the principal subsidiaries of the Group,
- The syndicated loan also includes certain financial ratios that evolve over time, based on the Group's consolidated data, non-compliance with which would constitute a mandatory early repayment event:
    - The ratio of Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals / Finance costs must be greater or equal to 5 at 31/10/2008.
    - The ratio of Available cash flow after tax and exceptional items before debt servicing costs / Debt servicing costs must be greater or equal to 1 at 31/10/2008.
    - The ratio of Financial debt net of cash / Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals must be less than 2.5 at 31/10/2008.
    - Investments net of assignments limited to 37 000 000 euros.

4.1.2 Interest rate risk

The Company had the following exposure to interest rate risk (excluding in respect of cash balances):

The total amount of short and medium term bank borrowings excluding bank overdrafts comes to €362.4m. The portion on which interest is charged at a variable rate is €361.2m.

After hedging, the amount of borrowings exposed to fluctuations in variable interest rates was €36.0m, or 9.92% of total bank debt.

This position is consistent with the assigned objectives. On the date of the accounting close, the interest rate hedges were active.

A 1% increase in the interest rate applied to the portion falling due in less than one year of the total amount exposed to potential fluctuations in the variable interest rate, namely €36.0m, would have an effect on consolidated financial items of €360,000.

All of the interest rate hedging instruments set in place to hedge interest rate risks correspond to risks identified by the Group and are not made for any speculative purpose.

Exposure to interest rate risk is periodically assessed by the Group's management, with the assistance of the Treasurer, among others. The finance department implements the favoured solutions.

4.1.3 Exchange risk

In order to measure the Group's exposure to exchange rate risk, we should point out that Groupe Partouche's activities outside France are performed by subsidiaries which operate in the country in which they are located; the consolidated financial statements thus include 21 companies outside France, ten of which are located in the euro zone. Some foreign exchange risk exposure remains, however, given the Group's operations in the US, Tunisia, Switzerland, England and Egypt. The total of these activities represents around 7% of total consolidated turnover.

Turnover generated outside France is not hedged.

Given the Group's low exposure to foreign exchange risk, no specific procedures are applied to monitor such risks.

The Group's presence abroad leads to a revenue exposure to foreign exchange risks affecting the following principal countries: United Kingdom, Switzerland, United States and Tunisia. The foreign exchange risk related to transactions carried out by subsidiaries is limited since income and expenses are committed in local currency.

The table below presents the local currency positions of receivables and payables denominated in foreign currency at 31 October 2007:

Currency by country	K GBP United Kingdom	K CHF Switzerland	K USD USA	K TND Tunisia
ASSETS	42	6 489,6	23,1	779,5
LIABILITIES	49	31 071,1	(44,3)	591,7
Net provision before hedging	**(7)**	**(24 581,5)**	**67,4**	**187,8**
Hedging position		-	-	-
Net provision after hedging	**(7)**	**(24 581,5)**	**67,4**	**187,8**

4.1.4 Equity risk

The Group's treasury department does not invest in quoted shares and only conducts transactions in highly liquid money market products.

GROUPE PARTOUCHE SA shares:

The amount of treasury shares recognised in the Company's balance sheet at an amount of €169k breaks down into: self-owned GROUPE PARTOUCHE SA shares totalling €168,767. In the presentation of the balance sheet under IFRS, these shares reduce the Group's equity.

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

Number of shares	Accounting value	Market value (price at 31.10.07)	Potential capital gain (price at 31.10.07)
19 166	168 767 €	279 824 €	111 057 €

A 10% drop in the share price of GROUPE PARTOUCHE would not have an impact on the consolidated financial statements.

Given that the investment policy for cash excludes any support for self-held shares, no specific measures are used to monitor this risk.

4.1.5 Transaction risk

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

4.1.6 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 equity. Given the long-term nature of these investments, GROUPE PARTOUCHE does not hedge this exposure.

4.1.7 Pledges

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

For all of the listed subsidiaries:

- **Beneficiary:** the banking pool led by Natexis Banques Populaires comprises the following banks: BRED Banque Populaire, Commerzbank AG – Paris branch, IKB, Lloyds TSB Bank plc, CIC Lyonnaise de Banque, Natexis Banques Populaires, Scotiabank Europe plc, WestLB AG, Bank of Scotland, HSBC, Crédit Agricole Nord de France, Crédit Agricole Normandie Seine, Bank of Ireland, Crédit du Nord, BCME, Banque Populaire des Alpes and Banque Populaire Loire et Lyonnais.
- **Condition for the removal of the pledge:** repayment of the loan.
- **Commencement date of the pledge:** 30 September 2005 and termination date of the pledge: 30 September 2012.

Subsidiary	Number of shares pledged	% of subsidiary's capital pledged
COMPAGNIE EUROPEENNE DE CASINOS SAS	4 962 577	100,00 %
FORGES THERMAL SA	7 000	58,33 %
SOCIETE DU CASINO DE SAINT AMAND SAS	116 250	100,00 %
HÔTEL INTERNATIONAL DE LYON SA	18 500	92,50 %
SATHEL SA	20 080	99,60 %
GROUPE DE DIVONNE SA	2 659 969	99,99 %

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

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

In addition, Financière Partouche pledged to the benefit of this banking pool 62.3% of the capital of Groupe Partouche, which following the merger with Sogesic no longer represents all of the shares that is holds in the share capital of Groupe Partouche, since it owns 28,840,000, or 66.918% of the share capital.

Name of registered shareholder	Beneficiary	Commencement date of the pledge	Termination date of the pledge	Condition for removal of pledge	Number of issuer's shares pledged	% of issuer's capital pledged
FINANCIÈRE PARTOUCHE SA	Banking pool led by Natexis [1]	30 sept 2005	31 sept 2012	Repayment of the loan	26 848 500	62,30 %

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

4.1.8 Legal risk

To the best of the company's knowledge, there are no governmental, legal or arbitration proceedings, including any proceedings that might be suspended or threatened, which may have or which have had a material impact on the company's or the Group's financial position or profitability during the past 12 months.

4.1.9 Environmental information

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

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

WATER, RAW MATERIALS, AND ENERGY RESOURCES; USE OF LAND; AIRBORNE WASTE; WATER AND LAND; NOISE, OLFACTORY AND WASTE POLLUTION:

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

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

MEASURES TAKEN TO LIMIT IMPACTS ON THE BIOLOGICAL ECOSYSTEM, NATURAL HABITATS AND PROTECTED SPECIES OF ANIMALS AND VEGETATION:

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

ENVIRONMENTAL ASSESSMENT AND ACCREDITATION PROCEDURES TAKEN WITH RESPECT TO THE ENVIRONMENT:

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

MEASURES TAKEN, WHERE APPLICABLE, TO ENSURE THAT THE COMPANY'S ACTIVITY COMPLIES WITH APPLICABLE LEGAL AND REGULATORY PROVISIONS IN THIS RESPECT:

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

EXPENSES INCURRED TO MITIGATE THE CONSEQUENCES OF THE COMPANY'S ACTIVITY ON THE ENVIRONMENT:

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

EXISTENCE WITHIN THE COMPANY OF INTERNAL ENVIRONMENTAL MANAGEMENT, EMPLOYEE TRAINING AND INFORMATION DEPARTMENTS, RESOURCES SET ASIDE TO MITIGATE ENVIRONMENTAL RISKS AND THE ORGANISATION SET UP TO DEAL WITH POLLUTION ACCIDENTS WITH CONSEQUENCES BEYOND THE GROUP'S OWN ESTABLISHMENTS:

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

AMOUNT OF PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS, EXCEPT WHERE THIS INFORMATION MAY LEAD TO A SERIOUS PREJUDICE FOR THE COMPANY IN A CURRENT LAWSUIT:

None of Groupe Partouche's current or formerly-owned establishments had to make provisions or guarantees for environmental risks during 2007.

AMOUNT OF DAMAGES PAID DURING THE FINANCIAL YEAR PURSUANT TO A LEGAL DECISION RELATING TO THE ENVIRONMENT AND ACTIONS CARRIED OUT TO REPAIR DAMAGE TO THE ENVIRONMENT:

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

INFORMATION RELATING TO THE OBJECTIVES WHICH THE COMPANY ASSIGNS TO ITS FOREIGN SUBSIDIARIES WITH RESPECT TO POINTS ABOVE:

Information relating to the environmental objectives which Groupe Partouche assigns to its foreign subsidiaries on the points above has been circulated in Belgium, Switzerland, Spain and Tunisia.

4.2 Risk management

The Group's comprehensive approach to its insurance coverage is based on the contractual principle of "all risks subject to exclusions", which provides protection against all risks other than specific named perils and applies to all risks associated with casino operations and related activities.

The Group therefore obtains and maintains multi-line casino and hotel policies including coverage for business interruption, business liability, directors' and officers' liability, vehicle fleet, works of art, etc.

The Group does not have any self-insurance system and does not use any captive insurer.

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

Synopsis of risks insured from 1 November 2006 to 31 October 2007.

CASINOS	**Coverage**	**Guarantees**	**Premiums**
(including claims management expenses)			
Casino multi-risk	Damage to assets and operating losses	Limit of liability €65m	1 077 208 €
Civil liability			110 171 €
Civil liability – operations:			
	Physical, material and non-material damages	€15m per year and €8m per claim	
	Goods consigned to the hotel	€250 000 per year	
	Valet parking guarantee	€100 000 per year	
	Non consecutive non-material damages	€160 000 per claim	
	Pollution due to accident	€350,000 per claim and per year	
Civil liability - after delivery:			
	Physical, material and non-material		
	damages (consecutive or non-consecutive)	€3m per claim and per year	
Executive's civil liability		€8m per claim and per year	14 186 €
All risks' exposure			2 699 €
Art			14 979 €
Vehicles		All risks	
	Vehicle fleet		47 305 €
	Staff missions		3 163 €

HOTELS	**Coverage**	**Guarantees**	**Premiums (including claims management expenses)**
Hotel multi-risk	Damage to assets and operating losses	Limit of liability from €6m to €39m	123 920 €
Hotel civil liability	Included in the Group's civil liability policy		

5. Information about the issuer

5.1. History and development of the company

5.1.1 Company name

The name of the company is Groupe Partouche – Ticker “G.P.”

5.1.2 Commercial register

The company is registered in the Paris register of commerce and companies under number 588 801 464. Its APE code is 741 J.

5.1.3 Date of incorporation and length of life of the company

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

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

5.1.4 Head office, financial year, legal form and applicable legislation

The head office is located at 141 bis, rue de Saussure, 75017 Paris, France. Its telephone number is +33 (0)1 47 64 33 45 and its fax number is +33 (0)1 47 64 19 20.

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

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

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

5.1.5 Significant events in the development of the company’s business

Following the introduction of identification checks for all individuals entering casino gaming rooms, which became mandatory on 1 November 2006, thus allowing for improved control of problem gamblers under exclusion orders and minors, a change in the regulatory framework for gaming entered into effect, permitting the casino sector to modernise its offerings.

In particular, this has involved the authorisation to combine table games with slot machines in the same room. A number of new measures were introduced during the period, such as the use of bill acceptors in slot machines, cashless systems, ticket in/ticket out devices, multi-site jackpots, advertising of current jackpots and the operation of Texas Hold’em poker.

The period of eleven months that had been granted to casino operators by the decree prohibiting smoking in public places as from 1 February 2007, in order to allow them to “adjust to the economic impact” of this new measure, has expired.

Since 1 January 2008, all Partouche casinos have declared themselves as non-smoking establishments and we are optimistic in relation to the negative impact on attendance at our casinos that this prohibition, which now affects all public places in France, might have had.

Lastly, our customers may now play Texas Hold'em poker in all the Group's casinos.

This variant of poker enjoys increasing popularity, especially among young people, and has drawn a new breed of customers to our establishments, a clientele that we must seek to develop and retain.

We have decided to organise poker tournaments on a regular basis, and in particular a national tournament in which all of our casinos will participate, the PARTOUCHE POKER TOUR, which opened for the first time in November 2007 and will close with a grand finale to be held at the CASINO PALM BEACH in CANNES in September 2008.

5.2. Investments

5.2.1 Investment policy

The Group's investment policy over the past several financial years has been aimed at reconciling, on the one hand, an ongoing offering of competitive products, and on the other hand, seeking opportunities for external growth. To meet this first objective, the Group maintains its volume of investments aimed at maintaining and renewing its assets at a level of some €45m.

This control of the gross volume of investments, combined with one-off disposals of non-strategic assets, means that the Group can regularly pay down its debt, allowing it to take on major external growth activities, such as the acquisitions of Compagnie Européenne de Casinos (2002) and Groupe de Divonne (2005), and to acquire stakes in companies with a development potential deemed to be strategic.

5.2.2 Investments in financial year 2007

Cash flows from investing activities in 2007 represented a very limited net use of cash amounting to €2.9 million, compared to €41.6 million in 2006.

Cash flows related to acquisitions of property, plant and equipment declined slightly, from €41.4 million in 2006 to €41.0 million in 2007, with investments distributed across the entire Group. The largest expenditures concerned the casinos of Forges (€4.5 million), Cabourg (€4.5 million) and Salies de Béarn (€3.3 million). Cash flows related to the acquisition of interests in companies amounted to €8.4 million, compared to €8.6 million in 2006, and concerned in particular the buyout of minority interests of the companies Belcasinos (€3.3 million) and HIL (€3.1 million). Disposals of companies represented a cash flow of €9.6 million, compared to €1.8 million in 2006, and chiefly involved the sale of the St-Julien casino and the decrease in the receivable for La tête dans les nuages. In addition, the Group disposed of the shares it held in SFCMC for €36.0 million. The particularly large cash flow resulting from this disposal explains the relatively low net use of cash for investing activities in the financial year.

5.2.3 Investments and financing

In 2007, GROUPE PARTOUCHE financed its own capital expenditure programme, facilitated by the significant cash flow resulting from disposals carried out during the financial year.

5.2.4 Forecast expenditures

The main individual future projects, as related in particular to the 2008 financial year, are as follows:

- **La Ciotat:** construction of a Pasino and hotel (forecast expenditure for the year: €5 million)
- **La Grande Motte:** construction of a Pasino (forecast expenditure for the year: €5 million)
- **Bandol:** renovation of the casino and construction of a hotel (forecast expenditure for the year: €5 million)

5.2.5 Significant future investments planned by the company for which management has already given commitments

Significant investments undertaken by the group relate to casinos and are primarily attributable to the construction of a Pasino in La Ciotat (€16m) and a new Pasino in La Grande Motte (€15m).

6. Business overview

6.1. Principal activities

6.1.1 Casinos

The casino business represents the Group's main business activity.

FRANCE AUTHORISES THE FOLLOWING GAMES:

Table games:
Boule, French roulette, English and American roulette.

Casino Stud Poker, Blackjack, Baccarat – Chemin de Fer, Trente et Quarante, Texas Hold'em Poker and Casino Hold'em Poker (cards).

Craps (dice).

Automatic games:
Slot machines are legally defined as automatic machines incorporating games of chance and comprise "roll machines" and "video games".

The Group has a substantial number of slot machines, with 5,716 slots authorised at 31 October 2007.

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

6.1.2 Regulatory framework

According to French Law, gaming activity is prohibited and can result in prosecution under the terms set out in Article 410 of the Penal Code. The Law of 15 June 1907 created an exception to this prohibition, allowing casinos to be opened in seaside and health resorts and thermal spas. Law 88-13 of 5 January 1988 extended this authorisation to include conurbations with a population of more than 500,000 that offer specific tourist and cultural activities.

Licences to open casinos are granted by the Ministry of the Interior with due notice from the local council of the area in which the activity is to be carried out, following an investigation and on the basis of a list of specifications drawn up by the municipality. The latter then issues a business concession to the enterprise after verifying that the conditions of the tender procedure defined by Law 93-122 of 29 January 1993 (the Sapin Act) have been met.

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

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

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

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

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

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

6.1.3 Tax levies

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

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

GROSS GAMING REVENUE

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

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

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

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

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

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

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

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

6.1.4 Casino operations

GROUPE PARTOUCHE, via its directly or indirectly owned subsidiaries, operated 54 casinos at 31 December 2007; 47 of these establishments are located in France and seven in other countries.

The Group generated 74.3% of its turnover from gaming, which remains the dominant business sector. GROUPE PARTOUCHE's 54 casinos are spread throughout France and abroad as follows:

France Regions	Commune in which the casino is located
NORD/PAS-DE-CALAIS	ST-AMAND-LES-EAUX, CALAIS, BOULOGNE-SUR-MER, LE TOUQUET PARIS PLAGE, BERCK-SUR-MER
HAUTE-NORMANDIE	FORGES-LES-EAUX, DIEPPE, LE HAVRE
BASSE-NORMANDIE	CABOURG, AGON-COUTAINVILLE
BRETAGNE	PLENEUF-VAL ANDRÉ, PLOUESCAT, LA TRINITÉ-SUR-MER
PAYS DE LA LOIRE	PORNICHET, PORNIC
POITOU-CHARENTES	LA ROCHE POSAY
BOURGOGNE	ST-HONORÉ-LES-BAINS
LORRAINE	CONTREXÉVILLE, PLOMBIÈRES-LES-BAINS
RHÔNE-ALPES	LYON, LA TOUR DE SALVAGNY, ST-GALMIER, DIVONNE-LES-BAINS, ANNEMASSE, HAUTEVILLE-LOMPNES
AUVERGNE	ÉVAUX-LES-BAINS, VICHY (LES 4 CHEMINS ET GRAND CAFÉ), ROYAT, ST-NECTAIRE
AQUITAINE	ANDERNOS, ARCACHON, SALIES-DE-BÉARN, LA TREMBLADE
LANGUEDOC-ROUSSILLON	PALAVAS-LES-FLOTS, LA GRANDE-MOTTE, PORT-BARCARÈS
PROVENCE-ALPES-CÔTE D'AZUR	GRÉOUX-LES-BAINS, AIX-EN-PROVENCE, LA CIOTAT, BANDOL, HYÈRES, JUAN-LES-PINS, BEAU-GRASSE, CANNES, LIEU-SUR-MER, NICE

Countries outside France	Commune in which the casino is located
BELGIUM	KNOKKE LE ZOUTE, OOSTENDE, CHAUDFONTAINE
TUNISIA	DJERBA
SPAIN	SAN ROQUE
SWITZERLAND	MEYRIN, CRANS-MONTANA

6.1.5 Casino operating concessions

A casino operating concession never exceeds 20 years in France. At 31 October 2007, GROUPE PARTOUCHE had 47 casinos in France with a concession contract and a ministerial authorisation for gaming operations.

No new requests for ministerial authorisation have been filed for the creation of casinos.

6.1.6 New businesses

In April 2006, GROUPE PARTOUCHE created PARTOUCHE INTERACTIVE, a subsidiary specialising in the development of gaming on new technology platforms such as interactive television, mobile telephones and the Internet.

These businesses are likely to have their legal framework specified during the current financial year.

6.2. Principal markets

• Description of the competitive environment

In financial year 2006/2007, the French casino sector generated total Gross Gaming Revenue (GGR) of €2,788.2m, rising 3.07% year-on-year. Slot machines accounted for 93.4% of total GGR, up by 2.6%. Table games increased 9.9% compared to the prior financial year, an increase explained in part by the new authorisation for the combining of slot machines and table games in the same room and the arrival of Texas Hold'em poker.

Levies represent in total 58% of GGR for financial year 2006/2007.

The casino sector in France has shown a relatively recent move towards concentration. Of the 194 licensed casinos in France (one more than the previous year), more than two-thirds are operated by groups. The main groups are as follows:

Names of groups in France	Number of casinos operated	2007 real Gross Gaming Revenue (€m)
GROUPE PARTOUCHE SA	47	786,9
GROUPE BARRIERE SAS	30	780,4
GROUPE TRANCHANT	16	242,1
GROUPE MOLIFLOR LOISIRS	20	239,8
GROUPE COGIT	8	80,9
SMCFC	2	70,4
GROUPE ÉMERAUDE	8	64,8

Source: Syndicat des Casinos Modernes de France (figures at 31/10/07).

• Description of main clients

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

The clientele over 50 and retirees now constitutes the main segment.

• Suppliers

The casino business is very heavily regulated.

All suppliers of gaming equipment and fittings are subject to an approval by the Minister of the Interior, ensuring that the draconian standards of compliance are met.

This applies, inter alia, to suppliers of slot machines (such as Bally France and Ludi), roulette cylinders, table game chips (GPI) and slot machine tokens (La Monnaie de Paris, etc.).

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

None

6.4. Issuer's degree of dependency

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

6.5. Sources providing the basis for statements concerning the company's competitive position

Information on the company's competitive position is provided by the Syndicat des Casinos Modernes de France – 143, rue de Saussure – F-75017 Paris, France.

7. Organisational structure

7.1. Relationship between the parent company and subsidiaries

The group's real estate assets are apportioned between a large number of sites; the main real estate properties relate to the Juan-les-Pins, La Tour de Salvagny, Forges-les-Eaux and Divonne-les-Bains sites. The bulk (over 90%) of the group's bank and financial debt is borne by the parent company, GROUPE PARTOUCHE SA.

The assets of GROUPE PARTOUCHE SA, the group's holding company which does not have an economic activity of its own, are heavily weighted towards fixed assets, with €613.9m of investments at carrying value, essentially in the group's consolidated subsidiaries. The second significant mass of assets comprises in an amount net of provisions of €270.2m, essentially relating to the Group's subsidiaries.

GROUPE PARTOUCHE SA's liabilities are primarily split between €373.6m, a current account of the majority shareholder Financière Partouche for €100m and bank debt for €353.8m.

7.2. Internal organisation of the Group

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

GROUPE PARTOUCHE, which does not directly operate the establishments of the Group, uniquely fulfils a management role, ensuring that its consolidated companies benefit from its knowledge and skills, particularly in terms of human and technical resources. To this end, it provides its subsidiaries with a package of services defined under a head office services agreement. These services cover the areas of strategic planning, marketing, communication, business development, administration, legal affairs, finance and 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 2007, the total amount received under head office services agreements was €13,969k excluding VAT.

Furthermore, GROUPE PARTOUCHE maintains a parent-subsidiary relationship with each of the consolidated companies, for which the main related elements for the year ended 31 October 2007 are centralised short-term cash management and the administration of a French tax consolidation structure.

7.3. Background of GROUPE PARTOUCHE

1973

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

The popularity of the casino was restored thanks to a family-orientated marketing strategy.

1976

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

1982

Creation of the Calais casino.

1986

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

1988

Acquisition of the Dieppe Casino.

1989

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

1991

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

1992

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

1994

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

1995

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

1996

GROUPE PARTOUCHE purchased Générale des Eaux's minority stake in Société Fermière du Casino Municipal de Cannes, listed on the spot market of the Paris Stock Exchange. This company operates the Croisette casino and controls the Hotel Majestic and the Gray d'Albion in Cannes.

Opening of the Group's first casino in Agadir (Morocco) in association with Club Méditerranée.

1997

Acquisition of a 4-star Hotel which was renamed the Meridien-Garden Beach. This transaction brought together the hotel and the Juan-les-Pins casino properties.

The town of Cabourg selected GROUPE PARTOUCHE to reopen its Grand Casino and the Group purchased the Beaulieu-sur-Mer casino.

1998

Celebration of the Group's 25th anniversary in April 1998 and opening of the Djerba Pasino, an innovative concept: an entertainment centre and casino combined.

In June 1998, acquisition of the Carlton Casino Club in Cannes from UK-based London Clubs International.

On 2 November 1998, GROUPE PARTOUCHE purchased Vivendi’s 99% stake in Cannes Balnéaire, the company which owns the Cannes Palm Beach, with a view to re-opening the establishment, considered to be the most prestigious casino in France.

On the same date, GROUPE PARTOUCHE SA was transferred to the monthly settlement segment of the Paris Stock Exchange Premier Marché.

1999

On 1 July, the Hilton hotel in Lyon’s Cité Internationale complex was opened: the future home of a new casino. Abroad, the San Roque Grand Casino in Andalucia was inaugurated and the Hilton Bucharest’s casino was created and inaugurated by GROUPE PARTOUCHE.

In October, acquisition of a majority stake in Société Française de Casinos, which operates four casinos, three of which are located in Auvergne and one on the Narbonne Coast (Gruissan, Châtelguyon, Le-Mont-Dore, La Bourboule).

2000

In February, acquisition of the Lydia Port-Barcarès, a sea-resort near Perpignan. April saw the opening of the first casino in a major French city by the Mayor of Lyon, Mr. Raymond BARRE.

In Aix-en-Provence, Groupe Partouche created the Aquabella Hotel and went on to acquire the town’s spa.

2001

In July, the Aix-en-Provence Pasino opened – a hugely successful new breed of casinos.

At the end of the financial year, GROUPE PARTOUCHE acquired the Savoy (which has been rebranded “3.14”), a 4-star hotel in Cannes with 106 rooms: an ideal complement to the Carlton casino and the Palm Beach. In November, the Bucharest casino was sold and the Contrexéville casino, hotels and thermal spa business unit was acquired, together with the Vittel thermal spa.

2002

Thanks to its successful Public Cash Offer for Compagnie Européenne de Casinos, between January and April 2002, GROUPE PARTOUCHE acquired 22 additional casinos, including 18 in France and four abroad.

In August, the Casino Palm Beach was opened in Cannes.

In December, the casinos based at La Bourboule, Le Mont-Dore and Alvignac were sold.

2003

In July, GROUPE PARTOUCHE’s first Swiss casino was launched in Meyrin, overlooking Geneva’s international airport.

In September, the casino in Spa (Belgium) was sold.

On 28 December 2003, Saint-Amand-les-Eaux casino changed location and was transformed into a Pasino, 30 years after its acquisition.

2004

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

2005

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

2006

In February 2006, authorisation was granted for the opening of a casino in La Tremblade.
In April 2006, GROUPE PARTOUCHE sold its interests in Société Française de Casinos SA, a group comprising four casinos located in Gruissan, Châtelguyon and Port-la-Nouvelle in France and Agadir in Morocco.
On 27 April 2006, GROUPE PARTOUCHE launched its newest subsidiary, PARTOUCHE INTERACTIVE, specialising in the development of gaming on new technology platforms such as interactive television, mobile telephones and the Internet.
In June, the Le Havre Pasino opened its doors, offering its patrons a mixed-game format, with table games and slot machines in the same space.
In August, the Aix-en-Provence Pasino commenced a test run for Texas Hold’em poker, which has already proved to be a great success.
In November, PARTOUCHE INTERACTIVE LTD obtained a licence from the local government of Gibraltar for online gaming operations.

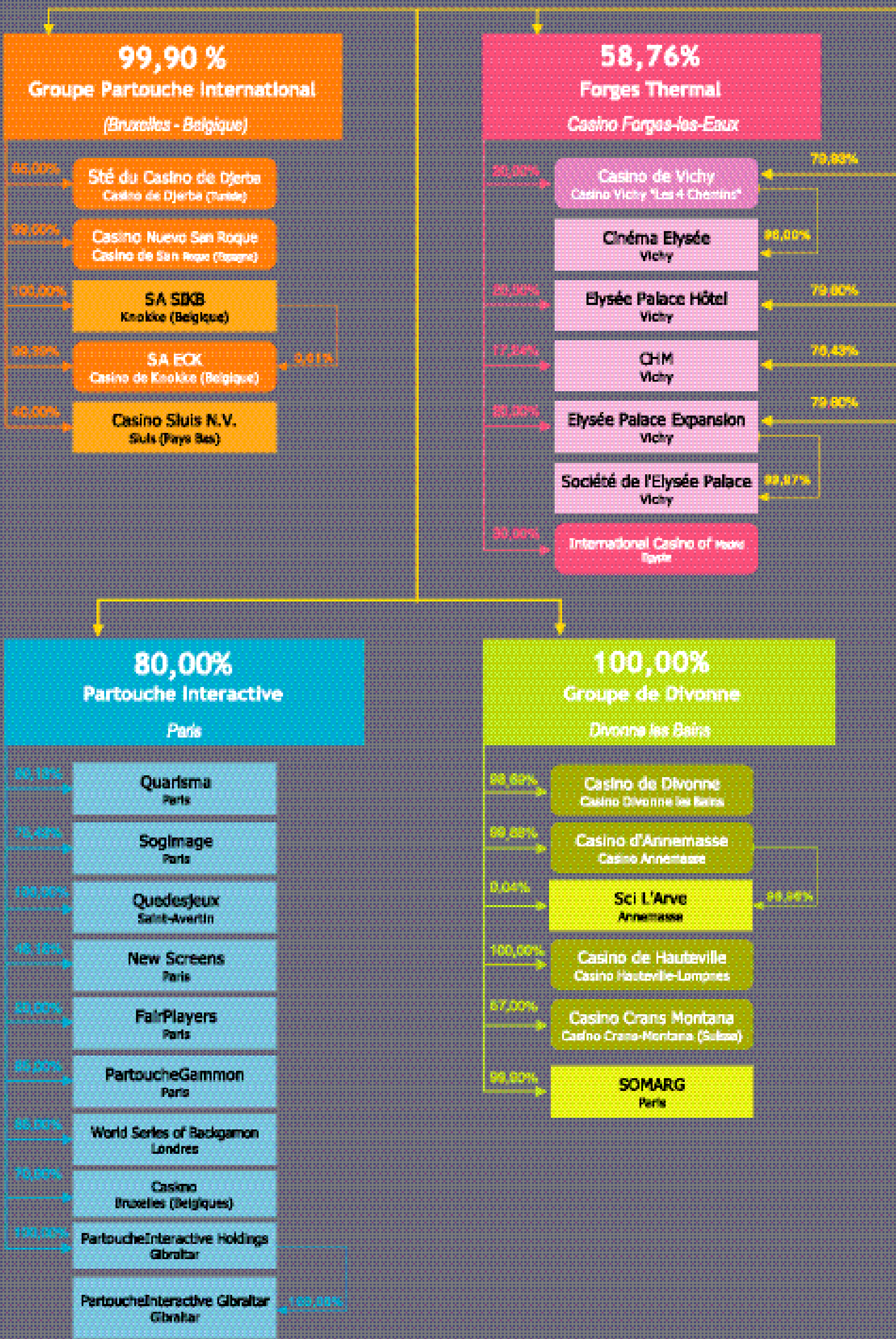
2007

Entry into force of the new gaming regulations, including in particular the authorisation to combine slot machines and table games within the same room and the removal of the stamp duty on entrance cards providing access to traditional gaming rooms.
In November, customer identification checks become mandatory for French casinos.
In March, the Saint-Julien-en-Genevois casino was sold.
In July, the La Tremblade casino opened its doors with the authorisation to install 50 slot machines.
Following a test phase in the Aix-en-Provence and Divonne-les-Bains casinos, Texas Hold’em poker is gradually introduced at all the Group’s casinos over the course of the summer.

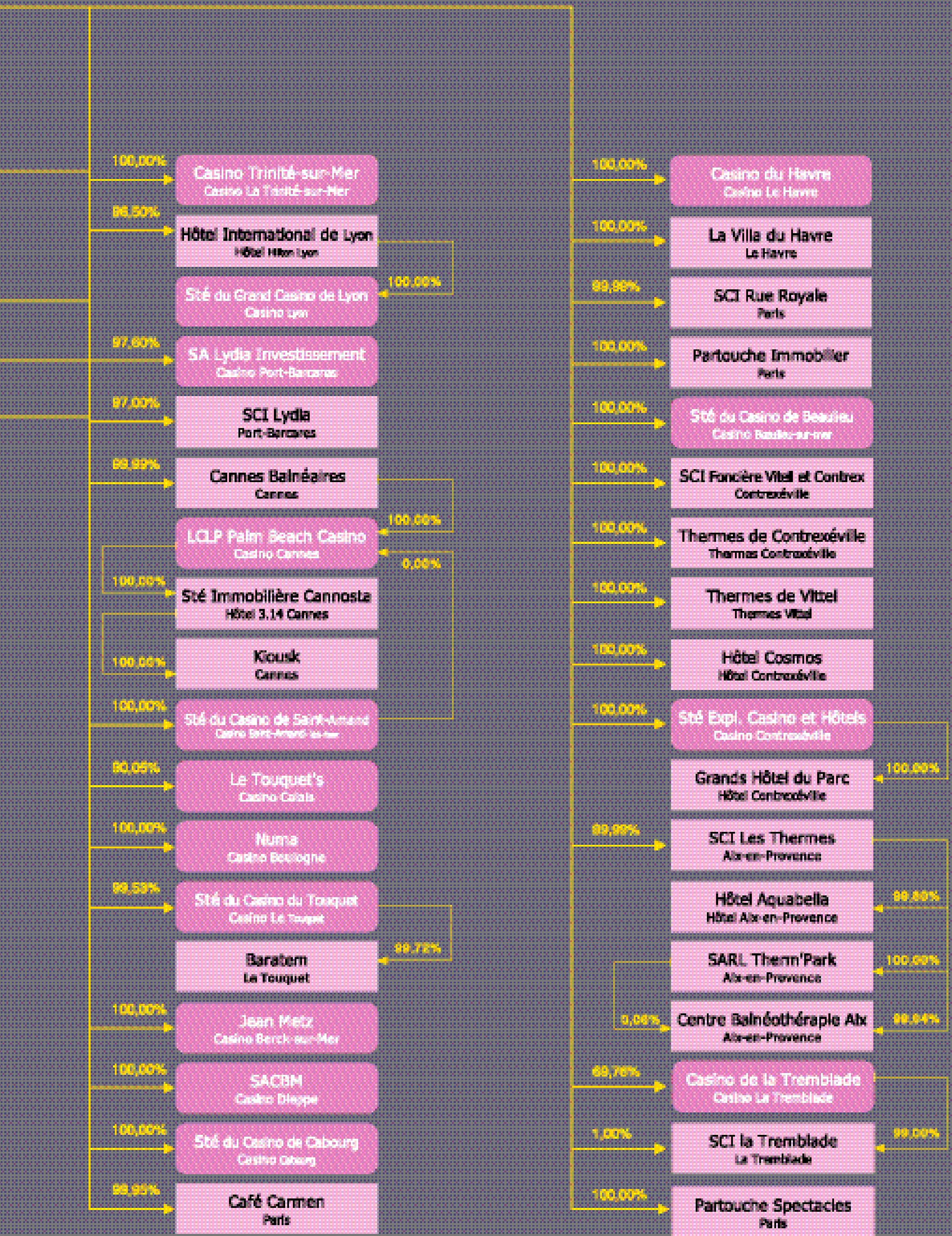
7.4. The Group

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

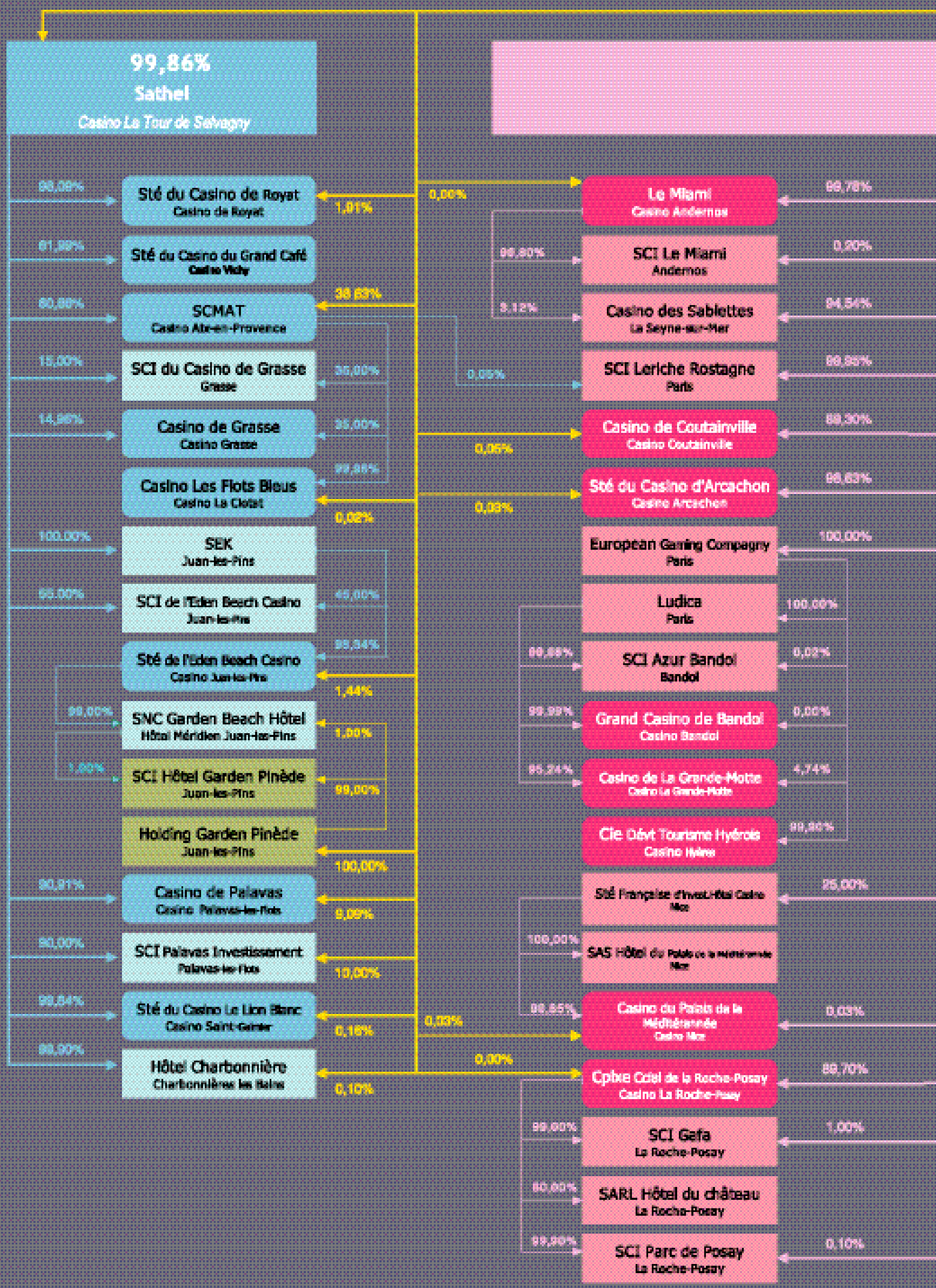
GROUPE PARTOUCHE



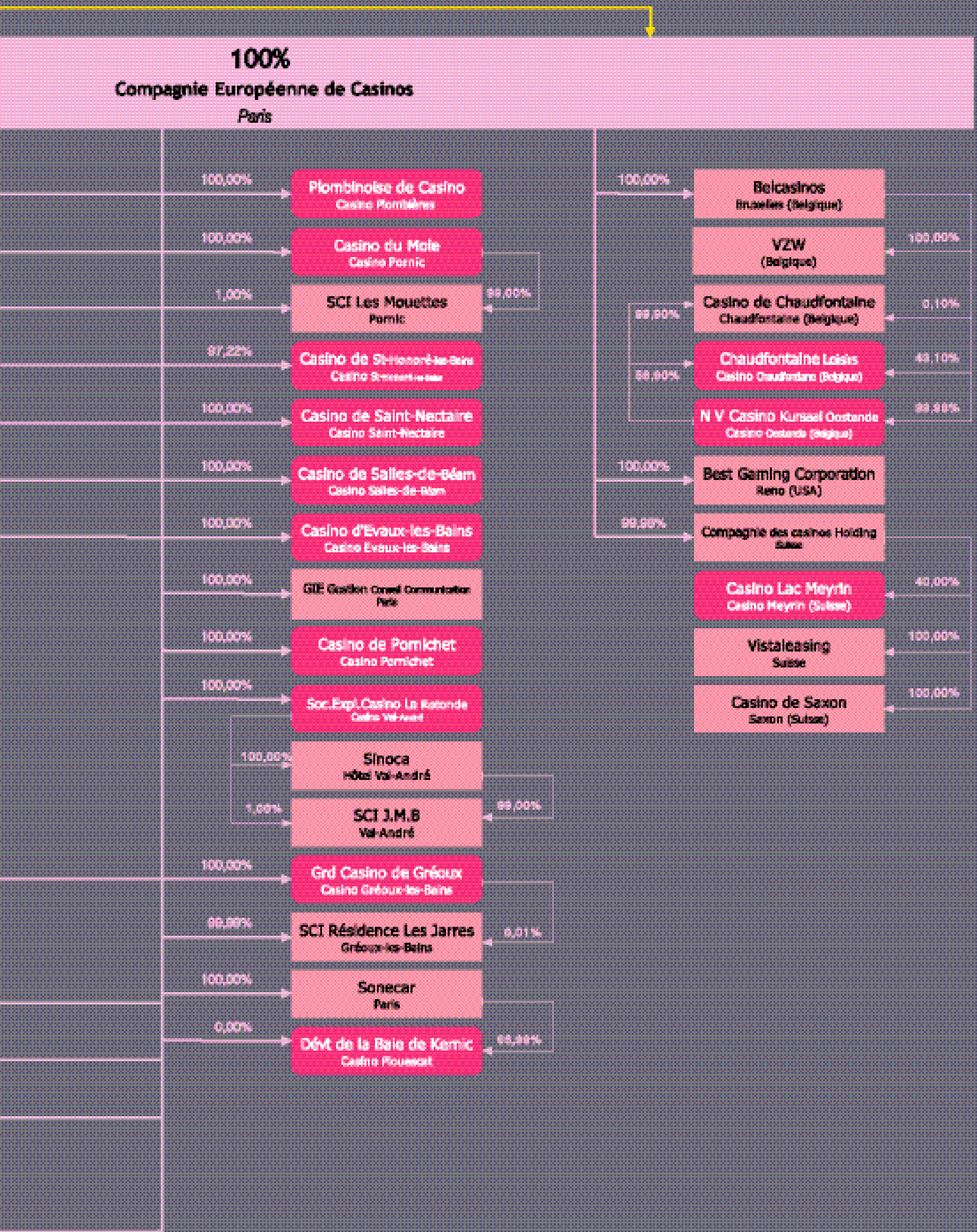
31/10/2007


100,00%
Casino Trinité-sur-Mer
Casino La Trinité-sur-Mer
96,50%
Hôtel International de Lyon
Hôtel Hilton Lyon
100,00%
Sté du Grand Casino de Lyon
Casino Lyon
97,60%
SA Lydia Investissement
Casino Port-Barcarès
97,00%
SCI Lydia
Port-Barcarès
99,99%
Cannes Balnéaires
Cannes
100,00%
LCLP Palm Beach Casino
Casino Cannes
0,00%
100,00%
Sté Immobilière Cannosta
Hôtel 3.14 Cannes
100,00%
Kiousk
Cannes
100,00%
Sté du Casino de Saint-Amand
90,05%
Le Touquet's
Casino Calais
100,00%
Numa
Casino Boulogne
99,53%
Sté du Casino du Touquet
Casino Le Touquet
99,72%
Baratem
Le Touquet
100,00%
Jean Metz
Casino Berck-sur-Mer
100,00%
SACBM
Casino Dieppe
100,00%
Sté du Casino de Cabourg
Casino Cabourg
99,95%
Café Carmen
Paris
100,00%
Casino du Havre
Casino Le Havre
100,00%
La Villa du Havre
Le Havre
99,98%
SCI Rue Royale
Paris
100,00%
Partouche Immobilier
Paris
100,00%
Sté du Casino de Beaulieu
Casino Beaulieu-sur-mer
100,00%
SCI Foncière Vittel et Contrex
Contrexéville
100,00%
Thermes de Contrexéville
Thermes Contrexéville
100,00%
Thermes de Vittel
Thermes Vittel
100,00%
Hôtel Cosmos
Hôtel Contrexéville
100,00%
Sté Expl. Casino et Hôtels
Casino Contrexéville
100,00%
Grands Hôtel du Parc
Hôtel Contrexéville
99,99%
SCI Les Thermes
Aix-en-Provence
99,80%
Hôtel Aquabella
Hôtel Aix-en-Provence
100,00%
SARL Therm'Park
Aix-en-Provence
0,06%
99,94%
Centre Balnéothérapie Aix
Aix-en-Provence
69,76%
Casino de la Tremblade
Casino La Tremblade
1,00%
99,00%
SCI la Tremblade
La Tremblade
100,00%
Partouche Spectacles
Paris

GROUPE PARTOUCHE



31/10/2007


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%
97,22%
Casino de St-Honoré-les-Bains
100,00%
Casino de Saint-Nectaire
Casino Saint-Nectaire
100,00%
Casino de Salles-de-Béarn
Casino Salles-de-Béarn
100,00%
Casino d'Evaux-les-Bains
Casino Evaux-les-Bains
100,00%
GIE Gestion Conseil Communication
Paris
100,00%
Casino de Pornichet
Casino Pornichet
100,00%
Soc.Expl.Casino La Rotonde
Casino Val-André
100,00%
Sinoca
Hôtel Val-André
1,00%
SCI J.M.B
Val-André
99,00%
100,00%
Grd Casino de Gréoux
Casino Gréoux-les-Bains
99,99%
SCI Résidence Les Jarres
Gréoux-les-Bains
0,01%
100,00%
Sonecar
Paris
0,00%
Dévt de la Baie de Kernic
Casino Plouescat
100,00%
Belcasinos
Bruxelles (Belgique)
100,00%
VZW
(Belgique)
99,90%
Casino de Chaudfontaine
Chaudfontaine (Belgique)
0,10%
58,90%
Chaudfontaine Loisirs
Casino Chaudfontaine (Belgique)
40,10%
N V Casino Kursaal Oostende
Casino Oostende (Belgique)
99,99%
100,00%
Best Gaming Corporation
Reno (USA)
99,99%
Compagnie des casinos Holding
Suisse
40,00%
Casino Lac Meyrin
Casino Meyrin (Suisse)
100,00%
Vistaleasing
Suisse
100,00%
Casino de Saxon
Saxon (Suisse)

8. Property, plant and equipment

8.1. Existing or planned material tangible fixed assets

The Group's property, plant and equipment includes property assets in which it holds full ownership. GROUPE PARTOUCHE has commissioned an expert[1] to provide a succinct appraisal of these properties located in France, excluding the sites of Gruissan, Châtelguyon, Port-la-Nouvelle and those of the Groupe de Divonne companies. Apart from the inventory of buildings, the appraisal focuses mainly on applying market values for premises considered as "occupied", with the exception of those manifestly known to be unoccupied. According to the expert's analysis completed at the end of 2005, the value of these property assets may be estimated at €238m, excluding the valuation of long leases for €87m.

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

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

Significant assets operated by the Company and belonging to the directors or their family are included in the accounts of FINANCIÈRE PARTOUCHE:

FINANCIÈRE PARTOUCHE assets:

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

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

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

9. Operating and financial review

9.1. Financial condition and results of operations

In order to aid in the understanding of the information contained in this chapter, readers are referred to the Group's consolidated financial statements for the year ended 31 October 2007, included under §20.2.1 of this document.

For the first time this year, these consolidated financial statements include a current operating profit and a profit from non-current operating profit. Current operating profit corresponds to operating profit before taking into account the impairment of goodwill as well as other non-recurring operating income and expenses defined as follows: the net gain or loss on disposals of assets and the exceptional items corresponding to income and expenses that are inhabitual due to their nature, frequency or amount.

The determination of these new items also led the Group to perform certain non-material reclassifications, in connection with the analysis by nature of disclosures recorded under other recurring and non-recurring operating expenses and income. Pursuant to the provisions of IAS 1, these changes in presentation method were applied to all financial years disclosed in these financial statements. Note 24 provides information on the specific reclassifications performed.

9.1.1 Main changes in the scope of consolidation

At the end of March 2007, Groupe Partouche sold the St-Julien-en-Genevois casino, one of the entities of Groupe de Divonne, which was acquired in 2005.

Also in the year under review, the continued development of Partouche Interactive resulted in the addition of four new subsidiaries to the scope of consolidation.

Furthermore, readers are reminded that at the mid-point of the previous financial year ended 31 October 2006, Groupe Partouche had sold its interest in Société Française de Casinos (SFC).

9.1.2 Position and trends for the financial year ended 31 October 2007

ACTIVITY OF THE GROUP

The Group's turnover amounted to €510.9m, down very slightly compared to the prior financial year.

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

ANALYSIS OF 2007 TURNOVER (€m)	2007	2006	Differential	Change in%
France	45,8	37,0		
Abroad	23,4	24,1		
GGR of table games	**69,2**	**61,1**	**8,1**	**13,2 %**
% of actual GGR	8,1 %	7,1 %		
France	718,7	744,5		
Abroad	66,9	58,0		
Gross slot machine revenue (Actual)	**785,6**	**802,5**	**-16,9**	**-2,1 %**
% of actual GGR	91,9 %	92,9 %		
France	764,5	781,5		
Abroad	90,3	82,1		
Gross Gaming Revenue (Total)	**854,8**	**863,6**	**-8,8**	**-1,0 %**
France	434,4	444,9		
Abroad	40,8	35,8		
Group Levies	**475,2**	**480,8**	**-5,5**	**-1,2 %**
France	56,8 %	56,9 %		
Abroad	45,2 %	43,6 %		
Levy percentage	**55,6 %**	**55,7 %**		
France	330,1	336,5		
Abroad	49,5	46,3		
Net Gaming Revenue	**379,6**	**382,8**	**-3,3**	**-0,9 %**
% of total turnover	74,3 %	74,8 %		
France	124,0	119,6		
Abroad	7,4	9,2		
Non-gaming revenue	**131,3**	**128,8**	**2,5**	**1,9 %**
% of total turnover	25,7 %	25,2 %		
France	454,0	456,2		
Abroad	56,9	55,5		
Turnover	**510,9**	**511,7**	**-0,8**	**-0,2 %**

GGR

GROUPE PARTOUCHE's casinos generated gross gaming revenue (GGR) of €854.8 million, down 1.0% compared to the previous year. At constant structure, excluding the companies of SFC and the St-Julien-en-Genevois casino, total GGR amounted to €849.5 million, up 0.8% from €842.5 million in 2006.

The financial year saw a shift in the breakdown of this GGR, characterised by an upturn in the portion of revenue generated by traditional games, which now represents 8.1% of the total, compared to 7.1% in 2006.

Gaming business in France

Table game revenue climbed by €8.8 million (23.8%), mainly due to the excellent results turned in by three establishments:

- the Aix-en-Provence casino (+€3.6 million) benefited from the trial run of Texas Hold'em poker
- the Cannes Palm Beach generated an additional €3.0 million in GGR
- the continued growth of the recently opened Pasino in St-Amand-les-Eaux was reflected in a €1 million rise in GGR (+39%)

Furthermore, some of our casinos capitalised on the opportunity presented by the new authorisation to combine table games and slot machines in the same rooms to develop their traditional gaming business, by actively introducing table games to their slot machine clientele.

After a particularly difficult first half of the year, slot machine revenue recovered momentum during the third quarter, benefiting from the replacement of certain of the older slot machines, taking advantage of the change in standards entering into force with the new regulations. GGR in France declined 3.5% year-on-year (down 1.5% at constant structure). This decline affected nearly all our casinos, although it was partially offset by gains recorded at a few establishments, including the St-Amand-les-Eaux casino (+9.4%), the Cannes Palm Beach (+19.7%) and the Le Havre casino (+30.6%).

The total number of installed slot machines rose from 5,376 to 5,496 units, as a result of the following changes:

- authorisations granted for additional slot machines at the following casinos: St-Nectaire (+20), Plouescat (+15), St-Amand-les-Eaux (+25), Le Havre (+50), Le Touquet (+10) and Forges-les-Eaux (+30).
- initial authorisations for 20 machines at the La Trinité-sur-Mer casino and 50 machines at the La Tremblade casino.
- disposal of the St-Julien-en-Genevois casino with its 100 machines.

Given the overall decline in slot machine revenue, this increase in the number of machines installed naturally entailed a slight drop in average GGR per machine per day, which fell from €379 in 2006 to €366 in 2007.

Gaming business abroad

At constant structure, thus taking into account the disposal of the Agadir casino, a SFC subsidiary, this segment continues to show growth, with a 10.7% increase in revenue, generated by the two Swiss casinos in Meyrin and Crans-Montana and the three Belgian casinos in Knokke, Chaudfontaine and Ostend. This growth is attributable uniquely to the performance of the slot machine segment.

Tax levies

Tax levies totalled €475.2 million, representing a 1.2% decrease compared to the previous year, mirroring the change in GGR. This figure amounts to a taxation rate of 55.6% of GGR, versus 55.7% in 2006. The rate of taxation applied abroad for the year was 45.2%.

Other activities

Revenue generated by activities other than gaming amounted to €131.3 million in 2007, up from €128.8 million in 2006. This 1.9% increase must be understood in the context of the disposal of the Hôtel du Parc in Martigny and the St-Julien-en-Genevois casino, as these changes lowered revenue by €2.4 million.

Real gains in this segment are chiefly attributable to two factors:

- a €3.1 million increase in revenue generated by the Group's hotels, excluding the Hôtel du Parc in Martigny
- the contributions of the Aix-en-Provence and St-Amand-les-Eaux Pasinos, which amounted to €1.9 million

In addition, the closure for renovation and the repositioning of the Forges-les-Eaux hotel led to a €2.0 million decline in revenue. Total consolidated turnover amounted to €510.9 million at 31 October 2007, only slightly lower than the previous year's figure of €511.7 million.

Consolidated profit and financial position

Consolidated operating profit was 19.9% lower in 2007, amounting to €65.1 million, down from €81.2 million in 2006.

This deterioration must be understood by taking into account the impact of non-recurring items. Operating profit in 2006 had been affected by the disposal of the SFC entities, which had resulted in capital gains of €9.1 million. For 2007, the net result from the sale of consolidated investments was a loss of €2.8 million, mainly attributable to the disposal of the St-Julien casino, which alone generated a loss of €2.3 million.

Secondly, the impairment of goodwill rose from €2.2 million in 2006 to €6.3 million in 2007.

Apart from these elements, the decline in consolidated operating profit is explained by the general downturn experienced by the Group's French casinos. Compounding the 1.4% decline in turnover (down €5.8 million) mentioned above, these establishments saw their operating expenses increase by €6.7 million. Bucking the trend exhibited by the majority of the Group's establishments, the recently opened Pasinos in St-Amand-les-Eaux and Le Havre posted increases in operating profit, of €1.7 million and €2.6 million, respectively.

The other segments of operations experienced favourable developments. Still in the gaming segment, casinos located abroad saw their operating profit grow by €3.7 million (+29.1%), thus slightly exceeding the additional turnover generated (€2.9 million).

The size of the Groupe de Divonne segment was reduced with the disposal of the St-Julien-en-Genevois casino in March 2007. Nevertheless, operating profit generated by this segment continued to improve, amounting to €1.9 million in 2007, equivalent to a margin of 3.3% after depreciation and amortisation expenses of €7.6 million, but is still hampered by currency exchange rates unfavourable to Swiss residents.

At 31 October 2007, Partouche Interactive and its subsidiaries corresponded to a group of 11 companies and generated an operating loss of €2.9 million.

Significant gains in profitability were achieved by the hotel segment, which posted a net operating profit of €1.9 million, compared to a net operating loss of €3.0 million in 2006. This €5.0 million difference is explained by the liquidation in 2006 of the Hôtel du Parc in Martigny (Switzerland) and the very favourable results achieved by three establishments: the Hilton Lyon, the Garden Beach in Juan-les-Pins and the 3.14 in Cannes.

The Group's financial income at 31 October 2007 was a net expense of €21.3 million, compared to €22.5 million in 2006. This figure includes capital gains on the sale of the Group's stake in Société Fermière du Casino Municipal de Cannes, in the amount of €0.7 million.

Profit after tax amounted to €25.8 million, compared to €37.9 million in 2006.

The Group's overall tax burden totalled €18.0 million, compared to €20.8 million in 2006, and the share of net profit attributable to equity-accounted companies represented a loss of €2.0 million, an increase of 10.9% compared to the previous year.

Net profit amounted to €23.8 million, declining by 34.0% compared to 2006. The Group share of net profit was €14.3 million and that of minority interests, favourably impacted by growth in Swiss casinos, was €9.5 million.

The Group's balance sheet reflects an improved financial position.

Shareholders' equity increased by €30.2 million to €333.8 million at 31 October 2007, mainly reflecting the profit for the year, plus changes in the fair value of SFCMC's financial assets.

The sharp decline in net financial debt, down €93.1 million to €350.2 million, reflects the Group's ongoing debt reduction strategy, given a boost by the year's asset disposals.

Changes in assets primarily correspond to the reduction in the "Other non-recurring financial assets" item, in connection with the sale of the Group's interest in SFCMC, which was achieved in April 2007, and the net increase in cash and cash equivalents.

ACTIVITY OF SUBSIDIARIES

Company	Turnover	Net Gaming Revenue	Hotel	Restaurant	Other activities
CASINO-CHARBONNIERE (LYON VERT)	33 936 546	28 232 525	-	3 152 745	2 551 276
CASINO-AIX EN PROVENCE	33 481 559	27 483 004	-	3 726 023	2 272 532
CASINO-SAINT AMAND	30 954 556	24 552 770	999 995	3 260 722	2 141 069
CASINO-DIVONNE	27 916 801	17 137 463	3 223 006	4 461 283	3 095 049
CASINO-FORGES	24 331 642	17 718 842	2 259 355	2 609 210	1 744 235
CASINO-MEYRIN	23 569 629	22 883 470	-	117 888	568 272
CASINO-LYON (PHARAON)	17 441 708	16 391 879	-	711 269	338 560
CASINO-ANNEMASSE	13 622 177	12 691 214	-	571 941	359 022
CASINO-LE HAVRE	12 052 651	8 574 845	783 360	1 494 186	1 200 260
CASINO-PORNICHET	11 869 988	10 383 030	-	1 336 490	150 468
CASINO-CANNES-PALM BEACH	11 606 803	7 709 034	-	1 902 853	1 994 916
CASINO-HYERES	11 558 551	10 797 444	151 942	292 218	316 947
CASINO-LA GRANDE MOTTE	11 551 757	10 043 979	-	246 003	1 261 775
CASINO-BANDOL	11 275 515	10 668 428	-	402 635	204 452
CASINO-CRANS-MONTANA	10 646 888	10 197 792	-	149 477	299 619
CASINO-JUAN LES PINS	10 258 902	8 603 535	-	1 374 441	280 926
CASINO-LA ROCHE POSAY	9 479 100	8 616 251	94 476	533 479	234 894
CASINO-PALAVAS	8 639 066	7 980 966	-	455 482	202 618
CASINO-PORNIC	8 296 765	6 875 806	-	1 255 726	165 233
CASINO-ROYAT	7 936 803	7 200 256	-	361 731	374 816
CASINO-SAINT GALMIER	7 570 383	7 111 135	-	376 112	83 136
CASINO-KNOKKE (ECK-Belgique)	7 030 204	5 912 973	-	523 992	593 239
CASINO-OSTENDE	6 781 216	5 322 545	-	662 192	796 479
CASINO-DIEPPE	6 462 662	5 065 953	125 057	1 125 452	146 200
CASINO-VICHY-GRAND CAFE	5 905 295	4 172 215	-	1 611 117	121 963
CASINO-PLOUESCAT	5 782 414	5 221 543	-	452 422	108 449
CASINO-CALAIS	5 088 532	4 622 304	-	264 432	201 796
CASINO-VICHY-4 CHEMINS	4 545 460	3 715 128	-	643 843	186 489
CASINO-ARCACHON	4 496 461	4 274 255	-	195 620	26 586
CASINO-TOUQUET	4 285 925	3 323 946	-	666 928	295 051
CASINO-LA CIOTAT	4 251 971	4 058 046	-	85 625	108 300
CASINO-CHAUDFONTAINE (LOISIRS)	4 149 750	2 997 894	-	227 804	924 052
CASINO-BERCK	4 116 211	3 643 052	-	380 078	93 081
CASINO-VAL ANDRE	4 078 702	3 001 128	-	753 129	324 445
CASINO-BEAULIEU	4 065 107	3 373 412	-	203 608	488 087
CASINO-ANDERNOS	3 957 852	3 602 723	-	321 983	33 146
CASINO-CABOURG	3 931 090	3 021 899	-	860 101	49 090
CASINO-PORT BARCARES	3 552 592	2 035 102	-	925 887	591 603
CASINO-CONTREXEVILLE	3 396 963	2 975 518	-	388 173	33 272
CASINO-PLOMBIERES	3 391 531	3 082 166	-	237 130	72 235
CASINO-BOULOGNE	3 323 692	3 235 734	-	57 999	29 959
CASINO-SAINT JULIEN	3 066 933	2 566 125	-	274 364	226 444
CASINO-GREOUX-LES-BAINS	3 050 175	2 758 316	-	239 922	51 937
CASINO-AGON COUTAINVILLE	2 781 035	2 525 209	-	162 819	93 007
CASINO-HAUTEVILLE	2 627 629	2 100 536	-	292 703	234 390
CASINO-EVAUX	2 337 916	2 086 522	-	171 271	80 123

(Fwd) Company	Turnover	Net Gaming Revenue	Hotel	Restaurant	Other activities
CASINO-SALIES	2 102 124	1 687 949	96 905	231 217	86 053
CASINO-DJERBA	2 073 729	1 624 317	-	388 729	60 684
CASINO-SAINT-NECTAIRE	1 757 768	1 605 367	-	72 889	79 512
CASINO-SAINT-HONORE	1 373 823	1 278 349	-	84 794	10 680
CASINO-GRASSE	1 215 778	1 046 528	-	95 884	73 366
CASINO-SAN ROQUE	870 044	561 599	-	81 655	226 790
CASINO-LA TRINITE	755 729	615 103	-	124 520	16 106
CASINO-LA TREMBLADE	679 276	602 125	-	75 319	1 832
TOTAL CASINOS	**455 283 379**	**379 569 248**	**7 734 096**	**41 675 515**	**26 304 521**
HOTEL-LYON-HIL	13 075 093	-	7 544 043	3 102 876	2 428 174
HOTEL-JUAN-GARDEN BEACH	10 953 503	-	8 014 031	1 464 312	1 475 160
HOTEL-AIX-AQUABELLA	5 310 279	-	3 405 883	1 731 504	172 892
HOTEL-CANNES-3.14	8 116 989	-	3 883 449	3 554 306	679 234
HOTEL-CONTREX-COSMOS	1 662 629	-	770 346	836 775	55 508
HOTEL-CONTREX-GD HOTEL DU PARC	198 723	-	84 894	113 248	581
HOTEL-VAL ANDRE-SINOCA	172 314	-	163 148	8 785	381
HOTEL-CHARBONNIERE	771 230	-	403 619	198 074	169 537
TOTAL HOTELS	**40 260 760**	**0**	**24 269 413**	**11 009 880**	**4 981 467**
THERMES-AIX -C.B.A.P. (Centre de Balnéothérapie)	2 852 844	-	-	-	2 852 844
THERMES-VITTEL	2 781 843	-	-	-	2 781 843
PARTOUCHE TECHNOLOGIE-Ex QDJ	1 695 124	-	-	-	1 695 124
CINEMA ELYSEE VICHY	1 575 903	-	-	-	1 575 903
THERMES-CONTREXEVILLE	1 167 206	-	-	-	1 167 206
SPRL CASKNO	947 112	-	-	-	947 112
SOGIMAGE	786 380	-	-	-	786 380
VILLA DU HAVRE	586 782	-	-	545 622	41 160
GROUPE PARTOUCHE	579 196	-	-	-	579 196
SARL CAFE CARMEN	505 603	-	-	-	505 603
SA SIKB (Belgique)	461 825	-	-	5 928	455 897
SCI LERICHE ROSTAGNE	431 583	-	-	-	431 583
CASINO SLUIS N.V.	330 771	-	-	-	330 771
BARATEM	208 512	-	-	188 430	20 082
SARL THERM'PARK	203 788	-	-	-	203 788
ELYSEE PALACE (EPSA)	72 310	-	-	-	72 310
PARTOUCHEGAMMON	49 964	-	-	-	49 964
SCI RUE ROYALE	41 203	-	-	-	41 203
KIOUSK	25 497	-	-	24 155	1 342
SCI FONCIERE DE VITTEL ET CONTREXEVILLE	17 482	-	-	-	17 482
PARTOUCHE INTERACTIVE	10 659	-	-	-	10 659
CASINO VIRGINIAN DE RENO	10 482	-	-	-	10 482
CHM	7 145	-	-	-	7 145
WS BACKGAMMON	4 451	-	-	-	4 451
SCI DE GRASSE	31	-	-	-	31
SCI GAFA	2	-	-	-	2
TOTAL OTHER COMPANIES	**15 353 697**	**0**	**0**	**764 135**	**14 589 562**
TOTAL	**510 897 836**	**379 569 248**	**32 003 509**	**53 449 530**	**45 875 549**

9.2. Financial position and results of the company

The financial period under review, financial year 2007, is the 12-month period from 1 November 2006 to 31 October 2007.

The main event in this financial year was the disposal of the investment in the share capital of Société Fermière du Casino Municipal de Cannes.

Turnover totalled €14,842k, up 29.7%, chiefly consisting of management fees received from subsidiaries, which amounted to €13,969k, and operating income of €15,508k compared to €11,779k in 2006.

With operating expenses equal to €18.915k (compared to €13.761k in 2006), the operating loss was €3.406k compared to a loss of €1.982k for the financial year.

With €54,272k in financial income, primarily attributable to dividends paid by subsidiaries (€41,599k) and €41,837k in financial expenses, which mainly relate to the finance costs on the syndicated loan, the net financial income represents a positive amount of €12,435k in 2007, compared with a positive amount of €34,588k in 2006.

Current operating profit before tax represents a positive result of €9,046k, down from €23,590k in 2006.

Exceptional income and expenses mainly represent the impacts of the sale of the SFCMC investment; the net exceptional expense was €456k.

The tax saving, due notably to the tax consolidation regime, was €15,368k and the profit for the financial year was €23,958k, compared with €41,541k in 2006.

In the balance sheet, total fixed assets amounted to €621,027k, which incorporated the impact of the following main movements within equity investments:

- Additional acquisition of investment securities in SAS HIL
- Sale of 8,901 shares in SFCMC

Current assets decreased from €302,648k to €299,002k reflecting the reduction in the receivable vis-à-vis La Tête dans les Nuages arising from the sale of SFC and, at the same time, an increase in cash and cash equivalents of €27,542k at the financial year-end.

Changes in liabilities and equity comprise the improvement in equity, which rose to €373,621k from €349,663k in 2006, the reduction in bank debt of €53,723k and the increase in other debt of €12,170k related to current accounts with subsidiaries.

9.3. Proposed appropriation of net profit for financial year 2007

The proposed appropriation of profit for financial year 2007 is as follows:

Net profit for the year	**23 957 858 €**
Retained earnings	23 957 858 €
Which, after appropriation:	210 099 021 €

10. Cash and capital resources

10.1. Information concerning the Group's equity

Equity amounted to €333.8m at 31 October 2007 compared with €303.6m at 31 October 2006. The share capital remained unchanged, comprising 43,097,418 shares.

10.2. Sources and amounts of and a narrative description of the Group's consolidated cash flows

Please refer to Note 25 of Chapter 20.2.1 relating to the Group's consolidated financial statements.

10.3. Financing structure and liquid resources

Thanks to its structurally negative working capital requirements, GROUPE PARTOUCHE has access to a substantial positive cash flow. At 31 October 2007, this represents €128.8m.

Please refer to Note 17 of Chapter 20.2.1 related to bank debt.

10.4. 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

The level of debt at the end of the financial year remains compatible with the Group's EBITDA and the level of equity. The syndicated loan renegotiated on the acquisition of Groupe de Divonne takes into consideration in its reimbursement profile the forecast operating and investment cash flows associated with future financial years; its early mandatory repayment is triggered primarily by non-compliance with the financial covenants mentioned in Note 17 of the notes to the consolidated financial statements (Chapter 20.2.1).

There are no authorised unused credit lines. Any recourse that may be made to a new bank overdraft remains subject to the authorisation of the banking pool of the credit syndicate in place.

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

None.

11. Research and development, patents and licenses

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

12. Trend information

Having contended with the introduction of customer identification checks at casino entrances in financial year 2007, the Group will face a new significant hurdle in the coming financial year, with the entry into force on 1 January 2008 of the ban on smoking in casinos. This impediment, already in place as of this writing, makes it difficult to issue revenue forecasts for the 2008 financial year. Against this backdrop, GROUPE PARTOUCHE will seek to maintain control of its operating expenses and to optimise the management of existing operations, without neglecting the upkeep and development of its establishments nor straying from its debt reduction strategy.

Furthermore, GROUPE PARTOUCHE will monitor any possible changes in the French regulatory framework for gaming, especially online gaming, very closely so as to adapt its strategic orientation with regard to this virtual gaming segment.

13. Profit forecasts or estimates

None.

14. Administrative, management, and supervisory bodies and senior management

14.1. Information on administrative, management, and supervisory bodies and senior management

14.1.1 Supervisory Board

Supervisory Board member (Identity / Date and place of birth)	Position held	Status of mandate (Date of first appointment / Date of last renewed appointment / Expiration of appointment)	Number of shares held	Other function held outside the Group
Mr. Isidore PARTOUCHE Born 21 April 1931 in TREZEL (ALGERIA)	Chairman of the Supervisory Board	AGM of 20 June 1996 AGM of 9 April 2002 31 October 2007	1.160.915 shares	None
Mr. Marcel PARTOUCHE Born 24 February 1920 in TIARET (ALGERIA)	Vice-Chairman of the Supervisory Board	AGM of 20 June 1996 AGM of 9 April 2002 31 October 2007	21.345 shares	None
Mr. Maurice SEBAG Born 1 Dec. 1926 in TIARET (ALGERIA)	Member of the Supervisory Board	AGM of 20 June 1996 AGM of 9 April 2002 31 October 2007	5.100 shares	None
Mr. Gaston GHRENASSIA **aka Enrico MACIAS** Born 11 Dec. 1938 in CONSTANTINE (ALGERIA)	Member of the Supervisory Board	Co-opted to replace Mr. Jacques BENHAMOU by decision of the Supervisory Board of 11 December 1998 AGM of 9 April 2002 31 October 2007	70 shares	None

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).

Other mandates held

Chairman of the Supervisory Board of **GROUPE PARTOUCHE and FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board),** also carries out the following mandates: **Chairman and CEO:** SA SOCIETE EUROPEENNE DES GRANDS RESTAURANTS (Paris). **Chairman, Director Delegate:** SA GROUPE PARTOUCHE INTERNATIONAL - GPI (Brussels). **Chairman:** SAS COMPAGNIE EUROPEENNE DE CASINOS – CEC (Paris), SAS SOCIETE D'EXPLOITATION DU CASINO DE CONTREXEVILLE. **Director:** SAS SOCIETE DU CASINO DE SAINT AMAND (Saint-Amand les Eaux), SAS CASINOS DU TOUQUET (Le Touquet), SAS DU GRAND CASINO ET DES BAINS DE MER (Dieppe), SAS GRAND CASINO DE CABOURG (Cabourg), SAS SOCIETE DU CASINO MUNICIPAL DE ROYAT (Royat), SAS CASINOS DE VICHY (Vichy), SA SOCIETE DES CHEMINS DE FER ET HOTELS DE MONTAGNE AUX PYRENEES - CHM (Vichy), SAS GRAND CASINO DE BEAULIEU (Beaulieu), SAS CASINO DE SAINT CAST LE GUILDO, SAS CASINO DE PALAVAS (Palavas les Flots), SA LYDIA INVEST (Port Barcarès), SA SOCLE (Lille), SA LOSC LILLE METROPOLE - SASP (Lille), SA FORGES THERMAL (Forges les Eaux), SA SATHEL (La Tour de Salvagny), SA SOCIETE TOURISTIQUE THERMALE ET HOTELIERE DE DIVONNE - TTH DIVONNE (Divonne les Bains), SA GROUPE DE DIVONNE (Paris), SA SOCIETE DE BRASSERIE ET CASINOS " LES FLOTS BLEUS" (La Ciotat), SA CANNES BALNEAIRE - Palm Beach Casino (Cannes), SA SOCIETE DU CASINO MUNICIPAL D'AIX THERMAL (Aix en Provence), SA EDEN BEACH CASINO (Juan les Pins), SAS HOLDING GARDEN PINEDE (Juan les Pins), SAS EUROPEAN GAMING COMPANY (Paris), SA LE GRAND CASINO DE DJERBA (Tunisia), CASINO NUEVO SAN ROQUE (Spain). **Director Delegate:** SA ECK (Belgium), SA SIKB (Belgium). **Corporation Manager:** SCI FONCIERE DE VITTEL ET CONTREXEVILLE (Vittel), SCI LES THERMES (Aix en Provence), SARL THERM PARK (Aix en Provence), SCI AZUR BANDOL (Bandol), SCI LERICHE ROSTAGNE (Paris), SOCIETE CIVILE IMMOBILIERE ET MOBILIERE PARTOUCHE "SCIMP" (Paris).

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

Member of the Supervisory Board of GROUPE PARTOUCHE SA (with Executive Board and Supervisory Board). **Vice-Chairman of the Supervisory Board of FINANCIERE PARTOUCHE SA** (with Executive Board and Supervisory Board). **Chairman:** SAS NUMA (Boulogne sur Mer), SAS CASINO DE PORNICHET (Pornichet). **Chairman of the Board of Directors:** SA GRAND CASINO DU HAVRE. **Director:** SAS CASINOS DU TOUQUET (Le Touquet), SAS JEAN METZ (Berck sur Mer), SA CASINO NUEVO SAN ROQUE (Spain).

Member of the Supervisory Board of GROUPE PARTOUCHE and FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board). **Managing Director:** SA SOCIETE DU CASINO D'ARCACHON. **Deputy General Manager, Director:** SA SOCIETE EUROPEENNE DES GRANDS RESTAURANTS (Paris).

14.1.2 Members of the Executive Board

Supervisory Board member (Identity / Date of birth)	Position held	Status of mandate (Date of first appointment / Date of last renewed appointment / Expiration of appointment)	Number of shares held	Other function held outside the Group
Mr. Patrick PARTOUCHE Born 13 june 1964 in ORAN (ALGERIA)	Chairman of the Executive Board	Supervisory Board of 20 June 1996 Supervisory Board of 1 Nov. 2001 31 October 2007	27.986 shares	None
Mr. Hubert BENHAMOU Born 15 Dec. 1948 in TIARET (ALGERIA)	Member of the Executive Board General Manager RESIGNED 1 MAY 2007	Supervisory Board of 20 June 1996 Supervisory Board of 1 Nov. 2001 31 October 2007	19.950 shares	None
Mr. Ari SEBAG Born 25 Sep. 1961 in TIARET (ALGERIA)	Member of the Executive Board General Manager	Supervisory Board of 20 June 1996 Supervisory Board of 1 Nov. 2001 31 October 2007	22.300 shares	None
Mrs. Katy ZENOU Born 6 August 1961 à TIARET (ALGERIA)	Member of the Executive Board General Manager	Supervisory Board of 20 June 1996 Supervisory Board of 1 Nov. 2001 31 October 2007	35.469 shares	None
Mr. Richard PARTOUCHE Born 7 Dec. 1946 à TIARET (ALGERIA)	Member of the Executive Board General Manager	Supervisory Board of 20 June 1996 Supervisory Board of 1 Nov. 2001 31 October 2007	17.276 shares	None

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).

Other mandates held

Chairman of the Executive Board of GROUPE PARTOUCHE also carries out the following mandates: **Chairman of the Executive Board:** FINANCIERE PARTOUCHE SA. **Chairman of the Board of Directors:** PARTOUCHE INTERACTIVE SA (Paris), GRAND CASINO DE DJERBA (Tunisia). **Chairman:** PARTOUCHE IMMOBILIER SAS (Paris). **Deputy General Manager:** COMPAGNIE EUROPEENNE DE CASINOS SAS (Paris). **Deputy General Manager-Director:** EDEN BEACH CASINO SA (Juan les Pins), CANNES BALNEAIRE SA Palm Beach Casino (Cannes). **Director:** SAS CASINO DE SAINT AMAND LES EAUX, SAS LE TOUQUET'S (Calais), SAS DU CASINO ET DES BAINS DE MER (Dieppe), SAS SOCIETE D'EXPLOITATION DU CASINO DE CONTREXEVILLE, SAS GRAND CASINO DE LYON, SAS GRAND CASINO DE BEAULIEU, SAS CASINO DE PALAVAS, SAS CASINO DE SAINT CAST LE GUILDO, SA FORGES THERMAL, SA SOCIETE DU CASINO MUNICIPAL D'AIX THERMAL, SA CASINO DE GRASSE, SA LYDIA INVEST (Le Barcarès), SA BARATEM (Le Touquet Paris Plage) SAS EUROPEAN GAMING COMPANY (Paris), SA SOCIETE DU GRAND CASINO D'ANNEMASSE (Annemasse), SA GROUPE DE DIVONNE (Paris), SA DU GRAND CASINO D'HAUTEVILLE LOMPNES (Hauteville,) SA SOCIETE TOURISTIQUE THERMALE ET HOTELIERE DE DIVONNE TTH (Divonne les Bains), SA SIKB (Belgium), SA ECK (Belgium), CASINO DE NUEVO SAN ROQUE (Spain). **Corporation Manager:** SARL SEK (Juan Les Pins), SCI DU CASINO DE GRASSE, Representative of SARL SEK for SCI DE L'EDEN BEACH CASINO (Juan les Pins). **Member of the Executive Committee:** QUEDESJEUX SAS (St Avertin). **Permanent Representative:** SA CANNES BALNEAIRE, General Partner of SCS LCLP (France) SA et Cie, SAS COMPAGNIE EUROPEENNE DE CASINOS Director of SA SOCIETE DU CASINO DU PALAIS DE LA MEDITERRANEE (Nice), GROUPE PARTOUCHE SA Director of SA GROUPE PARTOUCHE INTERNATIONAL (Brussels). **Chairman** of GROUPE PARTOUCHE BAHAMAS LIMITED.

Member of the Executive Board of GROUPE PARTOUCHE also carries out the following mandates: **Managing Director:** SA GROUPE DE DIVONNE (Paris), SA SOCIETE TOURISTIQUE THERMALE ET HOTELIERE DE DIVONNE TTH (Divonne les Bains). **Deputy General Manager and Director:** SA DU CASINO D'HAUTEVILLE LOMPNES (Hauteville). **Director:** SAS GRAND CASINO DE LYON (Lyon), SAS EUROPEAN GAMING COMPANY (Paris), SA SOCIETE DU GRAND CASINO D'ANNEMASSE (Annemasse), SA SOMARG (Paris), SA E.C.K. (Belgium), SA SIKB (Belgium), SA GROUPE PARTOUCHE INTERNATIONAL (Belgium), CASINO DE NUEVO SAN ROQUE (Spain), SA GRAND CASINO DE DJERBA (Tunisia), SA FORGES THERMAL to 12 April 2007- SEC SAINT JULIEN SA to 12 April 2007, SAS CASINO DU TOUQUET (Le Touquet Paris Plage) to 19 April 2007, SA BARATEM (Le Touquet) to 19 April 2007. **Permanent Representative of GROUPE PARTOUCHE SA, Director of:** SAS COMPAGNIE POUR LE DEVELOPPEMENT DU TOURISME HYEROIS, SAS GRAND CASINO DE BEAULIEU, SA CANNES BALNEAIRE – PALM BEACH CASINO. **Corporation Manager of SCI Rue Royale (Paris) to 27 April 2007.**

Member of the Executive Board and General Manager of GROUPE PARTOUCHE and FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board) also carries out the following mandates: **Managing Director:** SA FORGES THERMAL. **Chairman:** SAS CASINO ET BAINS DE MER DE DIEPPE, SAS PARTOUCHE SPECTACLES & PRODUCTIONS "PSP" (Paris), SA GRAND CASINO NUEVO SAN ROQUE (Spain). **Deputy General Manager - Director:** SA GRAND CASINO DU HAVRE. **General Manager:** PARTOUCHE IMMOBILIER SAS (Paris), SOCIETE GROUPE PARTOUCHE BAHAMAS LIMITED. **Director:** SAS CASINO DE LA TREMBLADE, SA SOMARG (Paris), SA SOCIETE DU GRAND CASINO D'ANNEMASSE (Annemasse), SA GROUPE DE DIVONNE (Paris), SOCIETE D'EXPLOITATION DU CASINO DE SAINT JULIEN EN GENEVOIS SA to 12 April 2007, SA DU CASINO D'HAUTEVILLE LOMPNES (Hauteville), SA CANNES BALNEAIRES (Cannes), SA SOCIETE DU CASINO DU PALAIS DE LA MEDITERRANEE (Nice), SAS HOLDING GARDEN PINEDE (Juan les Pins), SAS SOCIETE DU GRAND CASINO DE CABOURG (Cabourg), SA CASINO DE GRASSE, SAS GRAND CASINO DE LA TRINITE, SA PARTOUCHE INTERACTIVE (Paris), GROUPE PARTOUCHE INTERNATIONAL GPI (Brussels). **Corporation Manager:** SARL NOA, SCI ELISA. **Permanent Representative:** SA GROUPE PARTOUCHE INTERNATIONAL Director of SA GRAND CASINO DE DJERBA (Tunisia), SA GROUPE PARTOUCHE Director of SAS NUMA (Boulogne), SAS Casino de PORNICHET, SAS CASINO DE SAINT HONORE LES BAINS, and SAS GRAND CASINO DE CABOURG.

Member of the Executive Board and General Manager, of GROUPE PARTOUCHE and FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board) also carries out the following mandates: **Managing Director:** SA ELYSEE PALACE EXPANSION (Vichy). **Deputy General Manager and Director:** SAS CASINOS DU TOUQUET. **Director:** SAS NUMA (Boulogne sur Mer), SA SOCIETE DU GRAND CASINO D'ANNEMASSE, SA BARATEM, SA GROUPE PARTOUCHE INTERNATIONAL (Brussels). **Representative of** GROUPE PARTOUCHE SA, Director of SA GRAND CASINO DU HAVRE.

Member of the Executive Board and General Manager, of GROUPE PARTOUCHE and FINANCIERE PARTOUCHE SA (with Executive Board and Supervisory Board) also carries out the following mandates: **Chairman:** SAS CASINO DE ST-AMAND-LES-EAUX, SAS CASINO DE SAINT NECTAIRE. **Director:** SAS GRAND CASINODE LYON, SAS GRANDCASINO DE LA TRINITÉ-SUR-MER, SAS LE TOUQUET'S (Calais), SA DU CASINO D'HAUTEVILLE-LOMPNES (Hauteville-Lompnes) , SA SOCIETE DU CASINO DE SAINT JULIEN EN GENEVOIS to 12 April 2007, SA Groupe PARTOUCHE INTERNATIONAL (Brussels) SA GRAND CASINO DE DJERBA (Djerba – Tunisia).

14.1.3 Type of family relationships between members of the Executive and Supervisory Committees

Direction of relationship	Isidore PARTOUCHE	Marcel PARTOUCHE	Maurice SEBAG	Gaston GHRENASSI	Patrick PARTOUCHE	Hubert BENHAMOU	Ari SEBAG	Richard PARTOUCHE	Katy ZENOU
Isidore PARTOUCHE	-	Brother	Brother-in-law	-	Father	Uncle	Uncle	Uncle	Uncle
Marcel PARTOUCHE	Brother	-	Brother-in-law	-	Uncle	Uncle	Uncle	Uncle	Father
Maurice SEBAG	Brother-in-law	Brother-in-law	-	-	Uncle	Uncle	Father	Uncle	Uncle
Gaston GHRENASSIA	-	-	-	-	-	-	-	-	-
Patrick PARTOUCHE	Son	Nephew	Nephew	-	-	Cousin	Cousin	Cousin	Cousin
Hubert BENHAMOU	Nephew	Nephew	Nephew	-	Cousin	-	Cousin	Cousin	Cousin
Ari SEBAG	Nephew	Nephew	Son	-	Cousin	Cousin	-	Cousin	Cousin
Richard PARTOUCHE	Nephew	Nephew	Nephew	-	Cousin	Cousin	Cousin	-	Cousin
Katy ZENOU	Niece	Daughter	Niece	-	Cousin	Cousin	Cousin	Cousin	-

14.1.4 Professional experience

Isidore PARTOUCHE arrived in France in 1965. In 1973 has 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 business 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 conceived. The second Pasino, the biggest casino in France, was opened in 2001 in Aix en Provence. In 1999, he opened the first casino in a major French city, Le Pharaon in Lyon. In 2002, he launched a successful counter-offer by means of a Public Cash Offer for the CEC, which propelled his Group into the position of European leader.

Patrick PARTOUCHE arrived in France in 1965. He terminated his university studies in 1982 to join the business founded by his father Isidore PARTOUCHE. His first operational position in the group: at 25, he was appointed General Manager of Dieppe casino and remained in this position from 1989 to 1993. He became Managing Director of Casino Eden Beach, Juan les Pins, in 1993. In 1998, he took part in the acquisition of Casino Carlton and Palm Beach in Cannes which he obtained the authorisation to open in August 2002. As General Manager of GROUPE PARTOUCHE until 2004, he assumed responsibility for the Group's business in South East France and was also in charge of marketing, communication and new technologies. He focused particularly on strategic issues and questions. He was appointed Chairman of the Executive Board of GROUPE PARTOUCHE on 31 January 2005. Since December 2006, he has also represented the profession as Chairman of the Syndicat des Casinos Modernes de France, a role that he took over from Mr. Hubert BENHAMOU.

Hubert BENHAMOU arrived in France in 1962. He took an active role in the group's business development, by managing various major establishments:

1966 - 1973 : Le Touquet – Megève Discotheque and Catering

1973 - 1976 : Saint-Amand-les-Eaux Casino

1976 - 1986 : Le Touquet Casinos

1986 - 1991 : Forges-les-Eaux Casino

1991 - 1996 : Le Lyon Vert Casino

He was Chairman of Groupe Partouche's Executive Board until 31 January 2005. Since then he has focused his energy on the recovery of the Divonne Group which was acquired in September 2005.

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

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

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

Gaston GHRENASSIA aka Enrico MACIAS contributes to GROUPE PARTOUCHE his extensive knowledge and irreplaceable experience of live shows, which the casinos are legally required to provide.

Richard PARTOUCHE as a member of the second generation of the family, which under the leadership of Isidore PARTOUCHE carried out the consolidation of the group, he has the widest ranging experience of the operating activities of the big casinos. He has managed the Saint-Amand les Eaux casino for almost 15 years and the Lyon Vert casino in Charbonnières since 1996. He has focused his energy particularly on the hotel division over the last three years.

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

14.1.5 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 31 October 2006:

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

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

14.2.1 Independence of Executive bodies

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

14.2.2 Transactions in securities by GROUPE PARTOUCHE Executives

None of the executives of GROUPE PARTOUCHE carried out any transactions in securities during the financial year.

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

None of the executives of Groupe Partouche carried out any transactions in securities during the financial year.

Article 1. Strategic orientations

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

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

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

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

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

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

Article 3. Control by the Supervisory Board

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 5. Supervisory Board Committees

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

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

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

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

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

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

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

Article 6. Audit Committee

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

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

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

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

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

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

Article 7. Remuneration Committee

The Remuneration Committee's task is to determine the remuneration of the members of the Executive Board, and to obtain, through the Executive Board, information relating to the remuneration and status of the Directors of the Group.

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

Article 8. Finance Committee

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

Article 9. Meetings of the Supervisory Board

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

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

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

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

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

Article 10. Participation in the meetings of the Supervisory Board via video-conferencing

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

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

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

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

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

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

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

Article 11. Duty of confidentiality imposed upon members of the Supervisory Board

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

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

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

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

Article 12. Code of ethics for members of the Supervisory Board

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

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

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

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

The members of the Supervisory Board must refrain from:

carrying out any transaction involving shares in publicly listed Group companies while in possession of privileged information;

engaging, either directly or indirectly, in any short selling of these shares.

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

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

The Chairman sets or confirms the start and end dates for the preparation periods mentioned and 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 in kind

15.1.1 Remuneration allotted to the Executive and Supervisory Boards by GROUPE PARTOUCHE SA

The total remuneration paid to the Executive and Supervisory bodies during the financial year ended 31 October 2007 amounted to 2,329,182 euros.

15.1.2 Remuneration of company officers

Pursuant to the provisions of Article L.225-102-1 of the Code of Commerce, all of the company officers' remuneration that is received during the financial year ended 31 October 2007 from Groupe Partouche, is summarised in the table below on an individual basis:

List of company officers of GROUPE PARTOUCHE SA.

Amount of gross remunerations for financial year 2006-2007: in euros	Amount of total gross remuneration	Of which benefits in kind
Mr. Patrick PARTOUCHE	1 418 261	6915
Mr. Hubert BENHAMOU (*)	53 464	-
Mr. Ari SEBAG	364 424	14 841
Mr. Richard PARTOUCHE	257 640	-
Mrs. Katy ZENOU	233 924	-
Mr. Isidore PARTOUCHE	216 000	-
Mr. Marcel PARTOUCHE	204 522	-
Mr. Maurice SEBAG	154 179	-
Mr. Gaston GHRENASSIA	30 000	-

Change over the last three years in the amount of total gross remuneration: in euros	2007	2006	2005
Mr. Patrick PARTOUCHE	1 418 261	324 000	319 359
Mr. Hubert BENHAMOU (*)	53 464	320 784	320 784
Mr. Ari SEBAG	364 424	349 500	342 583
Mr. Richard PARTOUCHE	257 640	257 640	268 640
Mrs. Katy ZENOU	233 924	233 924	233 924
Mr. Isidore PARTOUCHE	216 000	281 000	330 000
Mr. Marcel PARTOUCHE	204 522	204 522	204 522
Mr. Maurice SEBAG	154 179	154 179	154 179
Mr. Gaston GHRENASSIA	30 000	30 000	30 000

All the amounts comprising remuneration are fixed.

A gross bonus of €1,094,261 is included in the remuneration of Mr. Patrick PARTOUCHE.

None of this remuneration is subject to any calculation criteria and no commitments have been taken by the company in favour of its company officers, corresponding to remuneration, indemnities or benefits in kind due or likely to become due as a result of the assumption, cessation or change of function.

(*) Mr. Hubert Benhamou resigned from his positions on both the Executive and Supervisory Boards effective 1 May 2007.

15.1.3 Directors' fees paid to the members of the Supervisory Board

The total amount of directors' fees paid in 2007 for the 2006–07 financial year was €66,000 and was divided as follows:

Members of the Supervisory Board	Amount of Directors' fees paid
Mr. Isidore PARTOUCHE	30 000 €
Mr. Marcel PARTOUCHE	12 000 €
Mr. Maurice SEBAG	12 000 €
Mr. Gaston GHRENASSIA	12 000 €

For information, the total of the directors' fees paid by Groupe Partouche to the members of the Supervisory Board was €66,000 for financial year 2006.

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

The total amount set aside to provide pensions for the entire financial year for all persons listed Chapter 14.1 was €21,770.

16. Operation of directors' and executive bodies

16.1. Term of office of directors

The terms in office of all the members of the Executive Board expired on 1 November 2007 and were renewed in their entirety by the Supervisory Board at its meeting of 2 November 2007.

As the terms in office of Messrs Isidore Partouche, Marcel Partouche, Maurice Sebag and Gaston Ghrenassia as members of the Supervisory Board expire at the close of the Annual General Meeting, we recommend that you extend their terms in office for a further period of six financial years, thus until the close of the Annual General Meeting convened to approve the financial statements for the year ended 31 October 2013.

We would like to point out that none of the terms in office of the Group's current statutory auditors expired during the year under review.

16.2. Service contracts providing benefits on termination

No service contracts bind the members of the Executive Board or the Supervisory Board to the company or any of its subsidiaries that provide benefits upon termination.

16.3. Executive Board and Supervisory Board

16.3.1 Executive Board

Composition of the Executive Board

Mr. Patrick PARTOUCHE: Chairman

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

Mr. Richard PARTOUCHE: Member of the Executive Board, Managing Director

Mrs. Katy ZENOU: Member of the Executive Board, Managing Director

Mr. Hubert BENHAMOU: Member of the Executive Board, Managing Director, who resigned as of 1 May 2007, was not replaced

The Executive Board mandates were all renewed, and Mr. Patrick PARTOUCHE was confirmed as Chairman of the Supervisory Board as of 2 November 2007.

Meetings of the Executive Board

During the financial year ended 31.10.07, the Executive Board met on nine occasions, with a 100% attendance rate

Functioning of the Executive Board

Please refer to Chapter 21.1.2

Main work performed in financial year 2007

The meetings of the Executive Board related first and foremost to the quarterly accounts closes. The Executive Board presented a detailed activity report which allows the Supervisory Board to carry out its mission appropriately. (Executive Board meetings of 12 December 2006, 12 February 2007, 21 May 2007 and 3 September 2007), in addition to the interim financial statements (Executive Board meeting of 19 June 2007).

It approved for publication the 2006 annual financial statements (Executive Board of 30 January 2007) and the interim financial statements at 30 April 2007 (Executive Board of 19 June 2007).

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

- The dissolution without liquidation – commonly known in France as a transmission universelle de patrimoine (TUP), thus a transfer of all assets and liabilities – of Groupe de Divonne (by decision of the Executive Board of 27 July 2007).
- Authorisation granted to the Chairman of the Executive Board, Mr Patrick Partouche, to sign all legal documents relating to the disposal by SCI Foncière de Vittel et Contrexéville of its assets to the Commune of Vittel (by decision of the Executive Board of 11 September 2007).

Finally, in its meeting of 29 January 2008, the Executive Board reviewed the individual company and consolidated financial statements for the financial year ended 31 October 2007 and approved the terms of the management report, in addition to the text of the resolutions which will be presented for the approval of shareholders.

16.3.2 Supervisory Board

Composition of the Supervisory Board

Mr. Isidore PARTOUCHE : Chairman of the Board

Mr. Marcel PARTOUCHE : Vice-Chairman of the Board

Mr. Maurice SEBAG : Member of the Board

Mr. Gaston GHRENASSIA : Member of the Board

Functioning of the Supervisory Board

Please refer to Chapter 21.1.2.

Meetings of the Supervisory Board

During the financial year ended 31.10.07, the Supervisory Board met on 18 occasions, with an attendance rate of more than 95%.

Preparatory meetings for the Board meetings

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

Evaluation of supervisory board members

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

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

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

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

Main work performed in financial year 2007

The meetings of the Executive Board related first and foremost to the quarterly accounts closes. The Executive Board presented a detailed activity report which allows the Supervisory Board to carry out its mission appropriately. (Supervisory Board meetings of 15 December 2006, 19 February 2007, 23 May 2007 and 5 September 2007), in addition to the interim financial statements (Supervisory Board meeting of 20 June 2007).

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

- Award an exceptional bonus to the Chairman of the Executive Board, Mr Patrick PARTOUCHE (by decision of the Supervisory Board on 21 November 2006)
- Authorise the amendment of the head office service agreement concluded between the company and the Casino du Lac Meyrin and the signing of a management consulting contract with the firm SHALOM & CO (by decision of the Supervisory Board on 5 December 2006)
- Authorise the guarantee for borrowings contracted by the subsidiaries of the companies CAKSNO and QUEDESJEUX from LIXXBAIL (by decision of the Supervisory Board on 19 December 2006 and 6 February 2007)
- Authorise the sale of shares held in the capital of SFCMC (by decision of the Supervisory Board on 16 April 2007)
- Authorise the signing of head office assistance agreements and of five new tax consolidation agreements (by decision of the Supervisory Board on 13 July 2007 and 22 October 2007)
- Approve debt forgiveness agreements, each including a return to profitability clause, granted to its subsidiaries GRAND CASINO DE CABOURG, the LA TREMBLADE casino, GRAND CASINO DU HAVRE and the Trinité-sur-Mer casino (by decision of the Supervisory Board on 12 January 2007, 23 January 2007, 30 March 2007 and 13 July 2007)
- Set the allocation of directors' fees and authorise the purchase of shares in HÔTEL INTERNATIONAL DE LYON SAS (by decision of the Supervisory Board on 25 April 2007)
- Authorise the signing of a sponsor agreement with its subsidiary FORGES THERMAL (by decision of the Supervisory Board on 26 October 2007)
- The Supervisory Board has taken note of the resignation by Mr Hubert BENHAMOU from his positions as member of the Executive Board and General Manager, and has decided not to replace him (by decision of the Supervisory Board on 23 May 2007)

In its meeting held on 2 November 2007, the Supervisory Board extended the terms in office of the existing members of the Executive Board for a further period of six years as well as the term in office of Mr Patrick Partouche as Chairman of the Executive Board. Lastly, in its meeting held on 30 January 2008, the Supervisory Board examined the parent company and consolidated financial statements for the year ended 31 October 2007 in addition to the management report of the Executive Board.

16.3.3 The committees of the Supervisory Board

The members of the committees are designated by the Supervisory Board.

The various committees meet under the chairmanship of Mr. Isidore PARTOUCHE who ensures the coordination and leadership in collaboration with Mr. Patrick PARTOUCHE, Chairman of the Executive Board and Mr. Ari SEBAG, member of the Executive Board and Managing Director.

With regard to the members of the Executive Board, the committees benefit from the collaboration and participation of various functional departments of the Group. In order to accomplish their missions they can, on the basis of the Supervisory Board's authorisation, use or elicit the involvement of the experts or external advisors that they deem necessary.

Their skills and responsibilities are set forth in the internal regulations (Chapter 14.3).

The committees do not comprise any independent directors.

Audit Committee

Patrick PARTOUCHE, Chairman of the Executive Board, Ari SEBAG, Chief Executive and member of the Executive Board, Fabrice PAIRE, Company Secretary, Alain CENS, Finance director

The mission of the audit committee is to carry out the annual and semi-annual examination of the individual company and consolidated financial statements as well as the periodic examination of internal control procedures and, more generally, of all audit, accounting or management procedures in force in the Group.

It also provides the link between the Supervisory Board and the Group's statutory auditors.

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

The audit committee met on five occasions in financial year 2007, with a 100% attendance rate.

Financial Committee

Patrick PARTOUCHE, Chairman of the Executive Board, Ari SEBAG, Chief Executive and members of the Executive Committee, Fabrice PAIRE, Company Secretary, Alain CENS, Finance Director.

The mission of the Financial Committee is to examine projects to divest buildings or investments, to constitute guarantees in order to allow the Supervisory Board to provide the authorisations required by law.

The financial committee met five times in financial year 2007, with a 100% rate.

Remuneration Committee

Patrick PARTOUCHE, Chairman of the Executive Board, Ari SEBAG, General Manager and member of the Management Board, Fabrice PAIRE, Company Secretary, Alain CENS, Finance director.

It prepares to fix the compensation of members of the Management Board, to obtain communication via the Management Board of information relating to remunerations and the status of the Group's senior management executives.

The remuneration committee is convened once a year in order to establish all of the remunerations for the financial year ahead, in accordance with the budget, with a 100% attendance rate.

16.4. Compliance with corporate governance regimes

GROUPE PARTOUCHE SA complies with the principles of corporate governance. Audit, Financial and Remuneration Committees have been set in place. Internal regulations of the Supervisory Board and committees were set in place at its meeting of 27 October 2005. Moreover, each equity share has one voting right.

The only point which may appear not to comply with the principles of corporate governance is the absence of an independent director, but this corresponds to a mode of operation of an enterprise with a strong family culture.

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

16.5.1 Report of the Chairman of the Supervisory Board on the Company's organisation and internal control procedures

Ladies and Gentlemen,

Pursuant to the provisions of Article L. 225-68 of the Code of Commerce ensuing from Article 117 of the 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 ending 31 October 2007.

Conditions under which the supervisory board's work is prepared and organised

The Extraordinary Shareholders' Meeting of 20 June 1996 decided to change the management mode of our Company, until then governed by a Board of Directors, to that of a Société Anonyme with Executive and Supervisory Boards.

The decision to adopt this structure was made to observe the principles of corporate governance that have since been adopted under French legislation, the most recent changes in which increase the required level of transparency.

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

In this regard, it should be noted that Chapter 16.3.2 of this document, relating in particular to:

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

is an integral part of this section of the report of the Chairman.

Control procedures implemented

OBJECTIVES OF INTERNAL CONTROL PROCEDURES

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

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

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

GENERAL ORGANISATION OF INTERNAL CONTROL PROCEDURES

Internal control procedures are part of the policy defined by the Executive Board and are implemented under the direct responsibility of the General Managers of the various subsidiaries.

Some 78% of the Group's business centres on the casino business in France, which has "three distinct segments: entertainment, restaurants and gaming, all of which are combined under a single management structure, without any individual segment being run separately" (Article 1 of the Order of 23 December 1959 governing to the regulation of gaming in casinos).

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

The ministerial order of 14 May 2007, which modified the regulation of gaming under the terms of the decree of 22 December 1959 thus determines:

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

The regulatory frameworks of casinos operated outside France (11% of turnover) are also very strict, particularly in Switzerland. Moreover, the Group's major hotels are managed via management (Hilton Méridien and Moments of Life) or by reputable operators. Nearly 5% of turnover is generated with Hilton and Méridien.

GROUPE PARTOUCHE SA's finance department is responsible for organising internal control procedures relating to the preparation and processing of the company's accounting and financial information.

GROUPE PARTOUCHE SA's head office makes available to its operating units its know-how, resources and skills, in terms of personnel and technical resources, and thus provides, among other things, administrative, accounting, legal and financial support.

The operating units are all subsidiaries which do not have a particularly high degree of complexity, equipped with a dedicated internal administration and accounting departments.

GROUPE PARTOUCHE SA's subsidiaries are also assisted by chartered accountants, long-term advisors with an in-depth knowledge of the specificities of the Group's business segments.

Organisation of accounting internal controls

GROUPE PARTOUCHE's finance department coordinates and supervises the organisation of its subsidiary level accounting departments.

It verifies the regularity of accounting data.

GROUPE PARTOUCHE SA and its operating entities all use a single consistent accounting system.

The system is configured by external consultant. Updates to the software are performed only by the Group's in-house IT department. The system runs on an AS400 and data is backed up on tape on a daily basis. These tapes are placed in fireproof safes which guarantee that the data is stored in optimal security.

The software package has a plethora of security features which allow access to certain information to be obtained based on a security hierarchy of users.

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

Users are provided with an internal user guide covering payroll management, both from a technical (procedures – instructions) and legal point of view (calculation methods used by the Group in compliance with employment, sector-specific and tax regulations).

Organisation of management internal controls

The management services at GROUPE PARTOUCHE SA's head office are supported by staff in charge of preparing and monitoring budgets and the financial reporting of their operating units, within the subsidiaries.

All of the information used, in the budgetary and management reporting process, is processed by one of the leading information systems on the market. This analysis tool is based on a single reference system applicable to all of the units, which ensures the homogeneity of information. The units have decentralised data input modules which feed into a single group-wide database. This database guarantees the reliability and the traceability of data, thanks notably to controls and automated validations of data and a set of controls that are specific to our line of business.

Organisation of financial internal controls

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

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

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

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

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

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

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

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

Accounting information

A chart of accounts adapted to the Group's accounting framework is used by the operating units, in compliance with the Order of 27 February 1984, which sets the provisions relating to casino's accounts and mentions that the professional chart of accounts appended thereto should be applied by casinos.

Procedural notes are prepared by the Group's accounting department for the attention of the subsidiaries, particularly by taking account of the specific accounting treatment in the gaming sector.

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

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

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

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

Management information

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

The key stages of the budget process are as follows:

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

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

Two financial reporting phases are in place: a monthly activity reporting phase and a quarterly operating and investment reporting phase.

The monthly activity reporting phase makes data available relating to turnover and specific information relating to the gaming sector.

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

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

Finally, reconciliation between the management reporting and consolidation phases in the information system allows information to be definitively validated.

Financial information

The ultimate objective of the internal control procedures for GROUPE PARTOUCHE SA, the holding company, is to ensure the reliability of the consolidated financial statements. Specific procedures deal with the preparation of the consolidated financial statements by the dedicated department at GROUPE PARTOUCHE's head office.

We can use, where necessary, the services of specialist external consultants, particularly for special, non-recurring transactions (acquisitions, disposals, mergers, etc.).

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

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

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

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

We can detail the sequence in which the consolidated financial statements are prepared by listing the primary controls that are carried out.

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

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

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 a permanent file which is used as a consolidation aid for the production of consolidation packages and which presents the consolidation work through the documents and information submission procedures, and on the other hand, a closing file, comprising the schedule of consolidation operations and the specific information for each accounting close.

Isidore PARTOUCHE

Chairman of the Supervisory Board

16.5.2 Statutory auditors' observations, established pursuant to article L.225-235 of the Code of Commerce, on the report of the Chairman of the Supervisory Board in respect of internal control procedures relating to financial information

Ladies and Gentlemen,

In our capacity of statutory auditors of Groupe Partouche SA and pursuant to the provisions of Article L.225-235 of the Code of Commerce, we hereby present our observations on the report of the Chairman of the Supervisory Board of your Company, in accordance with the provisions of Article L.225-68 of the Code of Commerce for the financial year ending 31 October 2007.

The Chairman is responsible for providing in his report, notably, the conditions under which the work of the Supervisory Board is prepared and organised and of the internal control procedures implemented within the company.

Our role is to communicate to you our observations on the information provided in the Chairman's report relating to internal control procedures governing the preparation and processing of accounting and financial information.

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

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

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

Marseille and Sceaux, 28 February 2008

Fiduciaire MCR — **José David**

Jean-Louis Mathieu

17. Employees

17.1. Human resources – workforce

17.1.1 Workforce

Categories at 31 October	2007	2006	2005
Managers	875	810	839
Supervisors and technicians	321	372	321
Other employees excluding labour	4 696	4 689	4 788
Labour	192	211	234
Total	**6 084**	**6 082**	**6 182**

17.1.2 Human resources

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

OUR PEOPLE MAKE US WHAT WE ARE

At the end of the financial year, GROUPE PARTOUCHE had 6,084 employees. The workforce remained on a par with its level in the previous year.

This stability stems mainly from our finely calibrated management of joiners and leavers, together with close supervision of our teams. 88% of the Group's workforce are employed under open-ended employment contracts.

Part time contracts are chosen rather than being imposed.

Women represent 39% of the workforce. There are a total of 875 management-level staff.

WORK ORGANISATION

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

Work time reduction agreements have been negotiated and signed in certain subsidiaries. Subcontracting is only used on a relatively small scale, as our key professional specialities cannot be easily outsourced. During the financial year, subcontracting represented €11m, chiefly attributable to the provision of security services.

REWARDS AND LOYALTY ENHANCEMENTS

Total payroll including social charges came to €200.5m, and the combined total of profit-related pay paid by the subsidiaries came to €6.4m.

EMPLOYEE COMMUNICATION

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

HEALTH AND SAFETY

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

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

TRAINING TO KEEP A COMPETITIVE EDGE

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

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

EMPLOYING AND INTEGRATING DISABLED STAFF

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

CARING AND SHARING

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

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

As part of its development of the policy of responsible gaming and the charter signed by the professional union, "Syndicat des Casinos Modernes de France", of which GROUPE PARTOUCHE is a member, measures to protect players were stepped up.

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

Management personnel and team leaders regularly receive training.

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

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

17.2. Shareholdings and stock options of members of the Supervisory Board and the Executive Board

Nil.

17.3. Employee profit sharing in the capital of GROUPE PARTOUCHE

17.3.1 Discretionary profit sharing

To date, there is no discretionary employee profit sharing contract at GROUPE PARTOUCHE SA.

17.3.2 Non-discretionary profit sharing

Pursuant to the provisions of article L.225-102 of the Code of Commerce, we hereby indicate that there is no non-discretionary employee profit sharing in the share capital under the terms of a company savings plan as of the balance sheet date, 31 October 2007.

17.3.3 Employee shareholders

Nil.

18. Principal shareholders

18.1. Ownership of capital and voting rights

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

Principal shareholders at 31 January	Number of shares	2008 % of capital % of voting rights (1)	Number of shares	2007 % of capital % of voting rights (1)	Number of shares	2006 % of capital % of voting rights (1)
FINANCIÈRE PARTOUCHE SA (2)	28 840 000	66,92 %	28 840 000	66,92 %	26 848 500	62,30 %
SOGESIC SARL (3)	-	-	-	-	1 991 500	4,62 %
PARTOUCHE Family	1 633 371	3.79%	1 564 881	3,63%	1 564 821	3,63 %
Subtotal	**30 473 371**	**70.71%**	**30 404 881**	**70,55%**	**30 404 821**	**70,55 %**
Public (4)	12 624 047	29.29%	12 692 537	29,45%	12 692 597	29,45 %
TOTAL	**43 097 418**	**100,00%**	**43 097 418**	**100,00 %**	**43 097 418**	**100,00 %**

(1) There are no double-voting rights.

(2) SA FINANCIÈRE PARTOUCHE is a family holding company. As of 31 January 2007, it merged with SARL SOGESIC which contributed the 1,991,500 GROUPE PARTOUCHE shares that the latter owned.

(3) SARL SOGESIC is the Group's central procurement company owned by members of the family. As of 31 January 2007, it merged with Financière Partouche, contributing its 1,991,500 Groupe Partouche shares.

(4) By letter dated 22 October 2007, Richelieu Finance Gestion Privée, acting on behalf of the mutual fund it manages, declared that it had crossed the disclosure threshold of 5% of the share capital and voting rights of Groupe Partouche, and that it thereby held 3,108,500 shares representing 7.21% of the share capital and voting rights of Groupe Partouche. As far as the company is aware, there are no additional shareholders holding 5% or more of the share capital and voting rights, apart from those indicated above.

Groupe Partouche requested Euroclear France to perform a survey on 31 January 2008 of intermediaries holding at least 11,000 shares. This survey enabled us to identify 4,434 shareholders, representing 27.2% of the share capital. Taking into account the 92 shareholders holding registered shares at this date, we have thereby established that at this date 99.88% of the share capital of Groupe Partouche was owned by 4,526 shareholders.

A very substantial proportion of the shareholders identified by the Euroclear France survey – some 88.6% – were institutional investors.

No securities are owned by employees under a share ownership programme.

To the best of the company's knowledge, there are no shareholder pacts or share purchase or subscription plans.

At the balance sheet date, the Company held 19,166 self-owned shares.

18.2. Different voting rights

There are no double voting rights. Shares issued and in circulation each have one associated voting right.

18.3. Information on the control of the share capital of the company

The company is 66.92% controlled by the majority shareholder, Financière Partouche, a company whose share capital is entirely owned by the members of the Partouche family. The Partouche family, via the Financière Partouche holding company and natural persons therefore control 70.71% of the share capital of GROUPE PARTOUCHE. No particular measures are in place to ensure that control is not exercised in an abusive manner.

18.4. Change of control

To the best of our knowledge, no shareholders' pacts nor any clauses of any agreement comprising preferential sale or acquisition conditions for GROUPE PARTOUCHE shares have been notified to the Autorité des Marchés Financiers. Moreover, no actions in concert have been reported.

19. Related-party transactions

Please refer to Chapter 7.2 of this Document.

Any relations with associated entities are performed in accordance with normal market conditions.

Moreover, the special report of the Statutory Auditors on third-party agreements is presented below.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2007.

Ladies and Gentlemen,

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

1. AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FINANCIAL YEAR

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

We are not responsible for identifying the potential existence of other agreements, but simply for presenting you with the key terms and conditions of the agreements about which we have been informed, on the basis of the information we received, without expressing our opinion on their utility and validity. It is your responsibility, as provided by Article R.225-58 of the Code of Commerce, to assess the beneficial nature of these transactions with a view to approving them.

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

1.1 Exceptional bonus awarded to Mr Patrick Partouche

Your Supervisory Board has decided to award an exceptional bonus to Mr Patrick Partouche, in connection with his term in office as Chairman of the Executive Board, in a gross amount of €1,094,261, recorded under operating expenses.

This agreement was authorised by your Supervisory Board on 21 November 2006.

1.2 Partnership agreement for head office services

Your company has concluded a partnership agreement with Ispar Holding SA covering head office services. Under the terms of this agreement, GROUPE PARTOUCHE SA undertakes to retrocede to ISPAR HOLDING SA 25% of the compensation invoiced by GROUPE PARTOUCHE SA to Casino du Lac Meyrin SA for the rendering of head office services.

With respect to this agreement, your company recorded a charge of €283,142 under operating expenses.

This agreement was authorised by your Supervisory Board on 5 December 2006.

Member of the Supervisory Board concerned:

- Mr Isidore Partouche

1.3 Management consulting agreement

Your company has concluded a management consulting agreement with Shalom & Co. Under the terms of this agreement, Shalom & Co 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 concluded for an initial term of 24 months as from 1 January 2007.

With respect to this agreement, your company recorded a charge of €470,500 under operating expenses.

This agreement was authorised by your Supervisory Board on 5 December 2006.

Member of the Executive Board concerned:

- Mr. Hubert Benhamou, who served as General Manager and member of the Executive Board prior to his resignation from these positions, effective 1 May 2007.

1.4 Debt forgiveness in favour of SAS Grand Casino de Cabourg

During the financial year ended 31 October 2007, your company granted SAS Grand Casino de Cabourg a write-off in the amount of €772,300. This agreement includes a financial recovery clause and was recorded in the current account that your company holds on SAS Grand Casino de Cabourg.

This agreement was authorised by your Supervisory Board on 12 January 2007.

Member of the Executive Board concerned:

- Mr. Ari Sebag

1.5 Debt forgiveness in favour of SAS Casino de la Tremblade

During the financial year ended 31 October 2007, your company granted SAS Casino de la Tremblade a write-off in the amount of €18,000. This agreement includes a financial recovery clause and was recorded in the current account that your company holds on SAS Casino de la Tremblade.

This agreement was authorised by your Supervisory Board on 12 January 2007.

Member of the Executive Board concerned:

- Mr. Ari Sebag

1.6 Debt forgiveness in favour of SA Casino du Havre

During the financial year ended 31 October 2007, your company granted SA Casino du Havre a write-off in the amount of €5,150,000. This agreement includes a financial recovery clause and was recorded in the current account that your company holds on SA Casino du Havre.

This agreement was authorised by your Supervisory Board on 30 March 2007.

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

- Mr. Ari Sebag
- Mr. Hubert Benhamou
- Mrs. Katy Zenou
- Mr. Maurice Sebag

1.7 Buyout of shares in Hôtel International de Lyon SAS (HIL SAS)

On 2 May 2007, your company acquired shares in HIL SAS, from the various individuals listed below. The purchase price of these shares was €6,200 per share, with the following breakdown:

- Acquisition from Mr Isidore Partouche of 150 shares (representing 0.75% of the capital of HIL SAS) for €930,000;
- Acquisition from Mr Patrick Partouche of 50 shares (representing 0.25% of the capital of HIL SAS) for €310,000;
- Acquisition from Mr Richard Partouche of 50 shares (representing 0.25% of the capital of HIL SAS) for €310,000;
- Acquisition from Ms Katy Zenou of 50 shares (representing 0.25% of the capital of HIL SAS) for €310,000;
- Acquisition from Mr Ari Sebag of 50 shares (representing 0.25% of the capital of HIL SAS) for €310,000;
- Acquisition from Mr Hubert Benhamou of 50 shares (representing 0.25% of the capital of HIL SAS) for €310,000;

This agreement was authorised by your Supervisory Board on 25 April 2007.

1.8 Debt forgiveness in favour of SAS Grand Casino de la Trinité sur Mer

During the financial year ended 31 October 2007, your company granted SAS Grand Casino de la Trinité sur Mer a write-off in the amount of €722,000. This agreement includes a financial recovery clause and was recorded in the current account that your company holds on SAS Grand Casino de la Trinité sur Mer.

This agreement was authorised by your Supervisory Board on 13 July 2007.

Members of the Executive Board concerned:

- Mr. Ari Sebag
- Mr. Richard Partouche.

2. AGREEMENTS AND COMMITMENTS CONCLUDED IN PREVIOUS FINANCIAL YEARS, THE EXECUTION OF WHICH CONTINUED DURING THE FINANCIAL YEAR

Moreover, pursuant to the Code of Commerce, we were informed that the execution of the following agreements and commitments, approved in previous financial years, continued in the financial year under review.

2.1 Tax consolidation agreement

In the financial year ended 31 October 2007, the tax consolidation agreement encompassing 64 subsidiary companies was extended to the following four companies, the integration of which will become effective as of 1 November 2007: HOTEL INTERNATIONAL DE LYON (HIL SAS), Société du Grand Casino de Cabourg SAS, Société du Grand Casino de Lyon (GCL SAS) and Partouche Spectacles and Productions.

This tax consolidation agreement is applied in accordance with Article 223 A of the French General Tax Code.

Under this agreement, your company recorded a tax saving of €15,367,897.

2.2 Lease agreement with SA Financière Partouche

During the financial year ended 31 October 1998, your company signed a lease agreement with SA Financière Partouche. This lease covered the lease of your company's headquarters at 141 bis, rue de Saussure 75017, Paris, France. A rider to the lease was signed on 1 August 2002, in light of the extension of the surface area occupied by GROUPE PARTOUCHE SA. The lease term is now nine years, commencing 1 August 2002 and ending 31 July 2011, the annual lease is now fixed at €160,000 excluding VAT.

Pursuant to this agreement, your Company recognised an operating expense of €175,324.

2.3 Cash pooling agreement with SA Financière Partouche

SA FINANCIERE PARTOUCHE was authorised to participate in the cash pooling agreement for Group companies with SA Groupe Partouche, under the same conditions as the subsidiaries of your company.

Under the terms of this agreement, your company recognised an interest expense of €33.

2.4 Shareholder advance agreement with S.A. Financière Partouche

On 26 August 2003, your Company signed a shareholder advance agreement with Financière Partouche SA. Under the terms of this agreement, Financière Partouche SA granted your company an advance in the amount of €100,000,000 for a period of 7 years and 3 months, commencing on 29 August 2003, which was extended by a rider until 30 November 2012. This advance bears interest at the 6-month rate of Euribor plus 2%.

With regard to this agreement, SA Financière Partouche rebilled your company finance costs of €5,997,378 and interest rate hedging costs of €35,894.

2.5 Authorisation for the use of the Group's trademark granted to Partouche Interactive SA

Your company has granted exclusive licence for the use of the French trademark "GROUPE PARTOUCHE" to PARTOUCHE INTERACTIVE SA. This licence gives PARTOUCHE INTERACTIVE the right to manufacture and/or sell all services and products covered by this trademark distributed over the Internet, television, mobile and fixed-line telephony, as well as over any other existing or future electronic distribution channels. This agreement entered into force on 11 April 2006 with an initial term of ten years. Under the terms of this agreement, PARTOUCHE INTERACTIVE SA pays GROUPE PARTOUCHE SA a licensing fee equal to 15% of the turnover before tax generated by the services and products manufactured and/or sold under the GROUPE PARTOUCHE brand by the licence holder.

Operating income recorded with respect to this agreement in 2007 amounted to €3,944.

Marseille and Sceaux, 28 February 2008

Fiduciaire MCR **José David**

Jean-Louis Mathieu

20. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses

20.1. Historical financial information

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

- the consolidated financial statements for the financial year ended 31 October 2006, prepared in accordance with French GAAP and the report of the Statutory Auditors relating to the consolidated financial statements of the financial year ended 31 October 2006, which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 3 April 2007 under number D.07-0266, pages 84 et seq.;
- the consolidated financial statements for the financial year ended 31 October 2005, prepared in accordance with French GAAP and the report of the Statutory Auditors on the consolidated financial statements for the financial year ended 31 October 2005, which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 6 April 2006 under number D.06-0224, pages 46 et seq.;
- the holding company financial statements for the financial year ended 31 October 2005 and the report of the Statutory Auditors on the holding company financial statements for the financial year ended 31 October 2005 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 6 April 2006 under number D.06-0224, pages 78 et seq.;
- the holding company financial statements for the financial year ended 31 October 2006 and the report of the Statutory Auditors on the holding company financial statements for the financial year ended 31 October 2006 which is included in the Reference Document of the Company, registered with the Autorité des Marchés Financiers on 3 April 2007 under number D.07-0266, pages 126 et seq.;

Both of the reference documents referred to above are available on the website of the Company (www.partouche.com) and the Autorité des Marchés Financiers (www.amf-france.org).

20.2. Financial statements

20.2.1 Group financial statements for the financial year ended 31 October 2007

Consolidated income statement

INCOME STATEMENT **€000 at 31 October (except per share data)**	**Notes**	**2007**	**2006**
Turnover	**20**	**510 898**	**511 675**
Purchases and external expenses	21	(146 091)	(140 538)
Tax		(27 258)	(28 931)
Personnel costs	22	(206 921)	(207 638)
Depreciation, amortisation and impairment on fixed assets		(44 400)	(45 870)
Other current operating income and expenses		(10 403)	(10 418)
Current operating profit	**24**	**75 825**	**78 280**
Other non-current operating income and expenses	24	(1 692)	(4 972)
Gain (loss) on the sale of consolidated investments	23	(2 766)	10 042
Impairment of fixed assets	5 - 6	(6 304)	(2 161)
Non-current operating profit	**24**	**(10 762)**	**2 909**
Operating profit		**65 063**	**81 189**
Financial items	**25**	**(21 258)**	**(22 489)**
Profit before tax		**43 805**	**58 700**
Corporate income tax	27	(18 015)	(20 825)
Profit after tax		**25 790**	**37 875**
Share in earnings of equity affiliates	7	(2 001)	(1 805)
Total net profit		**23 789**	**36 071**
o/w Group share		**14 259**	**28 670**
o/w minority interests		9 530	7 400
Net earnings per share – Group share		**0.33086**	**0.66524**
Dividend distributed per share		-	-
Number of shares on which the earnings per share calculation is based		43 097 418	43 097 418

Consolidated balance sheet (net value)

ASSETS Net €000 at 31 October	Notes	2007	2006
Intangible assets	4	9 599	8 884
Goodwill on acquisition	5	407 747	404 301
Property and equipment	6	414 801	420 005
Investments in companies accounted for using the equity method	7	7 670	7 473
Other non-current financial assets	8	4 014	33 611
Deferred tax assets	27	1 988	2 280
Other non-current assets	9	4 987	618
TOTAL NON-CURRENT ASSETS		**850 806**	**877 172**
Inventories and semi-finished goods	10	7 840	8 072
Trade and other receivables	11	36 633	39 371
Tax receivables		8 099	5 038
Derivative financial instruments		2 973	545
Other current assets	12	15 234	15 050
Cash and cash equivalents	13	128 824	105 186
TOTAL CURRENT ASSETS		**199 604**	**173 261**
Available for sale assets	30	572	12 799
TOTAL ASSETS		**1 050 982**	**1 063 232**

EQUITY AND LIABILITIES €000 at 31 October	Notes	2007	2006
Share capital		86 195	86 195
Treasury shares		(169)	(169)
Share premium		9 411	9 411
Consolidated reserves		194 241	147 260
Revaluation reserve		(627)	(151)
Net profit for the year		14 259	28 670
GROUP EQUITY		**303 310**	**271 216**
MINORITY INTERESTS		**30 459**	**32 336**
TOTAL EQUITY	**14**	**333 768**	**303 552**
Non-current financial debt	17	431 292	503 045
Employee commitments	15	6 035	4 185
Other non-current provisions	16	19 136	13 592
Deferred tax liabilities	27	32 673	32 719
Other non-current liabilities	18	9 737	10 339
TOTAL NON-CURRENT LIABILITIES		**498 872**	**563 880**
Derivative financial instruments		-	-
Current financial debt	17	50 686	45 934
Current provisions	16	1 945	1 138
Trade and other payables	19	99 261	91 089
Current tax liabilities		63 461	51 714
Other current liabilities	18	2 990	4 088
TOTAL CURRENT LIABILITIES		**218 341**	**193 963**
Held for sale liabilities	30	-	1 837
TOTAL EQUITY AND LIABILITIES		**1 050 982**	**1 063 232**

(Number of shares in circulation at 31 October 2007 and 31 October 2006: 43,097,418)

Consolidated cash flow statement

€000 at 31 October	2007	2006
Total net profit	**23 789**	**36 071**
Adjustments:		
Elimination of income from associates	2 001	1 805
Elimination of tax expense (income)	18 015	20 804
Elimination of depreciation, amortisation and provisions	54 969	47 349
Elimination of gains and losses on revaluation to fair value	(573)	-
Elimination of results on the sale of assets	4 126	(4 659)
Elimination of net interest expense (income)	26 900	24 369
Elimination of dividend income	(14)	(14)
Impact of the change in WCR	**17 876**	**9 910**
Interest paid	(28 999)	(25 522)
Tax paid	(16 148)	(27 665)
Net cash inflow from operating activities, activities in the course of being divested	-	(1 816)
Net cash flow from operating activities	**101 942**	**80 629**
Acquisition of investment securities net of cash acquired	(8 410)	(8 601)
Disposal of consolidated companies, less cash sold	9 643	1 766
Impact of other changes in consolidation scope	694	1
Acquisition of intangible assets	(1 428)	(1 032)
Acquisition of property and equipment	(41 002)	(41 062)
Acquisition of financial assets	(1 012)	1 318
Loans and advances granted	(968)	(629)
Disposal of intangible assets	192	-
Disposal of property and equipment	339	5 418
Disposal of financial assets	35 988	68
Reimbursements received from loans	667	348
Interest received	2 088	1 144
Dividends received	14	14
Net change in short term investments	238	(158)
Cash flow from investing activities, activities in the course of being divested	9	(246)
Net cash flow from investing activities	**(2 948)**	**(41 649)**
Capital increased subscribed by minority interests	-	329
Loans issued	540	6 565
Loans reimbursed	(67 333)	(47 929)
Dividends paid to minority shareholders	(8 319)	(9 736)
Net cash flow from financing activities	**(75 112)**	**(50 770)**
Impact of foreign exchange rates	29	(521)
Change in cash and cash equivalents	**23 911**	**(12 311)**
Opening cash position	**104 801**	**117 113**
Closing cash position	**128 712**	**104 801**

The comments on the cash flow statement are presented in Note 26.

Changes in consolidated shareholders' equity

€000 at 31 October	Capital	Treasury shares	Share premium related to capital	Consolidated reserves	Group translation reserve	Group equity	Minority interests	Total equity
Equity at 31 October 2005	**86 195**	**(169)**	**9 411**	**145 143**	**(23)**	**240 557**	**33 642**	**274 200**
Distribution of dividends	-	-	-	-	-	-	(9 851)	(9 851)
Change in fair value of available for sale financial assets 1 989		-	-	-	1 941	-	1 941	48
Purchase commitments for minority interests (2 680)		-	-	-	-	-	-	(2 680)
Other movements 3 824		-	-	-	175	(128)	47	3 777
Net profit for 2006 financial year	-	-	-	28 670	-	28 670	7 400	36 071
Equity at 31 Octobre 2006	**86 195**	**(169)**	**9 411**	**175 930**	**(151)**	**271 216**	**32 336**	**303 552**
Distribution of dividends	-	-	-	-	-	-	(8 060)	(8 060)
Change in fair value of available for sale financial assets 9 297		-	-	-	9 081	-	9 081	216
Other movements 5 190		-	-	-	9 230	(476)	8 754	(3 564)
Net profit for 2007 financial year	-	-	-	14 259	-	14 259	9 531	23 790
Equity at 31 Octobre 2007	**86 195**	**(169)**	**9 411**	**210 404**	**(627)**	**303 310**	**30 459**	**333 768**

The notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

General presentation

In the following notes to the financial statements, "GROUPE PARTOUCHE" and "the Group" define all of the Group and its consolidated subsidiaries. GROUPE PARTOUCHE SA defines the parent company of GROUPE PARTOUCHE.

GROUPE PARTOUCHE is a société anonyme (limited company) governed by French law, subject to all of the texts governing commercial companies in France, particularly the Code of Commerce. It has its registered office at 141 bis rue de Saussure, Paris 17th arrondissement and has been listed on the Paris stock exchange since March 1995.

GROUPE PARTOUCHE S.A., the company and its subsidiaries, are organised around the casino and hotels business. The consolidated financial statements were approved for publication by the Executive Board of GROUPE PARTOUCHE SA on 29 January 2008.

Pursuant to French legislation, the consolidated financial statements for the financial year ended 31 October 2007 will be subject to the approval of the shareholders of the Group at the shareholders' meeting convened for 2 April 2008.

Note 1. Key events during the financial year

In financial year 2007, the Group's scope of consolidation was significantly impacted by the disposal of Saint-Julien casino, which was deconsolidated as of 31 March 2007.

At the end of the first half of the period, GROUPE PARTOUCHE sold its investment in Société Fermière du Casino Municipal de Cannes for an amount of 36 million euros.

In financial year 2007, GROUPE PARTOUCHE continued to develop its new business, Partouche Interactive:

- by creating new companies in Gibraltar with the aim of supporting the Group's development in digital broadcasting and electronic media in the field of gaming
- By the acquisition of the company "World Séries of Backgammon"

Finally, GROUPE PARTOUCHE created a new company, Partouche Spectacle et Divertissement, with the aim of asserting the Group's key role in organising high-quality cultural events.

All of the impact of these significant changes in consolidation scope are presented in Note 3 – Changes in the scope of consolidation.

Note 2. Description of the accounting policies and valuation methods applied by the Group

Accounting frameworks

The consolidated financial statements of GROUPE PARTOUCHE have been prepared under International Financial Reporting Standards (IFRS) as adopted in the European Union.

The financial information has been prepared for the periods presented in compliance with the rules of recognition and measurement under IFRS 1, First-time adoption of IFRS.

1. IFRS/IFRIC (International Financial Reporting Interpretations Committee)

The following standards and interpretations whose application is obligatory for the financial periods beginning as of 1 January 2006 do not apply to the Group's activities:

- Amendment of IAS 19 relating to actuarial gains and losses
- Amendment of IAS 21 relating to net investments in foreign operations
- Amendment of IAS 39 relating to financial guarantee contracts, the fair value option and cash flow hedge accounting of forecast intragroup transactions
- IFRIC 4, "Determining Whether an Arrangement Contains a Lease"
- IFRS 6, "Exploration for and Evaluation of Mineral Resources"
- IFRIC 5, "Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds"
- IFRIC 6, "Liabilities Arising from Participating in a Specific Market – Waste Electronic And Electrical Equipment"
- IFRIC 7, "Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies"
- IFRIC 8, "Scope of IFRS 2 – Share-Based Payments"
- IFRIC 9, "Reassessment of Embedded Derivatives"
- IFRIC 10, "Interim Financial Reporting and Impairment"

Groupe Partouche did not opt for early application of standards and interpretations published by the IASB whose application was not yet mandatory for the preparation of consolidated financial statements for the year ended 31 October 2007.

- Amendment of IAS 1 relating to capital disclosures
- IFRS 7, "Financial Instruments: Disclosures"
- IFRS 8, "Operating Segments"
- IFRIC 11, "Group and Treasury Share Transactions"
- IFRIC 12, "Service Concession Arrangements"
- IFRIC 13, "Customer Loyalty Programmes"
- IFRIC 14, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction"

2. Presentation of the consolidated financial statements

In order to facilitate comprehension of the operating performance of the company, GROUPE PARTOUCHE wished to introduce as of 31 October 2006, two intermediate aggregates in its publication: Current operating profit and Non-current operating profit.

Current operating profit:

This aggregate corresponds to operating profit before taking into consideration the impairment of goodwill and other non-current operating income and expenses, defined as follows: net gain (loss) on the sale of assets and unusual items corresponding to income and expenses that are unusual in terms of their frequency, nature or amount.

In setting up these new aggregates, the Group carried out non-significant reclassifications related to an analysis by nature of various items included under "other current and non-current income and expenses". Pursuant to the provisions of IAS 1, these changes in presentation were applied to all of the periods presented. Note 24 details the adjustments carried out.

Preparation principles, accounting judgments and estimates

The consolidated financial statements are prepared on the basis of historic costs, with the exception of certain financial instruments that are recorded as of 1 November 2004, based on their fair value:

- derivative financial instruments,
- available for sale financial assets

GROUPE PARTOUCHE closes its financial statements at 31 October. The subsidiaries that do not have a 31 October year-end prepare interim financial statements at that date.

The subsidiaries acquired are consolidated in the group's financial statements as of the date of their acquisition, commencing on the most recent date of preparation of the most recent consolidated balance sheet.

Preparing the financial statements requires Groupe Partouche to perform estimates and make assumptions liable to have an impact both on the amounts of assets, liabilities, income and expenses and the information provided in the notes to the financial statements. The estimates and assumptions are realised based on comparable historic data and other factors considered to be reasonable in view of the circumstances. They are therefore used as a basis to exercise judgment rendered in determining accounting values. The Group's management reviews these estimates and assumptions continually in order to ensure their pertinence with regard to the current economic environment. Based on the evolution of these assumptions, the items included in its financial statements may differ from current estimates. The impact of changes in accounting estimates is recognised during the period of the change and all affected future periods.

The principal estimate rules applied by the Group are presented below and relate to:

- the valuation in the balance sheet of tangible fixed assets, intangible assets and goodwill. The Group regularly reviews certain indicators which would lead where applicable to an impairment test.
- 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.
- the analysis of risks and litigation, including the estimate of the probability of the outcomes of litigation in progress and future litigation, which are, by their nature, dependant on necessarily uncertain future events.

Consolidation methods

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

Companies in which the Group has joint control with one or several partners are consolidated under the proportional consolidation method. This method was applied to SA du Casino de GRASSE and SC du Casino de GRASSE.

Companies over which GROUPE PARTOUCHE has significant influence are equity-accounted.

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

Business combinations are recognised based on the acquisition method.

Foreign currency translation methods

1. Foreign companies' financial statements

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the company.

Foreign companies' financial statements are initially prepared in each subsidiary's local currency. Balance sheet items are translated into euros on the basis of the exchange rates prevailing at the closing date of the financial year. Equity items are translated on the basis of the historical exchange rates, with translation differences from the previous financial year being accrued under the heading "translation differences" included in equity.

The income statement and cash flow headings are translated using an average rate during the financial year.

2. Translation of foreign currency transactions

Receivables and payables expressed in foreign currencies are translated on the basis of the exchange rate prevailing at the balance sheet date. Income, expenses and transaction flows are translated on the basis of the exchange rate prevailing at the date they were posted. The gains and losses resulting from the translation of the assets and liabilities are listed in the income statement.

3. Main conversion rates

The main exchange rates applied outside the euro zone are as follows:

Currencies / EURO		Closing rate 31/10/2007	Average rate 31/10/2007	Closing rate 31/10/2006	Average rate 31/10/2006
USD	US Dollar	1,4447	1,344310	1,2696	1,2352
CHF	Swiss Franc	1,6762	1,632800	1,5887	1,5650
MAD	Moroccan Dirham	11,323	11,18091	11,067	11,006
TND	Tunisian Dinar	1,7784	1,73156	1,6871	1,6508
EGP	Egyptian Pound	7,968	7,65717	7,2714	7,1095
GBP	Pound Sterling	0.6973	0,67765	NA	NA

Intangible assets

Other intangible assets notably include operating rights acquired to operate licences, client lists and lease rights.

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 depreciated based on their expected useful lives and are impaired where there is an indication of impairment in value.

Goodwill

On the acquisition of the shares of a consolidated company, the separately identifiable assets and liabilities are valued at their total fair value based on the Group's intended utilisation. The corresponding assets and liabilities are therefore recognised in the balance sheet at this revised value.

Goodwill is the difference between the acquisition cost of shares and the Group's share in the fair value of any identifiable assets and liabilities. All of the expenses representing external costs directly related to the acquisition are included in the acquisition cost.

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

Goodwill is not amortised, but is subject to impairment tests annually or more frequently if there is any indication of identified impairment in value. For the purposes of carrying out impairment testing, each goodwill item is allocated to a cash generating unit (CGU) or to a group of CGUs representing the lowest level at which goodwill is monitored for the purposes of monitoring for internal management purposes.

In accordance with IAS 36, an impairment loss recognised in respect of a goodwill item may not be reversed.

Property and equipment

1. Valuation

The Group's property, plant and equipment is recognised at their acquisition cost (acquisition price and acquisition costs of the fixed assets) or at their production cost.

Borrowing costs directly attributable to the acquisition, construction or production of certain assets until the date on which they are brought into service are recognised under finance costs in the financial period in which they are incurred.

Property and equipment is valued at each balance sheet date, based on the amortised cost model: at cost less depreciation and any impairment losses.

The Group owns investment property for which it has maintained the cost method.

2. Depreciation method and period

The main depreciation method used by the Group is the straight-line method.

Land is not depreciated. Depreciation is applied based 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 fixed assets	3 to 7 years

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

The residual values and useful lives of the assets are reviewed and, where applicable, are adjusted at the balance sheet date. The carrying amount of an asset is immediately impaired to bring it in line with its net realisable value when the carrying amount of the asset is higher than its estimated net realisable value.

Gains and losses on disposal are determined by comparing the proceeds on sale with the carrying amount of the asset sold. They are recognised in the income statement under "other current operating income and expenses", or "other non-current operating income and expenses" based on the principles described above.

Investments in equity-accounted associates

Investments in associates accounted for under the equity method are presented under this caption. In accordance with this method, the investment is initially recognised at cost. The carrying amount is thus increased or decreased to recognise the portion attributable to the investor in the earnings of the entity owned after the acquisition date.
Goodwill relating to these entities is included in the carrying amount of the investment.

Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale financial assets. The classification depends on the reasons underlying the acquisition of the financial assets. Management determines the classification of its financial assets on their initial recognition and reviews it at each accounting close.

1. Financial assets and liabilities at fair value through profit or loss

A financial asset is classified in this category if it is acquired primarily for the purpose of being sold in the near term or has been designated as such by Management. Derivatives are designated as held for trading, except where they are qualified hedge accounting transactions. All of the derivatives held by the Group are designated as hedges. Assets attached to this category are classified under current assets when they are held for trading, or where they are expected to be realised within twelve months following the accounting close.

2. Assets held to maturity

Assets held to maturity are non derivative financial assets other than loans and receivables having a fixed settlement term, whose payments are determined or determinable and which the Group plans and has the capacity to hold until maturity. These assets are initially recognised at fair value and then at amortised cost in accordance with the effective interest rate method. They are subject to impairment tests where there is an indication of losses of value. An impairment loss is recognised if the carrying amount is higher than the estimated realisable value.

3. Loans, receivables and debt issued by the company

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included under current assets, except those falling due within more than twelve months after the balance sheet date, which are classified under “Other non-current financial assets”.

4. Other available for sale financial assets

Available for sale financial assets are derivates attached to this category or those which do not fall within another category. They are included under non-current assets unless Management intends to sell such assets within 12 months following the balance sheet date.

Investments in equity instruments in which the Company owns less than 20% of the shares in circulation or the voting rights of the issuing entity, and which are neither controlled by, nor under the significant influence of the Company, are classified as available for sale financial assets and are recognised under “Other non-current financial assets” within non-current assets. Quoted instruments are measured at fair value and changes in fair value taken directly to equity. Non-quoted instruments are recognised as follows:

- if the fair value of the unquoted instruments is determinable by valuation techniques that are appropriate to the type of security, they are recognised at fair value and the changes in fair value are taken directly to equity,
- if the fair value cannot be determined reliably, the instruments are measured at cost

Gains and losses recognised on the sale of equity investments are recognised in the consolidated income statement. Any impairment loss representing a non-permanent impairment loss is recognised in the period in which such a loss of value arose. At each balance sheet date, the Group measures the impairment in value of a financial asset or a group of financial assets if there is an indication of a loss of value of a financial asset or a group of financial assets.

Inventories

Inventories are valued on a "first-in, first-out" basis. An impairment loss is recognised when the carrying amount of inventories is higher than their net realisable value.

Receivables and other debtors

Receivables are recognised at their face value. An impairment provision is set aside whenever their fair value, based on the likelihood of their being recovered, is less than their book value.

Deferred tax

The Group calculates its taxes in accordance with the tax legislation in force in the countries where the income is taxable.

Deferred taxes are determined each year for each tax entity using the liability method based on each company's tax position or on the income of all the companies that are included in the tax consolidation groups.

Deferred tax is calculated by applying the most recent tax rate enacted at the balance sheet date applicable to the period in which temporary differences reverse.

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

All deferred tax liabilities are recognised unless the tax results from the initial recognition of goodwill.

In accordance with paragraph 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.

Deferred taxes are classified as non-current assets and liabilities.

Cash and cash equivalents

"Cash and cash equivalents" includes cash at bank and in hand as well as all immediately available short-term investments.

These investments are made in SICAV-type or FCP-type mutual fund units, the value of which is not subject to changes in stock market prices and which can be converted easily into a cash amount subject to negligible risk of change in value.

Cash and cash equivalents are financial assets held for trading and are valued at their fair value. Changes in value are recorded as results from financial items.

Cash presented in the consolidated cash flow statement includes cash and cash equivalents such as defined above, net of current bank overdrafts, which are an integral part of the Group's cash management.

Discontinued or discontinuing operations

An operation is considered to be discontinued or discontinuing when it represents a significant, distinct operation for the Group and when its sale is considered to be highly probable. Discontinued or discontinuing operations are presented on a single line of the income statement, comprising the net profit after tax until the date of sale. Similarly, cash flows generated by discontinued or discontinuing operations are presented on a distinct line for each cash flow category in the consolidated cash flow statement.

Financial debt

Financial debt is recognised at face value, net of related issuing costs and premiums. Subsequently, these borrowings are recognised at amortised cost using the effective interest-rate method, the difference between cost and repayment value being recognised in the income statement over the term of the borrowings.

The cost of net financial debt includes interest payable on borrowings calculated using the effective interest-rate method, interest receivable on investments, and income from other dividends. No finance costs are capitalised in asset costs.

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.

Provisions

A provision is established when, at the closing date, the Group has an obligation resulting from a past event that is likely to result in an outflow of resources representing future economic benefits, the amount of which may be estimated reliably.

The obligation may arise from an agreement or from legal or regulatory provisions or from any established legal precedent, or it may be implicit since, through its past practices, its stated policy or a recent, sufficiently explicit statement, the Group created a reasonable expectation among third parties that it will assume this liability.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the closing date. If the amount of the obligation cannot be evaluated with sufficient reliability, no provision is recognised.

If the effect of discounting is significant, the amount of the provision recognised relates to the discounted value of the expenditures that the Group expects to have to incur to settle the corresponding obligation.

In determining the possible outcomes of tax risks and litigation, Management uses as its basis the assessment performed by external consultants who have knowledge of each of the related issues and jurisprudence.

Derivative financial instruments

Derivative financial instruments are initially recognised at their fair value. They are then re-evaluated at their fair value. The method of accounting for the related profit or loss depends on whether the derivative is designated as a hedging instrument and, as applicable, the nature of the hedged item.

The Group designates certain derivatives as:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of a specific risk associated with a recognised asset or liability or with a highly probable future transaction (cash flow hedge)
- hedges of a net investment in a foreign operation (net investment hedge).

The Group uses cash flow hedges to manage risks on financial flows related to floating-rate borrowings.

According to IAS 39, the application of hedge accounting requires the company to demonstrate and document the effectiveness of the hedging relationship upon its establishment and throughout its life. The effectiveness of the hedge with respect to accounting is verified by the relationship among changes in value of the derivative and of the underlying hedged asset.

Derivative instruments are recognised in the balance sheet for their market value at the closing date. The market value is established by reference to market data and according to commonly used models.

Upon the first-time application of IAS 39, the fair values of hedging instruments were recognised in equity within "Consolidated reserves." The impact of the first application of these standards was reflected by a pre-tax reduction in equity of €3,565k as of 1 November 2004, which relates entirely to Group equity.

In the case of hedging future interest expense, the hedged financial debt continues to be recognised at amortised cost, with the change in value of the effective portion of the hedging instrument being recorded in equity within "Consolidated reserves".

The change in value of the ineffective portion of hedging instruments is recorded in the result from financial items.

Post-employment benefits

1. Retirement plans

The Group has set up various defined-contribution or defined-benefit retirement plans.

The provision recognised in the balance sheet for defined-benefit plans relates to the discounted value of the commitment for defined benefits at the closing date, less the fair value of the plan's assets at that date, adjusted for unrecognised actuarial gains or losses, and less the cost of past service. The provision relating to defined-benefit plans is calculated annually according to the projected unit of credit method. The discounted value of commitments under defined-benefit plans is determined by discounting future disbursements with a market rate at the closing date based on first-class corporate bonds, corresponding to the currency and to the estimated schedule of benefit payments.

For defined-contribution plans, the Group pays contributions to private or public insurance companies on a mandatory, contractual or voluntary basis. The Group's commitments are limited to contributions paid. Contributions are recorded in expenses when they are due. Contributions paid in advance are deferred to assets insofar as the payment in advance will result in a decrease in future payments or a cash reimbursement.

2. Other post-employment benefit plans

Nearly all employees of the Company are covered by health insurance plans and life insurance plans financed by the government. Consequently, the Company has no significant commitment in respect of its employees in terms of post-employment benefits other than retirement benefits; as a result, no provision has been established to this effect.

Lease agreements

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.

Income statement

As of the publication of this document, operating profit is broken down into two aggregates: current operating profit and non-current operating profit. 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. Non-current operating profit comprises all non-current events that are not usually part of the operating cycle: it therefore comprises impairments of fixed assets, the net gain or loss from the sale of consolidated investments, the net gain or loss on the sale of assets or other non-current operating income and expenses that are not related to the normal operating cycle.

Segment information

First-level segment information is prepared based on the analysis of the Group's main segments of activity. The Group believes that these casino and hotel operating companies each have a unique activity contributing to a global service offering for its customers. In fact, several restrictions are attached to the operation of casinos, which, according to gaming regulations, are establishments comprising three distinct activities: gaming, entertainment and food services, together under a single management structure. The specifications to be followed therefore include ancillary services necessarily incidental to the main activity, gaming. However, calls for tenders from local governments more and more often include the obligation to provide hotel services. Consequently, since the Group does not use other operational indicators to manage its activities, disclosure is limited to breaking down turnover by activity and by geographic area.

The segments determined by the Group consist of a grouping by company based on a common activity, as follows:

- Casino operators
- Hotel operators
- Other activities

Second-level segment information is based on a breakdown by large geographic regions in which the Group operates:

- France
- Europe excluding France
- Rest of the world

Specificities of the Group's accounting rules

1. The chart of accounts for casinos (Order of 27 February 1984) involves the application of particular rules with respect to capital subsidies arising from the applicable levy.

   The applicable levy relates to the additional revenue earned by the casinos using the new progressive levy scale (27 November 1986), 50% of which must be earmarked for capital investment designed to improve tourist facilities, as provided by Decree. The capital subsidies appearing in equity of the subsidiaries' individual company financial statements are recorded in the line item "Other current liabilities" in the consolidated balance sheet.
2. GROUPE PARTOUCHE sets aside provisions for progressive jackpots at the end of the financial year. This provision is recognised in the line item "Current provisions" in the consolidated balance sheet.
3. Since the 31 October 1997 financial year-end, and in order to comply with an interpretation of the chart of accounts applicable to spa resort casinos, Groupe Partouche casinos do not account for the inventory face values of coins and chips under cash at bank and in hand and other liabilities. Only coins and chips in circulation are recorded under "trade and other accounts payable" in the consolidated balance sheet.

Note 3. Changes in the scope of consolidation

GROUPE PARTOUCHE SA's consolidated financial statements, prepared at 31 October 2007, include the financial statements of the companies listed in Note 30.

The table below summarizes the number of entities consolidated by the full consolidation, proportional consolidation and equity methods.

At 31 October	2007			2006		
Number of companies	France	Europe (excluding France)	Abroad	France	Europe (excluding France)	Abroad
Fully consolidated companies	104	13	7	106	11	4
Proportionally consolidated companies	2	-	-	2	-	-
Equity-method companies	5	-	1	5	-	1
TOTAL	**111**	**13**	**8**	**113**	**11**	**5**

The main changes in the scope of consolidation during the financial year were as follows:

Additions to the scope of consolidation

€000 at 31 October	Consolidation method	Goodwill	Acquisition price	Revenue	Operating profit	Net profit
PARTOUCHE SPECTACLE	FC	-	37	-	(36)	(36)
PARTOUCHE INTERACTIVE HOLDINGS	FC	-	3	-	(27)	(51)
PARTOUCHE INTERACTIVE GIBRALTAR	FC	-	3	-	(566)	(566)
WORLD SERIES OF BACK GAMMON	FC	-	60	4	(126)	(131)

FC: Full consolidation method

Change in percentage interest and control

€000 at 31 October	Control 2007	Interest 2007	Control 2006	Interest 2006
CASKNO	70	56	70	69,93
CASINO CHAUDFONTAINE	100	99,98	100	65,60
CASINO LA SEYNE SUR MER	97,65	97,64	87,91	87,88
VZW	100	100	100	65,61
PARTOUCHE GAMMON	85	68	85	72,25
QUARISMA	80,13	64,11	80,13	67,31
SOGIMAGE	75,43	60,35	75,43	63,37
NEWSCREEN	46,18	36,94	46,18	38,79
FAIRPLAYERS	20	16	20	16,8
GRAND CASINO LYON	100	96,5	100	94
CASINO PORT BARCARES	97,6	97,6	97,3	97,3
CHAUDFONTAINE LOISIRS	100	99,99	100	65,60
CASINO OOSTENDE	100	99,98	99,98	65,60
BELCASINOS	100	100	65,61	65,61
PARTOUCHE INTERACTIVE	80	80	84	84
HIL	96,5	96,5	94	94
PARTOUCHE TECHNOLOGIE (ex QUE DES JEUX)	100	80	100	84

Removal from the scope of consolidation

Removal from the scope of consolidation – Disposal of Saint Julien

€000 at 31 October	Revenue 2007	Net profit 2007	Revenue 2006	Net profit 2006
Casino de Saint Julien	3 067	-24	6 438	2 364

Note 4. Intangible assets

€000 at 31 October	Concessions, patents, brands	Internally-generated goodwill	Other intangible assets	TOTAL
Gross value at 31 October 2006	**1 575**	**13 139**	**4 484**	**19 198**
Acquisitions	402		1 134	1 536
Disposals	(10)	(24)	(310)	(344)
Additions to the consolidation scope	-	-	-	-
Removals from the consolidation scope	-	-	-	-
Translation difference	(10)		(22)	(32)
Assets transferred and scrapped	(169)	(46)	77	(138)
Gross value at 31 October 2007	**1 788**	**13 070**	**5 363**	**20 221**
Accumulated amortization and impairment losses at 31 October 2006	(950)	(5 792)	(3 572)	(10 314)
Depreciation charges/reversals	(84)	(157)	(385)	(626)
Disposals	6		287	294
Additions to the consolidation scope	-	-	-	-
Removals from the consolidation scope	-	-	-	-
Translation difference			18	18
Assets transferred and scrapped	131	7	(131)	7
Accumulated amortisation and impairment losses at 31 October 2007	-	-	-	-
Net value of intangible assets at 31 October 2007	**892**	**7 127**	**1 581**	**9 599**

Note 5. Goodwill

Breakdown of changes in goodwill by activity

€000 at 31 October	2007	2006
Casinos	359 265	358 060
Hotels	8 441	5 543
Other	40 041	40 698
TOTAL	**407 747**	**404 301**

Breakdown of changes:

Net value at 31 October 2006	**404 301**
Increases	**10 417**
CASINO OOSTENDE	4 709
CHAUDFONTAINE LOISIRS	2 470
HIL	2 898
WS BACKGAMMON	60
CASINO LA SEYNE SUR MER	269
CASINO PORT BARCARES	11
Decreases	**(279)**
SOGIMAGE	(7)
PARTOUCHE TECHNOLOGIE (Ex QUE DES JEUX)	(272)
Impairment losses *	**(6 251)**
CASINO LA SEYNE SUR MER	(269)
CASINO SAN ROQUE	(1 012)
CASINO ANDERNOS	(448)
CASINO ARCACHON	(3 000)
CASINO SAINT HONORE	(1 522)
Translation differences	**(441)**
Net value at 31 October 2007	**407 747**

* Impairment losses were recognized on the line "Impairment of assets" within the aggregate non-current operating profit.

Impairment of goodwill by the owning companies:

Pursuant to IAS 36, Impairment of assets, goodwill and other non-financial assets were subject to impairment testing at 31 October 2007. As part of these impairment tests, the Group defined its CGUs based on an analysis of the different establishments, taking into account the principal business and indissociable associated business that may be identified in each case. The fair value of the CGUs was determined based on their net realisable value.

- The tests carried out on goodwill at 31 October 2007 led to the recognition of additional impairment losses for a total amount of €6.251m.

Note 6. Property and equipment

€000 at 31 October	Land	Buildings	Technical installations	Other tangible fixed assets	Total
Gross value at 31 October 2006	**31 995**	**457 716**	**160 941**	**101 377**	**752 030**
Acquisitions	13 925	18 742	10 859	43 770	
Disposals	(10)	(1 937)	(5 198)	(4 698)	(11 843)
Additions to the consolidation scope	-	-	-	-	-
Removals from the consolidation scope	-	-	-	-	-
Translation difference	(98)	(1 060)	(660)	(299)	(2 117)
Assets transferred and scrapped	(62)	11 033	(5 942)	(6 528)	(1 499)
Gross value at 31 October 2007	**32 069**	**479 677**	**167 883**	**100 712**	**780 341**
Accumulated impairment losses at 31 October 2006		(6)	-	(107)	(114)
Accumulated depreciation and amortization at 31 October 2006	**(3 719)**	**(147 756)**	**(114 212)**	**(66 224)**	**(331 911)**
Depreciation and impairment charges/reversals	(556)	(22 060)	(15 309)	(5 913)	(43 838)
Disposals	9	1 841	4 581	1 715	8 147
Additions to the consolidation scope	-	-	-	-	-
Removals from the consolidation scope	9	280	153		442
Translation difference	-	267	398	266	931
Assets transferred and scrapped	-	(3 260)	2 661	1 495	855
Accumulated depreciation and amortization at 31 October 2007	**(4 257)**	**(170 688)**	**(121 767)**	**(68 661)**	**(365 373)**
Impairment losses for the period		(3)		(50)	(53)
Accumulated impairment losses at 31 October 2007		(9)	-	(158)	(167)
Net value at 31 October 2007	**27 812**	**308 980**	**46 116**	**31 893**	**414 801**

* Impairment losses were recognised under the heading "Impairment of fixed assets" within the aggregate "Non-current operating profit"

Acquisitions include assets in progress of €5.635m at financial year-end.

Note 7. Investments in equity-accounted associates

The Group's investments in equity-accounted associates and the percentage ownership interest are presented in the note relating to the scope of consolidation. The financial information relating to the Group's equity accounted associates are summarised below:

Balances relating to investments in companies accounted for under the equity method:

€000 at 31 October	2006	Share in profit	Translation difference	Change in scope	2007
Investments in equity-accounted associates	7 473	262	25	(90)	7 670
Provision for share of negative equity *	(4 938)	(2 263)	-	-	(7 201)
Total	**2 535**	**(2 001)**	**25**	**(90)**	**469**
Of which, goodwill relating to equity-accounted associates	**3 509**	**-**	**-**	**(139)**	**3 370**

* the change in this account is disclosed in Note 16

Balance sheet of equity-accounted associates:

€000 at 31 October	2007	2006
Total Assets	157 668	152 854
Total Debt	169 161	157 169
Total net assets	**(11 493)**	**(4 315)**

Income statement of equity-accounted associates:

€000 at 31 October	2007	2006
Total revenue	**38 223**	**37 473**
Total net profit	**(12 169)**	**(5 296)**

Breakdown of investments in equity-accounted associates:

€000 at 31 October	% owned 2007	Net assets 2007	Net profit 2007	Net assets 2006	Net profit 2006
Casino international of Madrid	17,63 %	(1 097)	(441)	(738)	(287)
Palais de la Méditerranée (Nice)	25 %	(10 896)	(5 319)	(5 580)	6 960
Fairplayers	16%	7	(2)	10	8
New-Screens Cash TV	36,94%	170	(831)	1 001	(651)
Société Française d'Invest. Hôtel et Casino	25 %	18 223	3 055	15 168	(8 687)
Hôtel du Palais de la Méditerranée	25 %	(17 900)	(4 011)	(14 176)	(4 601)
TOTAL		**(11 493)**	**(7 549)**	**(4 315)**	**(5 296)**

Note 8. Other non-current financial assets

€000 at 31 October	2007	2006
Non-consolidated investments	1 452	26 271
Other financial assets	2 562	2 338
Held for sale assets	-	5 001
Other non-current financial assets	**4 014**	**33 611**

Non-consolidated investment securities

€000 at 31 October	Gross value 2007	Impairment 2007	Net value 2007	Net value 2006
Non-consolidated companies owned > 50%	368	(276)	92	68
Non-consolidated companies owned 20 to 50%	167	(142)	24	13
Non-consolidated companies owned less than 20%	1 515	(179)	1 336	26 190
TOTAL	**2 050**	**(598)**	**1 452**	**26 271**

Groupe Partouche carried out the sale on 27 April 2007 of 27,941 shares held in Société Fermière du Casino Municipal de Cannes (SFCMC) for €35.988m. At 31 October 2006, this investment represented a gross book value of €35.308m. The share price at 31 October 2006 was 902 euros. The fair value recognised on consolidation was €25.203m. The net capital gain on sale generated by the operation was €925k; it was included in the income statements under financial income and expenses for €35.988m and €35.063m, respectively.

Due dates of other non-current financial assets

€000 at 31 October 2007	Amount	- 1 year	1 to 5 years	+ 5 years
Non-current investment securities	50	-	50	-
Employee loans	111	-	111	-
Loans, guarantees and other receivables	2 387	-	788	1 599
Receivables attached to investments	339	-	339	-
GROSS AMOUNT	**2 887**	**-**	**1 288**	**1 599**
Provision	325	-	325	-
NET AMOUNT	**2 562**	**-**	**963**	**1 599**

Note 9. Other non-current assets

€000 at 31 October	2007	2006
Receivables from the French State	4 606	497
Non-current prepaid expenses	381	121
Other non-current financial assets	**4 987**	**618**

The change in the account Receivables from the French state includes €3.7m relating to a receivable from the state for the Vichy cinema, corresponding to the state's financial support for the film industry.

Note 10. Inventories and semi-finished goods

€000 at 31 October	2007	2006
Inventories – Solids	620	631
Inventories – Liquids	2 071	2 133
Inventories – Other consumed purchases	490	460
Inventories – Production in progress	316	324
Inventories – Merchandise inventories	4 400	4 549
GROSS AMOUNT	**7 898**	**8 096**
Provision	(58)	(25)
NET AMOUNT	**7 840**	**8 072**

Note 11. Trade receivables and other debtors

€000 at 31 October	2007	2006
Trade receivables	21 169	21 474
Provisions for trade accounts receivables	(10 942)	(12 885)
Other debtors*	38 518	44 664
Provisions for other debtors	(12 112)	(13 882)
Total trade accounts receivable and other debtors	**36 633**	**39 371**

Breakdown of other debtors

€000 at 31 October	2007	2006
Trade accounts payable, advances and downpayments	1 225	640
Receivables from personnel – advances and downpayments	385	604
Receivables from social security organisations	827	694
Tax receivables – excluding corporate income tax	9 160	7 650
Current accounts – assets	7 028	5 192
Receivables in respect of sales of securities	5 388	11 642
Other receivables	11 043	15 338
Other income receivable	3 463	2 904
Total other debtors	**38 518**	**44 664**

At 31 October 2007, current receivables from disposals of shares include a receivable of €5,000k representing the balance receivable in connection with the divestment of the SFC unit.

Provision for other debtors relates to receivables from third parties, notably for €6,860k from a third party which did not deliver a property title that was acquired under contract and in respect of which a lawsuit is in progress.

Note 12. Other current assets

€000 at 31 October	2006	Increase	Decrease	2007
Accrued interest/receivables and loans	10	15	-	25
Employee loans	129	359	(256)	231
Loans, guarantees	979	144	(384)	739
Receivables from the French State	5 193	531	(1)	5 723
Prepaid expenses	8 746		(224)	8 522
Total Gross Value	**15 057**	**1 049**	**(866)**	**15 240**
Provision/ Impairment	(7)	-	-	(7)
Net value	**15 050**	**1 049**	**(866)**	**15 234**

Note 13. Cash and cash equivalents

€000 at 31 October	2007	2006
Financial management and highly liquid cash assets	28 775	24 611
Cash	100 049	80 575
Cash and cash equivalents-Assets	**128 824**	**105 186**

Breakdown of financial management and cash assets

€000 at 31 October	2007	2006
SICAV-type mutual fund units	28 551	24 356
FCP-type mutual fund units	210	248
Accrued interest / SICAV & FCP	23	7
Provision for impairment	(9)	-
Financial management and cash assets	**28 775**	**24 611**

Breakdown of positive cash balances

€000 at 31 October	2007	2006
Bank	91 113	69 124
Cash	8 808	11 097
Interest receivable	128	354
Positive cash balances	**100 049**	**80 575**

The SICAV comprise monetary-market funds and are subject to daily valuations; they may be transformed into cash with immediate effect.

Fonds Communs de Placements (FCP) also comprise monetary-market funds and are subject to frequent valuations: their conversion into cash is virtually immediate.

There is therefore practically no financial risk in respect of this type of fund.

Note 14. Equity

Capital – Shares in circulation

SHARE CAPITAL at 31 October	2007	2006
Value in capital	86 194 836 €	86 194 836 €
Shares issued, fully paid up	43 097 418	43 097 418
Nominal value	2 €	2 €

The share capital is fully paid up at 31 October 2007. Shares may be in registered or bearer form, based on the choice of the shareholder. In accordance with the Articles of Association, all of the shares have one voting right.

Treasury shares

In euros at 31 October	2007	2006
Treasury shares at historic cost	168 767	168 767
Number of treasury shares held	19 166	19 166

The Ordinary Shareholders' Meeting of 4 April 2000 authorised the Executive Board, pursuant to the provisions of Article 217-2 of the Law of 24 July 1966, to acquire more than 10% of the number of shares comprising the share capital. This authorisation led to the purchase of 19,166 shares, representing 0.04% of the total share capital of GROUPE PARTOUCHE SA, for a total amount of €168,767.

Equity

€000 at 31 October	2007	2006
Revaluation reserve	(42 663)	(42 663)
Other reserves and accumulated earnings	197 034	156 034
Legal reserve	8 620	8 620
Group consolidation reserves	17 599	20 699
Other group reserves	13 651	4 570
Consolidation reserves	**194 241**	**147 260**

Minority interests

€000 at 31 October	2007	2006
Non-group reserves	21 918	25 472
Non-group translation reserves	(989)	(536)
Non-group earnings	9 531	7 400
Minority interests	**30 459**	**32 336**

Comments:

"Other Group reserves" includes the change in fair value on the disposal of SFCMC financial assets for €9.081m. See breakdown of the transaction in Note 8.

Non-Group reserves include €5.3m for the impact of the entire acquisition of the minority interests in Belcasino.

Note 15. Employee commitments

These commitments were subject to an actuarial valuation based on the prospective method. The entire expense corresponding to rights acquired by the employees is determined based on the agreements in force at each company.

Provisions are calculated taking into account the probabilities of employees remaining at the Group until retirement (65 years), mortality based on gender, and on the following bases:

	2007	2006
Discount rate	4,4%	4%
Salary inflation rate	2%	2 %
Social charge provision rate	42%	42%

€000 at 31 October	2007	2006
Provision at the beginning of the financial year	4 185	2 633
Net charge for the financial year	1 902	2 255
Use	(23)	(592)
Change in the scope of consolidation	(29)	(112)
Provision at the end of the financial year	**6 035**	**4 185**

Note 16. Other current and non-current provisions

Non-current provisions

€000 at 31 October	2006	Charges	Reversals not used	Reversals used	Translation difference	Reclass.	Removals from consolidation scope	2007
Provisions for lawsuits	2 143	704	-	(608)	(4)		-	2 234
Provisions for tax risk	2 318	4 156	(53)	(12)		-	-	6 409
Provisions for net equity of companies accounted for under the equity method *	4 938	2 263	-	-	-	-	-	7 201
Other non-current provisions	4 193	2 704	(12)	(3 424)	(122)	(9)	(38)	3 292
TOTAL	**13 592**	**9 826**	**(66)**	**(4 044)**	**(126)**	**(9)**	**(38)**	**19 136**

The account "provision for tax risks" relates to the provision recognised Groupe Partouche following the tax reassessment.

*The breakdown of companies accounted for under the equity method is provided in Note 7.

Current provisions

€000 at 31 Octobre	2006	Charges	Reversals not used	Reversals used	Translation difference	Reclass.	Removals from consolidation scope	2007
Jackpot provisions	638	-	508	-	(555)	-	(3)	587
Other current provisions	501	-	960	-	(112)	9	(1)	1 357
TOTAL	**1 138**	**-**	**1 468**	**-**	**(667)**	**9**	**(4)**	**1 945**

Note 17. Current and non-current borrowings

Breakdown of borrowings

€000 at 31 October	Current 2007	Non Current 2007	Total 2007	Current 2006	Non Current 2006	Total 2006
Bank loans	43 298	319 138	362 436	40 112	380 690	420 802
Accrued interest / loans	47	-	47	56	-	56
Restated capital lease	923	1 665	2 588	856	2 534	3 390
Bank overdrafts	65	-	65	81	-	81
Other borrowings	4	100 431	100 435	2 990	104 444	107 434
Employee profit-sharing	1 750	8 627	10 377	1 777	9 124	10 901
Deposits and guarantees	64	467	531	62	567	629
Liabilities in respect of shareholdings in associated entities	-	963	963	-	963	963
Valuation of rate hedging instruments	1 856	-	1 856			
Purchase commitments for minority interests	2 680	-	2 680	-	4 723	4 723
Total	**50 686**	**431 292**	**481 978**	**45 934**	**503 045**	**548 979**

Change in bank loans

€000 at 31 October	2006	Change in scope	Increase	Decrease	2007
Bank loans	**420 802**	**-**	**-**	**58 366**	**362 436**

In the account "bank loans", a syndicated loan represents the bulk of the Group's debt and has the following main characteristics:

Original loan amount: €431,000,000.

Principal outstanding at the period-end: €348,360,000

Remaining term: 5 years

Rate: variable rate based on 3-month Euribor, with a decreasing banking margin (25 basis points) in proportion to an improved ratio of:

Consolidated financial debt net of cash / Consolidated operating profit plus depreciation, amortisation and operating provisions, less reversals of depreciation, amortisation and operating provisions.

Guarantees:

- pledging of the shares of the major subsidiaries of the Group,
- compliance with financial ratios relating to the Group's profitability, financial structure and investments:
  - The ratio of Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals / Finance costs must be greater or equal to 5% at 31/10/2008.
  - The ratio of Available cash flow after tax and exceptional items before debt servicing costs / Debt servicing costs must be greater or equal to 1 at 31/10/2008.
  - The ratio of Financial debt net of cash / Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals must be less than or equal to 2.5 at 31/10/2008.
  - Investments net of disposals are limited to €37,000,000

"Other borrowings" includes a €100m advance from FINANCIÈRE PARTOUCHE to Groupe Partouche SA in accordance with the shareholder advance agreement signed on 29 August 2003 and the modified agreement dated 30 September 2005.

Analysis of bank loans by interest rate at the balance sheet date

€000 at 31 October	Before interest rate hedging 2007	After interest rate hedging 2007	Before interest rate hedging 2006	After interest rate hedging 2006
Fixed rate financial debt	1 194	297 694	3 044	204 044
Variable rate financial debt	361 242	64 742	417 758	216 758
Financial debt at financial period-end	**362 436**	**362 436**	**420 802**	**420 802**
Average interest rate - fixed -	4,62%	4,48%	5,21 %	5,15 %
Average interest rate - variable -	5,42%	5,45%	5,02 %	4,99 %
Average interest rate at financial period-end	**5,41%**	**4,66%**	**5,02 %**	**5,07 %**

At the financial period-end, the amount outstanding on variable-rate loans represents more than 99% of total loans. Therefore the risk arising from variable rate loans partial hedging of the risk implied by the floating-rate loans is in place.

Net financial debt at financial period-end

€000 at 31 October	2007	2006
Bank loans	**365 024**	**424 192**
Accrued interest *	**47**	**56**
Borrowings and sundry financial debt	112 306	119 927
Economic financial debt (1)	**477 377**	**544 175**
Financial instruments – assets	2 973	545
Financial instruments – liabilities	(1 856)	-
Hedges (2)	**1 117**	**545**
Cash and cash equivalents	128 824	105 186
Bank overdrafts	(65)	(81)
Net cash position (3) *	**128 759**	**105 105**
Option of minorities (4)	2 680	4 723
Net financial debt (1-2-3+4)	**350 181**	**443 248**

* The 2007 closing cash balance as presented in the cash flow statement corresponds to the difference between these two amounts.

Hedge position

A cap was purchased to limit exposure to any rise in the reference rate up to a maximum of 3.50% and a leveraged swap with an embedded collar was obtained to provide protection against an increase in the reference rate to 3.70%. Both of these transactions have a remaining term of 1 year. A cancellable swap was subscribed to provide protection against an increase in the interest rate above 3.60% and another cancellable swap was subscribed to provide protection against an increase in the interest rate above 3.75%; the option to cancel this last swap may not be exercised before 31 July 2009.

The total amount of the syndicated loan in respect of which hedging has been obtained amounts to €296.5m at 31 October 2007.

These hedges were active at the end of the financial year

Maturity dates of financial debt

€000 at 31 October	TOTAL	- 1 YEAR	1 TO 5 YEARS	+ 5 YEARS
Bank loans	362 436	43 298	316 977	2 161
Accrued interest / borrowings	47	47		
Finance leases	2 588	923	1 665	
Other borrowings	100 435	4	431	100 000
Employee profit sharing	10 377	1 750	8 227	400
Deposits guarantees	531	64	171	296
Liabilities for equity investments	963		963	
Total	**477 377**	**46 086**	**328 434**	**102 857**

There are no financial debts in foreign currency.

Note 18. Other current and non-current liabilities

€000 at 31 October	2007	2006
Liabilities to suppliers of fixed assets	953	1 700
Tax liabilities	5	174
Other liabilities	651	326
Deferred income – non-current portion	8 128	8 140
Total other non-current liabilities	**9 737**	**10 339**
Deferred income – current portion	2 990	4 088
Total other current liabilities	**2 990**	**4 088**

Note 19. Trade accounts payable and other creditors

€000 at 31 October	2007	2006
Customers, advances and downpayments received	3 224	2 969
Trade accounts payable	22 054	18 750
Liabilities in respect of fixed asset acquisitions	6 959	6 021
Personnel	6 196	5 927
Employee profit sharing	6 991	7 808
Social security organisations	8 480	9 003
Paid vacation	18 696	16 817
Gaming levies	2 739	2 701
Current account liabilities and partners	2 550	1 400
State - VAT	2 996	2 355
State – expenses payable	10 873	10 272
Other	7 503	7 066
TOTAL	**99 261**	**91 089**

Note 20. Information by segment

Information per 1st level segment: by business segment

Revenue €000 at 31 October	2007	%	2006	%
Casinos	455 283	89,1 %	458 472	89,6 %
Hotels	40 261	7,9 %	39 061	7,6 %
Other	15 354	3,0 %	14 142	2,8 %
TOTAL	**510 898**	**100,0 %**	**511 675**	**100,0 %**

Information per 2nd level segment: by geographic segment

Revenue €000 at 31 October	2007	%	2006	%
France	454 022	88,9 %	456 185	89,2 %
Europe (excluding France)	54 792	10,7 %	52 485	10,3 %
Other locations	2 084	0,4 %	3 005	0,6 %
TOTAL	**510 898**	**100,0 %**	**511 675**	**100,0 %**

Note 21. Purchases and external charges

€000 at 31 October	2007	2006
Raw materials	49 099	48 933
Lease payments on current assets	239	138
Fixed assets leases	9 812	9 683
Current assets leases	5 197	4 683
Maintenance	10 916	10 516
Insurance premiums	2 207	2 042
External staff	2 865	1 964
Professional fees	15 769	14 580
Advertising	28 010	25 347
Entertainment	2 957	2 461
Post and telecoms	2 666	2 570
Banking fees	3 618	3 658
Subcontracting expenses	11 046	11 552
Other	1 691	2 410
TOTAL	**146 091**	**140 538**

Note 22. Personnel costs and workforce

Personnel costs

€000 at 31 October	2007	2006
Wages and salaries	146 186	144 283
Social security costs	54 296	55 704
Employee profit sharing	6 439	7 651
TOTAL	**206 921**	**207 638**

Average workforce

At 31 Octobre	2007	2006
France	5 537	5 528
Abroad	547	554
TOTAL	**6 084**	**6 082**

2,640 people work in the gaming sector.

Breakdown of workforce by professional category

€000 at 31 October	2007	2006
Executive staff	875	810
Junior executive staff	321	372
Other non-manual labourers	4 696	4 686
Manual labourers	192	214
TOTAL	**6 084**	**6 082**

Note 23. Gain (loss) on the sale of consolidated investments

€000 at 31 October 2007	Losses – company only	Losses – consolidation	Loss on disposal
Sale of Saint Julien casino	(1)	(2 339)	(2 340)
Sale of 4% of Partouche Interactive	-	(418)	(418)
Other	(1)	(7)	(8)
TOTAL	**(2)**	**(2 764)**	**(2 766)**

Note 24. Other operating income and expenses

Other current operating income and expenses

Reclassification by nature: impact at 31 October 2006

€000 at 31 October	2006 restated	Restatement by nature	Current / non-current reclassification	2006 published
Revenue	511 675	539	-	511 136
Purchases and external expenses	(140 538)	625	-	(141 163)
Tax	(28 931)	(1 635)	-	(27 297)
Personnel costs	(207 638)	3 142	-	(210 780)
Depreciation, amortisation and impairment	(45 870)	-	2 161	(48 031)
Other current operating income and expenses	(10 418)	(2 672)	4 972	(12 719)
Current operating profit	**78 280**	**0**	**7 133**	**N/A**
Other non-current operating income and expenses	(4 972)	-	(4 972)	N/A
Gain (loss) on the sale of consolidated investments	10 042	-	-	10 042
Impairment of fixed assets	(2 161)	-	(2 161)	N/A
Non-current operating profit	**2 909**		**(7 133)**	**N/A**
Operating profit	**81 189**	**0**	**0**	**81 189**

Breakdown of other current operating income and expenses

€000 at 31 October	2007	2006
Net gain (loss) on asset disposals	(632)	(769)
Changes in provisions for current assets	(1 009)	(2 613)
Changes in provisions for liabilities	(4 597)	540
Sundry current operating income and expenses	(4 165)	(7 576)
Other current operating income and expenses	**(10 403)**	**(10 418)**

Other non-current operating income and expenses

€000 at 31 October	2007	2006
Net gain (loss) on asset disposals	(1 693)	(4 972)
Changes in provisions for liabilities	-	-
Other non-current operating income and expenses	**(1 692)**	**(4 972)**

Note 25. Net financial income (expense)

€000 at 31 October	2007	2006
Cost of debt	(29 003)	(25 526)
Cost of interest rate hedges	1 148	(971)
Investment income	3 740	2 806
Investment income	**(24 115)**	**(23 691)**
Foreign exchange gains	3 181	2 409
Foreign exchange losses	(1 674)	(959)
Other	700	(1 426)
Financial provision charges and reversals	161	1 178
Other financial income and expenses	489	1 202
NET FINANCIAL INCOME (EXPENSE)	**(21 258)**	**(22 489)**

The net finance cost improved by €1.231m thanks to:

- debt paid down during the financial year
- the effectiveness of hedges in a context of significant interest rate increases
- the increase in income from cash investments, generated notably by cash investments related to the proceeds from the disposal of Société Fermière du Casino Municipal de Cannes.

The capital gains recognised for divested shares in Société Fermière du Casino Municipal de Cannes are included under "Other" for financial year 2007.

Note 26. Comments on the cash flow statement

Cash flow from operating activities

Cash flow from operating activities amounted to €101.9m compared to €80.6m for financial year 2006. Despite the lower net profit, this cash flow category increased thanks to:

- the increased amount of depreciation, amortisation and provisions, which rose from €47.3m to €55.0m notably as a result of goodwill impairment expenses;
- the impact of the change in working capital requirements (including the impact of tax liabilities) on
- the reduction of tax paid in 2007, i.e. €16.1m compared to €27.7m in 2006.

Cash flow from investing activities

Cash flow from investing activities represents a very small net outflow of €2.9m compared to €41.6m in 2006. The outflow from the acquisition of property and equipment dipped from €41.1m in 2006 to €41m in 2007 and relate to investments spread throughout the group, with the largest outflows relating to Forges (€4.5m), Cabourg (€4.5m) and Salies de Béarn (€3.3m). Cash paid for the acquisition of company shares represented €8.4m compared to €8.6m in 2006 and relate to the purchase of minority interests in Belcasinos (€3.3m) and HIL (€3.1m). Disposals of companies represent an outflow of €9.6m compared to €1.8m in 2006 and relate mainly to the sale of the St-Julien casino and the reduction in the receivable from La tête dans les nuages. The Group sold €36.0m of SFCMC shares that it owned. Therefore, this particularly significant cash flow on disposal for this financial year explains the relatively low net cash flow from investing activities for the financial year.

Cash flow relating to financing activities

Cash flow from financing activities represented a net outflow of €75.1m compared to €50.8m in 2006. This increase is attributable to an increased debt repayment, made possible by cash flow from operations and the disposals of assets carried out.

Note 27. Corporate income tax

Analysis of the tax expense

€000 at 31 October	2007	2006
Profit before tax	45 710	58 700
Current tax expense	18 580	21 366
Change in deferred tax	(565)	(541)
Total tax expense	**18 015**	**20 825**
Effective tax rate	39 ,41 %	35,48 %

Tax proof

€000 at 31 October	2007	2006
Net profit before tax	151 315	156 796
Total consolidation adjustments	(105 605)	(98 096)
Profit taxable at the current corporate income tax rate	**45 710**	**58 700**
French corporate income tax rate	33,33%	33,33%
Tax charge based on current corporate income tax rate (theoretical)	**(15 237)**	**(19 567)**
Temporary timing differences	44	1 006
Permanent differences	30 487	32 057
Net effect of consolidation operations	(39 434)	(34 622)
Tax losses generated by Group companies during the year	(18 755)	(20 699)
Impact of tax consolidation	15 285	16 641
Income taxed at the reduced tax rate and impact of differences in foreign companies' tax rates	2 891	2 039
Use of unrecognised tax loss carryforwards	1 732	825
Tax credit and other	(437)	1 284
Other eliminations	5 409	211
Group tax charge	**(18 015)**	**(20 825)**
Consolidated net income before tax	**45 710**	**58 700**
Reconstituted Group tax rate	**39,41 %**	**35.48 %**

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

- GROUPE PARTOUCHE SA (GROUPE PARTOUCHE, Azur Bandol, Baratem, Bourbonnaise de casino, C.D.T.H, Cannes Balnéaires, Casino d'Evaux-les-Bains, Casino de Bourbon Lancy, Casino de Contrexéville, Casino de Gréoux-les-Bains, Casino de la Grande-Motte, Casino de Palavas, Casino de St-Cast-le-Guildo, Casino de Salies-de-Béarn, Casino de St Amand, Casino de St Nectaire, Casino du Touquet – Les Quatre Saisons, Casino le Lion Blanc, Casino municipal d'Aix Thermal, Casino municipal de Royat, Compagnie Européenne de Casinos, Développement baie de Kernic, Eden Beach Casino, European Gaming Company, Grand casino de Bandol, Grand casino de Beaulieu, Grands hôtels du Parc, Hôtel Cosmos, Jean Metz, Ludica, Numa, Plombinoise de casino, SACBM, SATHEL, SEK, Société du casino d'Arcachon, Sonecar, Sté de brasserie et casino Les Flots Bleus, Thermes de Contrexéville, Thermes de Vittel, Villa du Havre, Holding Garden Pinède, Aquabella, Lydia Investissement, Sci des Thermes, Thermpark, Centre de balnéothérapie d'Aix en Provence, Casino de Pornichet, Casino de Pornic, Casino d'Andernos, Sci Leriche Rostagne, Casino Val André, Sinoca, Grand Casino du Havre, Grand Casino de la Trinité, Casino de Saint Honoré, Socatest, SA GROUPE DE DIVONNE, SA SOMARG, S.T.T.H.DIVONNE, Société du Grand Casino D'Annemasse, Sci de l'Arve, S.C.H.L.)
- Hôtel International de Lyon (HIL, GCL).
- Casino de Vichy and cinema of the Casino de Vichy

Deferred tax assets and liabilities

€000 at 31 October	2007	2006
Deferred tax – Assets	1 988	2 280
Deferred tax – Liabilities	(32 673)	(32 719)
Net deferred tax	**(30 685)**	**(30 439)**

Note 28. Commercial and financial commitments

Commitments given

Contractual obligations and commercial commitments as of 31 October 2007

€000 at 31 October	2007	Payments due per period			2006
		Less than 1 year	One to five year	More than five year	
Long term liabilities (bank debts with guarantees)	360 314	41 645	316 508	2 161	416 146
Finance lease obligations (other than hire purchase)	1 296	734	562	-	1 806
Operating lease contracts (leases, non-real estate lease contracts)	60 796	6 946	19 900	33 950	69 552
Other commitments (collateral or mortgages)	1 406	-	1 406	-	1 406
Other obligations (Guarantees)	5 803	5 803	-	-	6 770
Notes issued	45	45	-	-	9
Liability guarantee	5 481	5 481	-	-	5 481
Other financial commitments	-	-	-	-	-
Other commercial commitments	34 785	6 627	13 271	14 887	33 670
Total	**469 926**	**67 281**	**351 647**	**50 998**	**550 035**

Commitments received

€000 at 31 October	2007	2006
Guarantees	544	1 116
Liability guarantee	17 731	17 731
Other commitments	2 680	2 680
Total	**20 955**	**21 527**

The presentation of off-balance sheet commitments above does not omit the existence of any significant off-balance sheet item in accordance with accounting standards in force.

Note 29. Related parties

Directors' compensation

For the financial year ended 31 October 2007, the amount of gross compensation allocated to the management and supervisory bodies of Groupe Partouche SA amounts to €2,329,182, and the directors' fees received by the members of the Supervisory Board amount to €66,000.

Related party transactions

Transactions with FINANCIÈRE PARTOUCHE SA

GROUPE PARTOUCHE SA rents from Financière Partouche SA the premises of its registered office. The total rent, including charges and tax, was €239,194 for financial year 2006-2007.

GROUPE PARTOUCHE SA benefited from a shareholder advance of €100m from Financière Partouche SA. This advance is remunerated at the rate of Euribor 6 months plus 2%, which represents for financial year 2006-2007, a financial charge of €5,997,378 and also interest rate hedging expenses of €35,894.

Services with Shal & Co (initially Shalom & Co)

Shal & Co, controlled and chaired by Mr. Hubert Benhamou, provides assistance with the management activities of certain Groupe Partouche casinos. The corresponding remuneration received for financial year 2006-2007 was €470,500.

Other

The other transactions in financial year 2006-2007 with related parties as part of ordinary activities are not considered significant for the Group and were carried out at market conditions.

Note 30. Activities in the process of being divested

At the end of financial year 2007, GROUPE PARTOUCHE signed a memorandum of understanding relating to the disposal of the buildings and business of the Vittel thermal spa. This memorandum of understanding led the Group to consider the assets concerned as held for sale in the consolidated balance sheet at the end of this financial year.

BALANCE SHEET ASSETS €000 at 31 October	2007	2006
Non-current assets	572	11 992
Current assets	-	807
Total held for sale assets	**572**	**12 799**

BALANCE SHEET LIABILITIES AND EQUITY €000 at 31 October	2007	2006
Equity	-	122
Non-current liabilities	-	(33)
Current liabilities	-	(1 926)
Total held for sale liabilities and equity	**-**	**(1 837)**

Breakdown of non-current assets

€000 at 31 October	2007	2006
Intangible assets	(1) 39	27
Property and equipment	(2) 533	8 373
Other non-current assets	-	3 592
Non-current assets	**572**	**11 992**

(1) Relates to the disposal of the business goodwill of Thermes de Vittel
(2) Relates to the disposal of the buildings of SCI Foncière Vittel and Contrexéville

Note 31. Events occurring after the preparation date of the accounts and transactions in progress

No significant events occurred in the period after the consolidated financial statements were prepared which could have a significant effect on the accounts.

Note 32. Consolidation scope

The following companies were consolidated by SA GROUPE PARTOUCHE:

Company at 31 Octobre	Country	Interest percentage 2007	Interest percentage 2006	Consolidation method
SA GROUPE PARTOUCHE	France			Parent company
FULLY CONSOLIDATED COMPANIES				
CASINOS				
SA CASINO DE SAINT AMAND	France	100,00	100,00	FC
SA GRAND CASINO DE CABOURG	France	100,00	100,00	FC
SA CASINO DU GRAND CAFÉ	France	61,90	61,90	FC
SA GRAND CASINO DE BEAULIEU	France	100,00	100,00	FC
SA FORGES THERMAL	France	58,76	58,76	FC
SA CASINO & BAINS DE MER DE DIEPPE	France	100,00	100,00	FC
SA JEAN METZ	France	100,00	100,00	FC
SA LE TOUQUET'S	France	90,05	90,05	FC
SA CASINOS DU TOUQUET	France	99,53	99,53	FC
SA CASINOS DE VICHY	France	91,68	91,68	FC
CASINO DE CONTREXEVILLE	France	100,00	100,00	FC
SA NUMA	France	100,00	100,00	FC
SA GRAND CASINO DE LYON	France	96,50	94,00	FC
SA LCL FRANCE & CIE (CASINO CARLTON)	France	99,99	99,99	FC
SA ECK	Belgium	99,90	99,90	FC
SA LE GRAND CASINO DE DJERBA	Tunisia	84,91	84,91	FC
CASINO NUEVO DE SAN ROQUE	Spain	98,90	98,90	FC
SA SATHEL	France	99,86	99,86	FC
SA CASINO MUNICIPAL DE ROYAT	France	99,86	99,86	FC
SA CASINO LE LION BLANC	France	99,86	99,86	FC
SA EDEN BEACH CASINO	France	99,65	99,65	FC
SA CASINO MUNICIPAL D'AIX THERMAL	France	99,41	99,41	FC
SA CASINO DES FLOTS BLEUS	France	99,39	99,39	FC
SA CASINO DE PALAVAS	France	99,87	99,87	FC
CASINO DE PORNICHET	France	100,00	100,00	FC
CASINO DE PORNIC	France	100,00	100,00	FC
CASINO D'ANDERNOS	France	99,78	99,78	FC
CASINO D'ARCACHON	France	98,65	98,65	FC
CASINO DE SALIES DE BEARN	France	100,00	100,00	FC
CASINO DE LA GRANDE MOTTE	France	99,98	99,98	FC
CASINO DE GREOUX	France	100,00	100,00	FC
CASINO DE SAINT NECTAIRE	France	100,00	100,00	FC
CASINO D'EVAUX LES BAINS	France	100,00	100,00	FC
CASINO DE SAINT HONORE	France	97,22	97,22	FC
CASINO DE PLOMBIERES	France	100,00	100,00	FC
CASINO D'OSTENDE	Belgium	99,98	65,60	FC
CASINO DE CHAUDFONTAINE	Belgium	99,99	65,60	FC
CASINO DE LA ROCHE POSAY	France	89,70	89,70	FC
CASINO DE AGON COUTAINVILLE	France	89,36	89,36	FC
CASINO DE HYERES	France	99,90	99,90	FC
CASINO DE VAL ANDRE	France	100,00	100,00	FC
CASINO DE PLOUESCAT	France	97,00	97,00	FC

COMPANY (Fwd) at 31 Octobre	Country	Interest percentage 2007	Interest percentage 2006	Consolidation method
CASINO DE BANDOL	France	100,00	100,00	FC
CASINO LAC MEYRIN	Switzerland	39,98	39,98	FC
SA LYDIA	France	97,6	97,30	FC
CASINO DU HAVRE	France	100,00	100,00	FC
CASINO DE LA TRINITE	France	100,00	100,00	FC
CASINO DE DIVONNE	France	98,69	98,69	FC
CASINO D'ANNEMASSE	France	99,88	99,88	FC
CASINO DE HAUTEVILLE LOMPNES	France	100,00	100,00	FC
CASINO DE CRANS-MONTANA	Switzerland	57,00	57,00	FC
CASINO DE LA TREMBLADE	France	69,76	69,76	FC
HOTELS				
SA ELYSEE PALACE HOTEL	France	91,55	91,55	FC
SA HOTEL INTERNATIONAL DE LYON	France	96,50	94,00	FC
SNC GARDEN BEACH HOTEL	France	99,65	99,65	FC
SARL AQUABELLA	France	99,79	99,79	FC
HOTEL 3,14	France	99,99	99,99	FC
GRANDS HOTELS DU PARC	France	100,00	100,00	FC
HOTEL COSMOS	France	100,00	100,00	FC
HOTEL EHC CHARBONNIERE	France	99,86	99,86	FC
SARL SINOCA	France	100,00	100,00	FC
OTHER				
SA CANNES BALNEAIRES PALM BEACH	France	99,99	99,99	FC
SA C,H,M,	France	86,56	86,56	FC
SA BARATEM	France	99,25	99,25	FC
SA HOLDING GARDEN PINEDE	France	100,00	100,00	FC
SCI HOTEL GARDEN PINEDE	France	100,00	100,00	FC
SCI RUE ROYALE	France	99,99	99,99	FC
ELYSÉE PALACE EXPANSION	France	91,55	91,55	FC
ELYSÉE PALACE SA	France	91,53	91,53	FC
SCI LYDIA INVESTISSEMENT	France	97,00	97,00	FC
SCI LES THERMES	France	99,99	99,99	FC
SARL THERM'PARK	France	99,99	99,99	FC
SA GROUPE PARTOUCHE INTERNATIONAL	Belgium	99,90	99,90	FC
SA SIKB	Belgium	99,90	99,90	FC
SPRL CASKNO	Belgium	56,00	69,93	FC
SARL SEK	France	99,86	99,86	FC
SCI DE L'Eden Beach CASINO	France	99,86	99,86	FC
SCI PALAVAS INVESTISSEMENT	France	99,88	99,88	FC
CAFÉ CARMEN	France	99,95	99,95	FC
CBAP CENTRE BALNÉOTHÉRAPIE	France	99,99	99,99	FC
VILLA DU HAVRE	France	100,00	100,00	FC
ETABLISSEMENT THERMAL VITTEL	France	100,00	100,00	FC
ETABLISSEMENT THERMAL CONTREX	France	100,00	100,00	FC
SCI FONCIERE DE VITTEL ET CONTREX	France	100,00	100,00	FC
EUROPEENNE DE CASINO HOLDING	France	100,00	100,00	FC
BELCASINOS	Belgium	100,00	65,61	FC
SA CHAUDFONTAINE LOISIRS	Belgium	99,98	65,60	FC
SCI GAFA	France	89,80	89,80	FC
SCI AZUR BANDOL	France	100,00	100,00	FC

COMPANY (Fwd) at 31 Octobre	Country	Interest percentage 2007	Interest percentage 2006	Consolidation method
CASINO VIRGINIAN DE RENO	United States	100,00	100,00	FC
SCI MIAMI	France	99,78	99,78	FC
SCI LES MOUETTES	France	100,00	100,00	FC
SCI LES JARRES	France	100,00	100,00	FC
HOLDING SONECAR	France	100,00	100,00	FC
HOLDING LUDICA	France	100,00	100,00	FC
GIE EUROP,GESTION COMPANY	France	100,00	100,00	FC
SCI LERICHE ROSTAGNE	France	100,00	100,00	FC
HOLDING EUROPEENNE GAMING CIE	France	100,00	100,00	FC
SCI JMB	France	100,00	100,00	FC
CASINO DE LA SEYNE SUR MER	France	97,64	87,88	FC
VZW	Belgium	100,00	65,61	FC
CIE CASINO HOLDING	Switzerland	99,96	99,96	FC
VISTALEASING	Switzerland	99,96	99,96	FC
SCI PARC DE POSAY	France	89,71	89,71	FC
SARL PARC DU CHATEAU	France	71,76	71,76	FC
CINEMA ELYSEE VICHY	France	88,01	88,01	FC
QUARISMA	France	64,11	67,31	FC
CASINO DE SAXON	Switzerland	99,96	99,96	FC
CASINO SLUIS NV	Netherlands	39,96	39,96	FC
GROUPE DE DIVONNE	France	100,00	100,00	FC
SCI DE L'ARVE	France	99,88	99,94	FC
SOMARG	France	99,90	99,90	FC
PARTOUCHE INTERACTIVE	France	80,00	84,00	FC
QUE DES JEUX	France	80,00	84,00	FC
SOGIMAGE	France	60,35	63,37	FC
SCI LA TREMBLADE	France	70,06	70,06	FC
PARTOUCHE IMMOBILIER	France	100,00	100,00	FC
PARTOUCHE SPECTACLE*	France	100,00	NI	FC
PARTOUCHE INTERNATIONAL HOLDING*	Gibraltar	80,00	NI	FC
PARTOUCHE INTERNATIONAL GIBRALTAR*	Gibraltar	80,00	NI	FC
WORLD SERIES OF BACKGAMON*	United Kingdom	68,00	NI	FC
PARTOUCHE GAMMON	France	68,00	72,25	FC
KIOUSK	France	99,99	99,99	FC
COMPANIES CONSOLIDATED USING THE EQUITY METHOD				
CASINOS				
CASINO DU PALAIS DE LA MEDITERRANNEE	France	25,00	25,00	EM
INTERNATIONAL CASINO OF MADRID	Egypt	17,63	17,63	EM
OTHER				
STE FRANCAISE INVEST HOTEL	France	25,00	25,00	EM
SAS HOTEL PALAIS DE LA MEDITERRANNEE	France	25,00	25,00	EM
FAIR PLAYERS	France	16,00	16,80	EM
NEWS SCREENS CASH TV	France	36,94	38,79	EM
PROPORTIONALLY CONSOLIDATED COMPANIES				
CASINOS				
SA CASINO DE GRASSE	France	49,73	49,73	PC
OTHER				
SCI DU CASINO DE GRASSE	France	49,78	49,78	PC

*Companies added to the scope of consolidation

20.2.2 Financial statements of the parent company at 31 October 2007

BALANCE SHEET

BALANCE SHEET ASSETS (net values) €000 at 31 October	**Notes**	**2007**	**2006**	**2005**
Fixed assets				
Intangible assets	2.1 / 2.2			
Concession and similar rights		236	160	184
Internally generated goodwill		1 514	1 590	1 667
Deposits and downpayments on fixed assets		225	173	22
Tangible fixed assets	2.1 / 2.2			
Land		145	145	145
Buildings		4 447	4 802	5 230
Technical equipment		55	-	-
Other tangible fixed assets		316	273	148
Assets under construction		-	-	-
Deposits and downpayments		20	-	1
Financial investments				
Other investments in associates	2.3 / 2.4	613 889	622 169	625 750
Other investments	2.3	-	-	-
Loans	2.5	39	19	11
Other financial investments	2.4 / 2.5	141	136	125
Total fixed assets		**621 027**	**629 466**	**633 283**
Current assets				
Advances and downpayments to suppliers		23	20	6
Trade receivables	2.5	1	11	106
Other receivables	2.4 / 2.5	270 203	277 827	233 038
Marketable securities		27 044	22 979	32 725
Cash and cash equivalents		498	166	831
Prepaid expenses	2.5 / 2.10	1 233	1 645	1 275
Total current assets		**299 002**	**302 648**	**267 980**
Regularisation accounts				
Capitalised expenses		3 684	4 433	5 183
Translation adjustment – asset		267	120	464
TOTAL ASSETS		**923 980**	**936 668**	**906 910**

BALANCE SHEET

BALANCE SHEET LIABILITIES AND EQUITY €000 at 31 October	Notes	2007	2006	2005
Share capital (o/w fully paid: 86,195) (1)	2.13	86 195	86 195	86 195
Share premium, merger and contribution reserves		54 285	54 285	54 285
Revaluation reserve (2)		-	-	-
Legal reserve		8 619	8 619	8 619
Statutory reserve (3)		-	-	-
Other reserves		14 423	14 423	14 423
Retained earnings		186 141	144 601	111 898
NET PROFIT FOR THE YEAR		**23 958**	41 541	32 776
Equity	**2.12**	**373 621**	**349 663**	**308 196**
Provisions for contingencies	2.4	267	114	413
Provisions for losses	2.4	5 341	1 185	407
Provisions for contingencies and losses		**5 608**	**1 299**	**821**
Bank loans (5)	2.6	**353 807**	407 530	439 307
Other borrowings	2.6	101 034	101 031	100 992
Advances and deposits on outstanding orders		-	-	-
Trade creditors	2.6	585	443	732
Tax and social security liabilities	2.6	2 375	1 916	6 598
Liabilities in respect of fixed assets	2.6	41	41	41
Other liabilities	2.6	**86 889**	74 719	50 154
Deferred income	2.6 / 2.11	20	20	19
Total (4)		**544 751**	**585 700**	**597 843**
Translation adjustment - liability			6	51
TOTAL EQUITY AND LIABILITIES		**923 980**	**936 668**	**906 910**

	2007	2006	2005
(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 due falling due or to be released to the income statement in less than one year	**136 043**	**119 177**	**97 013**
(5) Includes current account bank balances and bank overdrafts	5 447	6 700	6 469

INCOME STATEMENT

€000 at 31 October	Notes	2007	2006	2005
Sales of goods held for resale		0	0	0
Sales of services (1)		14 842	11 443	10 681
Net turnover	**2.14**	**14 842**	**11 443**	**10 681**
Reversals of depreciation, amortisation, provisions and expense transfers (7)		663	323	1 390
Other revenue		4	13	30
Total operating revenue (2)		**15 508**	**11 779**	**12 101**
Operating expenses				
Purchases of goods (and custom duties)		0	0	0
Other purchases and external expenses (3)		10 547	5 674	6 847
Tax		544	425	343
Personnel costs		4 583	3 733	3 474
Social security expenses		1 744	1 581	1 413
Depreciation and amortisation charges and provision on fixed assets		1 428	1 405	10 439
Impairment of current assets		-	876	4 963
Other expenses		69	67	67
Total operating expenses		**18 915**	**13 761**	**27 546**
OPERATING INCOME		**(3 406)**	**(1 982)**	**(15 445)**
Income allocated or loss transferred		18	30	32
Loss borne or income transferred		1	0	0
Income from associates (5)	2.16	41 599	46 301	54 757
Income from other marketable securities and receivables (5)		0	21	57
Other interest income (5)		11 201	7 982	5 193
Provision reversals and expense transfers		114	13 558	4 403
Positive foreign exchange differences		-	0	0
Net gains on the disposal of marketable securities		1 358	701	341
Total financial income		**54 272**	**68 564**	**64 750**
Finance costs				
Depreciation, amortisation and provision charges		4 678	4 955	702
Interest expense (6)		37 159	28 595	31 446
Negative foreign exchange differences		0	426	61
Total finance costs		**41 837**	**33 975**	**32 208**
FINANCIAL ITEMS		**12 435**	**34 588**	**32 542**
CURRENT PROFIT BEFORE TAX		**9 046**	**32 636**	**17 129**
Exceptional income on management transactions (2)		3 460	493	1 422
Exceptional income on capital transactions		11 464	17 334	-
Provision reversals and expense transfers			1 299	4
Total exceptional income		**14 924**	**19 126**	**1 426**
Exceptional expense on management transactions (4)		52	2 549	93
Exceptional expense on capital transactions		11 172	22 352	-
Exceptional depreciation, amortisation and provision charges		4 156	778	-
Total exceptional expense		**15 380**	**25 679**	**93**
EXCEPTIONAL ITEMS	**2.17**	**(456)**	**(6 553)**	**1 333**
Employee profit sharing				
Corporate income tax	2.18	(15 368)	(15 458)	(14 314)
Total income		**84 723**	**99 498**	**78 310**
Total expense		**60 765**	**57 957**	**45 534**
NET PROFIT		**23 958**	**41 541**	**32 776**

	2007	2006	2005
(1) Includes property rental income	721	658	503
(2) Includes operating revenue relating to prior financial years	10		
(3) Includes contributions made to organisations deemed to be in the public interest	62	60	68
(4) Includes operating expense relating to prior financial years	1	123	5
(5) Includes income from associated entities	51 258	53 830	59 767
(6) Includes interests from associated entities	15 874	9 484	10 411
(7) Includes expense transfers	567	118	1 390

NOTES TO THE PARENT COMPANY ACCOUNTS

Notes to the balance sheet before appropriation for the financial year ending 31 October 2007 which totals €923.980m and the income statement for the financial year, presented in list format, showing total revenues of €84.723m and net profit of €23.958m

The financial year included 12 months, covering the period from 1 November 2006 to 31 October 2007, during which the following key events occurred:

- Disposal of our interest in Société Fermière du Casino Municipal de Cannes, thus decreasing our asset by €11.170m. This transaction generated a capital gain of €295k.

The notes and tables below are an integral part of the annual financial statements.

There were no changes of accounting policy or presentation in the parent company accounts.

1 - ACCOUNTING POLICIES AND PRESENTATION

The balance sheet and the income statement of GROUPE PARTOUCHE SA are drawn up in accordance with French regulations and with accounting principles generally applied in France. Thus they have been drawn up as provided by:

- CRC Regulation 2002.10,
- The new 1999 chart of accounts adopted by the CRC on 29 April 1999 (Regulation 9903),
- Law 83-353 of 30 April 1983,
- Decree 83-1020 of 29 November 1983.

As a reminder, for the year ending 31 October 2005, the company had carried out an analysis of its buildings based on three components contributing to the net carrying value of these assets as of 31 October 2005 which break down as follows:

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

The main accounting policies applied are as follows:

1.1 Intangible assets

Intangible assets related to software licences are written off over a period of 1 to 4 years.

A long lease charge is written off over a period of 30 years.

1.2 Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at their historical acquisition cost (supplemented by acquisition expenses), at their production cost or at their contribution value in respect of SIHB SA fixed assets contributed as part of the merger-renunciation agreement concluded in 1994 with retroactive effect as of 1 November 1993.

We use a straight-line method of depreciation over the expected useful lives of the assets.

- Buildings: 20 to 50 years
- Equipment: 5 to 8 years
- Fixtures and fittings: 5 to 10 years
- Equipment used for events: 3 years
- Vehicles: 5 years
- Office and computer equipment: 2 to 5 years

1.3 Long-term investments

Long-term investments are stated in the balance sheet at acquisition cost (excluding incidental expenses) or at contribution cost.

When their inventory value falls below their gross value, a provision for impairment is established for the amount of the difference.

The inventory value of investments is based on their value-in-use or fair value.

This value can notably be determined through:

- the calculation of their net asset value in the most recent financial statements of the subsidiary that owns them, adjusted for unrealised capital gains (internally generated goodwill, buildings, deferred tax, etc.),
- forward-looking data such as profitability prospects,
- stock market prices

The securities contributed by SIHB SA are valued at their contribution value at the time of the merger.

1.4 Receivables

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

1.5 Receivables and debts denominated in foreign currencies

During the financial year, receivables in foreign currencies are translated on the basis of the exchange rate on the transaction date. At the end of the financial year, these receivables are translated on the basis of the closing rate, and the differences with respect to amounts previously accounted are recorded under "Unrealised gains or losses on foreign exchange transactions". Losses on foreign exchange are provided for under "Provisions for contingencies".

1.6 Cash and cash equivalents

Marketable securities are recorded in the balance sheet at their acquisition cost.
Where the acquisition cost is greater than their net realisable value at the end of the financial year, a provision for impairment is established for the amount of the difference.

1.7 Deferred charges

Deferred charges consist of renegotiation expenses for the debt contracted in September 2005.
These charges are spread over a period of 7 years, the maturity of the loan.

1.8 Dividends

Dividends received from foreign subsidiaries are recorded at their net amounts after withholding taxes.

1.9 Contingency and loss provisions

Claims by the public authorities in respect of tax and social security re-assessments are provided for, in the amount of the estimated risk on the basis of data available at the end of the financial year.

1.10 Distinction between current profit and exceptional items

The "Exceptional items" income statement heading includes exceptional items resulting from ordinary activities, as well as extraordinary items. Exceptional items resulting from ordinary activities are those whose achievement is not related to the company's ordinary course of business, either because their amounts or impact are of abnormal nature or because they very rarely occur.

2 - ADDITIONAL INFORMATION IN RESPECT OF THE BALANCE SHEET AND INCOME STATEMENT (IN €000)

2.1 Intangible and tangible fixed assets

€000 **at 31 October 2007**	**Gross value of fixed assets at the beginning of financial year**	**Increases Revaluation during the year**	**Increases Acquisition, creation, inter-account**
Setup costs, research **Other intangible assets**	 **3 073**	 **-**	 **300**
Land	145	-	-
Buildings on own land	3 182	-	-
Buildings on other land	2 239	-	-
Fixtures and fittings – buildings	2 364	-	-
Machinery and equipment	0	-	66
Other equipment, fixtures and fittings	184	-	122
Vehicles	256	-	-
Office and computer equipment, furniture	160	-	8
Fixed assets under construction	0	-	-
Advances and down payments	0	-	20
Total fixed assets	**8 531**	**-**	**216**

€000 **at 31 October 2007**	**Decreases Inter-account transfer**	**Decreases By sale or withdrawal**	**Gross value of asset at end of financial year**	**Legal revaluation original value at end of financial year**
Setup costs, research **Other intangible assets**	- **23**	- **-**	- **3 351**	-
Land	-	-	145	-
Buildings on own land	-	-	3 182	-
Buildings on other land	-	-	2 239	-
Fixtures and fittings – buildings	-	-	2 364	-
Machinery and equipment	-	-	66	-
Other equipment, fixtures and fittings	-	-	306	-
Vehicles -	-	256	-	
Office and computer equipment, furniture	-	-	169	-
Fixed assets under construction	-	-	0	-
Advances and down payments	-	-	20	-
Total fixed assets	**0**	**0**	**8 747**	**-**

The company carried out an analysis of its buildings into three distinct components as indicated above, with a view to the application of CRC Regulation 2002-10.

2.2 Depreciation and amortisation

Positions and movements during the financial year

€000 at 31 October 2007	Beginning of the financial year	Appropriation during the financial year	Decrease during financial year	End of financial year
Setup costs, research	-	-	-	-
Other intangible assets	**1 150**	**225**		**1 375**
Land				
Buildings on own land	1 101	123	-	1 223
Buildings on other land	820	112	-	932
Fixtures and fittings – buildings	1 062	121	-	1 183
Machinery and equipment	0	11	-	11
Other equipment, fixtures and fittings	98	29	-	127
Vehicles	102	36	-	138
Office and computer equipment, furniture	129	22	-	151
Recoverable packaging and other	-	-	-	-
Fixed assets under construction	-	-	-	-
Advances and down payments	-	-	-	-
Total	**3 311**	**454**	**0**	**3 765**
Grand Total	**4 461**	**679**	**0**	**5 140**

The depreciation and amortisation charge in respect of intangible and tangible fixed assets amounts to €679k.

The amount relating to deferred charges amounts to €749k.

The sum of these two charges is equal to €1,428k (compare "Depreciation, amortisation and provisions for fixed assets" in the income statement).

2.3 Investments in associates

€000 at 31 October 2007	Gross value at beginning of financial year	Acquisition, inter-account transfer
Equity-accounted investments	-	-
Other investments in associates	623 799	3 137
Other long-term investment securities	-	-
Loans and other long-term investments	155	31
Total	**623 954**	**3 168**

€000 at 31 October 2007	Decrease by inter-account transfer	Decrease by sale or withdrawal	Gross value of asset at end of financial year	Revaluation of original value at financial year-end
Equity-accounted investments	-	-	-	-
Other investments in associates	245	11 171	615 520	-
Other long-term investment securities	-	-	0	-
Loans and other long-term investments	-	6	180	-
Total	**245**	**11 177**	**615 700**	**-**

The main changes in the financial year were:

- Additional acquisition of participating interests in SAS HIL
- Disposal of 8,901 shares in Société Fermière du Casino Municipal de Cannes and 396 remaining shares were reclassified as short-term investments.

2.4 Provisions

€000 at 31 October 2007	Beginning of the financial year	Increase allocation	Decrease recovery	End of the financial year
Provisions	-	-	-	-
For litigation	-	-	-	-
For foreign exchange losses	114	267	114	267
For tax	1 185	4 156	-	5 341
Other provisions for contingencies and losses	-	-	-	-
Total	**1 299**	**4 423**	**114**	**5 608**
For property, plant and equipment	-	-	-	-
Provisions for investments in associates	1 630	-	-	1 630
Provisions for financial investments	-	-	-	-
For trade accounts receivable	88	-	-	88
Other provisions for impairment	35 194	4 412	95	39 510
Total	**36 912**	**4 412**	**95**	**41 228**
Grand total	**38 211**	**8 834**	**209**	**46 836**
Including:				
Operating allocations and recoveries	-	-	95	
Financial allocations and recoveries	-	4 678	114	
Exceptional allocations and reversals	-	4 156	-	
Impairment of shares in equity accounted affiliates	-	-	-	

Tax provisions mainly concern the tax re-assessments for the years 1981 to 1984, in addition to a provision related to a verification of the accounts for the years 2002 to 2004. The provision allocation of €4.156m relates to the latter. It is partially offset by accrued income of €3.448m.

"Other provisions" relates to:

- Certain current account receivables, which were provisioned in respect of our subsidiaries in light of their net worth. These provisions amounted to €31,930k.
- The balance of other provisions, at the financial year-end, relates to receivables from third parties, notably for €6,860k from a third party that has not delivered assets acquired under contract, against whom a legal procedure is in progress, in addition to a JATEK receivable which is fully provisioned for €692k.

2.5 Maturities of receivables

€000 at 31 October 2007	Gross amount	1 year maximum	+1 year
Loans	39	39	-
Other long-term investments	141	141	-
Other trade receivables	89	89	-
Employee accounts payable	7	7	-
Social security and other social benefits	0	0	-
Corporate income tax	1 717	1 717	-
VAT	1 105	1 105	-
Other taxes	-	-	-
Other receivables	3 448	3 448	-
Subsidiaries and associates	279 427	279 427	-
Sundry receivables	24 008	24 008	-
Prepaid expenses	1 233	1 233	-
Grand total	**311 215**	**311 215**	**0**
Loans granted during the financial year	26		
Repayment of loans during the financial year	6		

2.6 Maturities of debts

€000 at 31 October 2007	Gross amount	1 year maximum	+1 year 5 years maximum	+5 years
Bank loans and overdrafts	353 807	45 099	308 708	-
Sundry loans and debts	101 034	1 034	-	100 000
Trade accounts payable	585	585	-	-
Liabilities to personnel	200	200	-	-
Social security and other social benefits	314	314	-	-
State and other public authorities:	-	-	-	-
Corporate income tax	-	-	-	-
VAT	1 618	1 618	-	-
Other taxes	243	243	-	-
Miscellaneous	-	-	-	-
Liabilities to fixed asset suppliers	41	41	-	-
Subsidiaries and associates	86 509	86 509	-	-
Other liabilities	379	379	-	-
Deferred income	20	20	-	-
Grand total	**544 751**	**136 043**	**308 708**	**100 000**
Bank loans contracted during the financial year	-			
Bank loan repayments during the financial year	52 470			

2.7 Elements related to more than one balance sheet item

Gross amount in respect of affiliated undertakings (participating interests)

€000 at 31 October 2007	Amount
Fixed assets	
Participating interests	613 689
Current assets	
Trade receivables	1
Other receivables	257 733
Debts	
Loans, sundry financial debts	100 021
Trade accounts payable	10
Other liabilities	84 830

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

2.8 Accrued income

Accrued income recognised in the following balance sheet accounts

€000 at 31 October 2007	Amount
Accrued interest	-
Other long-term investments	**0**
Trade receivables	0
State, income receivable	**3 448**
Trade accounts payable – credit notes receivable	224
Accrued income on management fees	10 333
Accrued income	835
Other receivables	**11 391**
Total	**14 839**

2.9 Accrued expenses included in the following balance sheet items

€000 at 31 October 2007	Amount
Bank loans and overdrafts	0
Trade notes and accounts payable	7
Personnel – paid vacation and social charges	269
Tax and social charges	259
Other liabilities	369
Accrued interest on overdrafts	23
Total	**926**

2.10 Prepaid expenses

€000 at 31 October 2007	Amount
Prepaid operating expenses	1 147
Prepaid financial expenses	86
Total prepaid expenses	**1 233**

2.11 Deferred income

€000 at 31 October 2007	Amount
Deferred income	20
Total deferred income	**20**

2.12 Statement of changes in shareholders' equity

€000 at 31 October Equity accounts	Year-end 2006	Appropriation of 2006 profit	Position after appropriation	Financial year movements	Year-end 2007
Share capital	86 195		86 195		86 195
Share premium account, merger reserve	7 881		7 881		7 881
Contribution reserve	46 404		46 404		46 404
Revaluation reserve	0		0		0
Legal reserve	8 619		8 619		8 619
Statutory reserve	0		0		0
Other reserves	14 423		14 423		14 423
Retained earnings	144 601	41 541	186 141		186 141
Net profit for the year	41 541	-41 541	0	23 958	23 958
Net shareholders' equity carried forward	**349 663**	**0**	**349 663**	**23 958**	**373 621**

2.13 Breakdown of share capital

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

19,166 shares are self-held by the Company since the Extraordinary Shareholders' Meeting of 10 November 2003. These treasury shares are presented under marketable securities.

The share price of Groupe Partouche at 31 October 2007 was €14.60.

2.14 Breakdown of net turnover

€000 at 31 October 2007	France	Rest of world	Total amount
Group management fees	13 068	901	13 969
Rent	721		721
Other	134	19	152
Total	**13 922**	**920**	**14 842**

2.15 Expense transfers

€000 at 31 October 2007	Amount
Miscellaneous operating expense transfers	567
Total operating expense transfers	**567**

2.16 Financial income from associates

€000 at 31 October 2007	Amount
Financial income from associates	41 599
Total	**41 599**

2.17 Breakdown of exceptional items

€000 at 31 October 2007	Exceptional expense	Exceptional income
Late payment penalties, fines	1	-
Disposal of equity investments	11 171	11 464
Damages and other judgments	51	-
Corporate income tax restitution following tax assessment	-	3 448
Other exceptional expenses and profit for the year	0	1
Various exceptional income and expenses in respect of prior periods	1	10
Exceptional contingences and losses charge and reversal	4 156	-
Total	**15 380**	**14 924**

2.18 Breakdown of corporate income tax

€000 at 31 October 2007	Profit before tax	Tax due	Net profit after tax
Current profit	9 046	-15 214	24 259
Exceptional items	- 456	-154	-302
Accounting profit	**8 590**	**-15 368**	**23 958**

N.B. GROUPE PARTOUCHE SA is head of a tax consolidation group comprising 64 subsidiaries.

2.19 Financial commitments

€000 at 31 October 2007 Commitments given	Amount
Collateral*	9 577
Guaranteed bank debt	348 360
Retirement indemnities	80
Operating lease contract	2 295
Liability guarantee	5 481
Other commitments given	4 234
Total	**370 027**

* Of which, related to subsidiaries 6 742

€000 at 31 October 2007 Commitments received	Amount
Financial recovery commitments*	24 144
Operating lease contract	5 430
Liability guarantee	17 731
Other commitments received	2 680
Total	**49 985**

* Of which, related to subsidiaries 24 144

2.20 Other information

At the end of the financial year, there were 26,848,500 outstanding Groupe Partouche shares pledged as collateral.

Bank debt solely comprises a syndicated loan which has the following characteristics:

Original loan amount: €431,000,000.

Principal outstanding at the year-end: €348,360,000.

Remaining term: 5 years

Rate: variable rate based on 3-month Euribor, with a decreasing banking margin (25 basis points) in proportion to an improved ratio of:

Consolidated financial debt net of cash / Consolidated operating profit plus depreciation, amortisation and operating provisions, less reversals of depreciation, amortisation and operating provisions.

Guarantees:

- pledging of the shares of the major subsidiaries of the Group,
- compliance with financial ratios relating to the Group's profitability, financial structure and investments:
    - The ratio of Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals / Finance costs must be greater or equal to 5 at 31/10/2008.
    - The ratio of Available cash flow after tax and exceptional items before debt servicing costs / Debt servicing costs must be greater or equal to 1 at 31/10/2008.
    - The ratio of Financial debt net of cash / Operating profit plus depreciation, amortisation and operating provisions, less depreciation, amortisation and operating provision reversals must be less than or equal to 2.5 at 31/10/2008.
    - Investments net of disposals are limited to €37,000,000.

2.21 Average workforce

At 31 October 2007	Staff
Executives	26
Non-executives	19
Total	**45**

2.22 Management remuneration

Management remuneration amounted to €2,329,182 and consisted of:

- remuneration allocated to the members of the Supervisory Board: €216,000
- remuneration allocated to the members of the Executive Board: €2,113,182

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

2.23 Commitments for pensions and other retirement costs

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

2.24 Sundry information

Since the syndicated loan currently in force has a variable rate of interest, a partial hedge against the interest rate risk on this loan is in place. A cap was purchased to provide cover against an increase in the reference rate to 3.50% and a leveraged swap with an embedded range was concluded to provide cover against an increase in the reference rate to 3.70%. These last two transactions have a residual term of one year. A cancellable swap was subscribed to provide protection against an increase in the interest rate above 3.60% and another cancellable swap was subscribed to provide protection against an increase in the interest rate above 3.75%.

The total amount of the syndicated loan hedged at 31 October 2007 was €296.5m.

These hedges were active at the end of the financial year.

2.25 Deferred tax

€000 at 31 October 2007	Amount
Tax to be paid on:	
Pre-deducted expenses	-1 317
Prepaid tax on:	
Temporarily non-deductible expenses (to be deducted on the following financial year)	101
Taxed profit to be deducted at a later date	37
Net deferred tax	**-1 179**

3 - SUBSIDIARIES AND ASSOCIATED ENTITIES AT 31/10/2007 (INFORMATION IN €000)

Name	Head office	Share capital	Equity	%
Subsidiaries (more than 50% of share capital)				
CENTRE FORMATION PROFESSIONNEL CASINOS	FORGES LES EAUX	8	NC	100,00%
Cie EUROPEENNE DE CASINOS	PARIS	24 813	198 695	100,00%
HOLDING GARDEN PINEDE	PARIS	15 418	13 788	100,00%
HOTEL COSMOS	CONTREXEVILLE	50	(1 591)	100,00%
SOC EXPLOIT° CASINO ET HOTELS CONTREXEVILLE	CONTREXEVILLE	75	518	100,00%
THERMES DE CONTREXEVILLE	CONTREXEVILLE	50	(2 037)	100,00%
THERMES DE VITTEL	VITTEL	50	(3 076)	100,00%
VILLA DU HAVRE	LE HAVRE	40	(2 419)	100,00%
SOCIETE DU CASINO DE ST AMAND LES EAUX	ST AMAND LES EAUX	17 786	28 987	100,00%
SOCIETE DU GRAND CASINO DE CABOURG	CABOURG	300	(469)	100,00%
GRAND CASINO DE LA TRINITE SUR MER	LA TRINITE SUR MER	75	(215)	100,00%
GRAND CASINO DE BEAULIEU	BEAULIEU	150	(1 826)	100,00%
JEAN METZ	BERCK SUR MER	80	1 000	100,00%
NUMA	BOULOGNE SUR MER	80	1 177	100,00%
SA DU CASINO ET DES BAINS DE MER	DIEPPE	396	712	100,00%
GROUPE DE DIVONNE	PARIS	39 900	89 188	100,00%
SOCIETE FONCIERE DE VITTEL ET CONTREXEVILLE	CONTREXEVILLE	50	(337)	100,00%
GRAND CASINO DU HAVRE	LE HAVRE	150	(3 100)	100,00%
SCI LES THERMES	AIX EN PROVENCE	150	(3 143)	99,99%
SCI DE LA RUE ROYALE	PARIS	134	159	99,99%
SOCIETE CANNES BALNEAIRE	CANNES	2 551	(18 210)	99,99%
GROUPE PARTOUCHE INTERNATIONAL	BRUXELLES	144	(20 637)	99,90%
SATHEL	LA TOUR SALVAGNY	323	41 518	99,86%
CASINO DES 4 SAISONS	LE TOUQUET	392	2 154	99,53%
SA LYDIA INVEST	LE BARCARES	40	(4 763)	97,60%
SCI LYDIA INVESTISSEMENT	LE BARCARES	2	(386)	97,00%
HOTEL INTERNATIONAL DE LYON	LYON	300	5 454	96,50%
LE TOUQUET'S	CALAIS	92	1 003	90,05%
CASINOS DE VICHY	VICHY	240	(1 016)	79,93%
ELYSEE PALACE EXPANSION	VICHY	40	(503)	79,80%
ELYSEE PALACE HOTEL	VICHY	40	(544)	79,80%
Soc CHEMINS FER ET HOTELS MONTAGNE PYRENEES	VICHY	701	1 010	76,43%
CASINO DE TREMBLADE	PARIS	38	(139)	69,76%
FORGES THERMAL	FORGES LES EAUX	15 600	42 897	58,76%
CAFE CARMEN	PARIS	30	(1 494)	99,95%
PARTOUCHE INTERACTIVE	PARIS	37	(2 826)	80,00%
PARTOUCHE IMMOBILIER	PARIS	37	4	100,00%
PARTOUCHE SPECTACLE ET PRODUCTION	PARIS	37	1	100,00%
Associated entities (10 to 50% of share capital)				
SOCIETE DU CASINO MUNICIPAL D'AIX THERMAL	AIX EN PROVENCE	2 160	27 590	38,63%
SOCIETAT DE L'OCI DELS PYRENEUS	ESCALDES ENGORDANY	38	NC	33,00%
BASTIDE II RICH TAVERN	MONTPELLIER	46	NC	25,00%
PALAVAS INVESTISSEMENT	PALAVAS LES FLOTS	8	(841)	10,00%
Other interests				
CASINO DE PALAVAS	PALAVAS LES FLOTS	330	1 800	9,09%
CASINO MUNICIPAL DE ROYAT	ROYAT	240	2 589	1,91%
EDEN BEACH CASINO	JUAN LES PINS	1 056	13 268	1,44%
SCI TREMBLADE	PARIS	1	(54)	1,00%
SEMTEE	ESCALDES ENGORDANY	25 242	NC	0,71%
CASINO D'AGON COUTAINVILLE	AGON COUTAINVILLE	51	6 373	0,05%
CASINO D'ARCACHON	ARCACHON	60	1 656	0,03%
SOCIETE THERMALE DE PLOMBIERES LES BAINS	PLOMBIERES LES BAINS	38	NC	0,00%
CASINO LE LION BLANC	ST GALMIER	240	2 205	0,16%
CASINO LES FLOTS BLEUS	LA CIOTAT	200	953	0,02%
CASINO LE MIAMI	ANDERNOS	758	1 921	0,00%
CASINO DE LA ROCHE POSAY	LA ROCHE POSAY	177	23 757	0,00%
CASINO DU PALAIS DE LA MEDITERRANEE	NICE	40	(10 911)	0,03%
EXPLOITATION HOTELIERE DE CHARBONNIERE	LA TOUR DE SALVAGNY	1	(695)	0,10%

Dividends	Gross value of investments	Net value of investments	Loans, advances in gross value	Guarantees	Turnover	Net profit
0	8	8	57	-	NC	NC
0	316 504	316 504	0	-	0	21 322
0	336	336	3 334	-	0	128
0	50	0	1 524	-	1 872	(327)
410	6 833	6 833	604	-	3 480	223
0	50	0	2 036	-	1 198	(283)
0	50	0	3 367	-	2 954	(850)
0	40	0	2 638	-	587	(577)
6 975	18 371	18 371	10 510	-	30 973	7 979
0	564	564	3 545	-	3 931	153
0	76	76	2 387	-	756	157
0	152	152	3 189	-	4 065	(1 071)
850	3 025	3 025	0	-	4 116	785
1 000	3 458	3 458	0	-	3 325	976
706	4 611	4 611	0	-	6 463	270
0	84 002	84 002	33 227	-	0	9 681
0	50	50	2 987	-	424	(27)
0	150	150	28 049	-	12 084	1 900
0	0	0	7 998	-	1 084	105
0	534	534	0	-	67	18
0	48 424	48 424	8 308	-	825	(6 662)
0	153	0	45 578	-	0	(2 299)
22 145	93 525	93 525	0	-	34 398	19 518
975	5 593	5 593	0	-	4 319	835
0	444	444	5 966	-	3 595	(2 181)
0	2 023	2 023	1 018	-	180	(26)
1 880	3 387	3 387	9 577	-	15 313	5 108
1 081	4 668	4 668	0	-	5 089	857
0	371	371	13 254	-	4 548	(459)
0	1 309	1 309	4 005	-	0	(67)
0	1 240	0	516	-	0	(75)
0	601	601	0	-	47	49
0	53	53	431	-	679	(143)
2 256	11 207	11 207	0	-	24 356	2 939
0	0	0	1 074	-	511	16
0	30	30	16 848	-	43	(1 803)
0	37	37	2 702	-	0	(28)
0	37	37	10	-	0	(36)
3 129	2 780	2 780	0	-	33 485	5 096
-	13	13	44	-	NC	NC
-	46	0	-	-	NC	NC
0	122	122	695	-	186	85
125	183	183	0	-	8 672	1 088
48	73	73	0	-	7 938	2 011
0	155	155	37	-	11 475	528
0	0	0	3 440		83	(55)
14	181	181	0	-	NC	NC
0	2	2	0	-	2 781	655
0	1	1	2	-	4 496	252
-	2	0	0	-	NC	NC
3	0	0	0	-	7 570	1 666
0	0	0	0	-	4 259	705
0	0	0	0	-	3 958	790
0	0	0	0	-	9 478	3 254
0	0	0	174	-	11 981	(5 317)
0	0	0	0	-	787	(696)

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

Contributing company: SIHB Company absorbed by Cie Fermière des Eaux (now Groupe PARTOUCHE)

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

Nature of the operation: Merger

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

CAPITAL GAINS ON NON-DEPRECIABLE ASSETS

LAND **Item**	**Number of shares**	**Tax and book value**	**Contribution value**	**Capital gains carried forward for tax purposes**
Land at BAGNOLES		5	145	140
Cliff		1	0	-1
INVESTMENTS IN ASSOCIATES				
SA CASINO DES 4 SAISONS 26, rue St-Jean - 62520 LE TOUQUET	22 050	1 210	5 488	4 278
SA EDEN BEACH CASINO Bd Edouard Baudouin - 06160 JUAN LES PINS	924	305	155	-150
SA FORGES THERMAL Av. des Sources - 76440 FORGES LES EAUX	6 210	2 310	9 072	6 762
SA JEAN METZ Av. du Gle. de Gaulle - 62600 BERCK S\MER	992	27	3 025	2 998
SA NUMA 37, rue Félix Adam - 62200 BOULOGNE S\MER	4 930	113	3 457	3 344
SA CASINO ET BAINS DE MER DIEPPE Bd. de Verdun - 76200 DIEPPE	4 600	991	3 825	2 834
SA SATHEL 200, av. du Casino - 69890 TOUR DE SALVAGNY	10 008	10 965	29 104	18 139
SA LE TOUQUET'S 59, rue Royale - 62100 CALAIS	1 801	210	4 668	4 458
	Subtotal	**16 131**	**58 794**	**42 663**
RECEIVABLE				
JATEK		778	778	0

Capital gains on depreciable assets (*)

BUILDING				
GRANVILLE Cellar		0	1	1
BAGNOLES building		3	1 303	1 300
SAINT-PLACIDE apartment		19	76	57
	Subtotal	**22**	**1 380**	**1 358**
	Total	**16 937**	**61 097**	**44 160**

(*) Capital gains on depreciable assets have been recognised

5 - RESULTS OF THE LAST FIVE YEARS (EXPRESSED IN EUROS)

Designation	Year ended 31/10/2003 (12 months)	Year ended 31/10/2004 (12 months)	Year ended 31/10/2005 (12 months)	Year ended 31/10/06 (12 months)	Year ended 31/10/07 (12 months) before AGM approval
I- Share capital at the end of the financial year					
Share capital	86 194 836	86 194 836	86 194 836	86 194 836	86 194 836
Number of existing ordinary shares	6 156 774	43 097 418	43 097 418	43 097 418	43 097 418
Number of shares carrying priority	-	-	-	-	-
dividends (without voting rights)	-	-	-	-	-
Maximum number of shares that may be created in the future	-	-	-	-	-
By conversion of bonds	-	-	-	-	-
By exercising share subscription options	-	-	-	-	-
II- Results for the financial year					
Turnover excluding tax	7 465 090	8 591 972	10 681 419	11 442 639	14 841 731
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	18 067 330	18 832 413	34 036 752	19 034 378	18 642 656
Corporate income tax	(23 455 020)	(22 325 358)	(14 314 350)	(15 457 725)	(15 367 897)
Employee profit-sharing for the financial year					
Depreciation, amortisation and provision charges	26 328 215	28 439 549	15 575 299	(7 048 558)	10 052 695
Net profit	15 194 134	12 718 223	32 775 803	41 540 660	23 957 858
Distributed profit	0	0	0	0	0
III- Earnings per share					
Profit after tax and employee profit-sharing, but before depreciation, amortisation and provisions	6.74	0.95	1.12	0.80	0.79
Profit after tax, employee profit-sharing, depreciation, amortisation and provisions	2.47	0.30	0.76	0.96	0.56
Dividend per share	0.00	0.00	0.00	0.00	0.00
IV- Personnel costs					
Average workforce during the financial year	43	48	47	48	45
Payroll for the financial year	2 322 073	3 199 275	3 473 872	3 732 642	4 582 816
Social benefits paid for the financial year	1 009 590	1 331 673	1 413 263	1 580 688	1 744 407

20.3. Auditing of historical annual financial information

20.3.1. Reports of the statutory auditors

STATUTORY AUDITORS' GENERAL REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2007

Ladies and Gentlemen,

In accordance with the terms of the assignment with which we were entrusted by your Shareholders' Meeting, we have audited the consolidated financial statements of Groupe Partouche SA as at 31 October 2007.

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

1 - OPINION ON THE ANNUAL FINANCIAL STATEMENTS

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

In our opinion, the consolidated financial statements for the financial year are, in light of the accounting rules and policies specified by IFRS, as adopted in the European Union, true and fair and provide a faithful image of the net assets, financial position and results of the Group comprising the enterprises included in its scope of consolidation.

Without qualifying this opinion, we draw your attention to Notes 2 and 24 to the consolidated financial statements relating to changes in the presentation of the consolidated income statement, and in particular the presentation of two items, "current operating profit" and "non-current operating profit".

2 - JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we draw your attention to the following issues:

Note 2 to the consolidated financial statements relating to the description of the accounting policies and valuation methods applied by the group presents the methods relating to the treatment of goodwill and related impairment tests. In the course of our assessment of the accounting policies adopted by your company, we verified the above-mentioned accounting policies and the information provided in the notes and we obtained assurance that they were correctly applied.

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

3 - SPECIFIC VERIFICATIONS

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

Marseille and Sceaux, 28 February 2008

Fiduciaire MCR	**José David**
Jean-Louis Mathieu	

STATUTORY AUDITORS' GENERAL REPORT ON THE FINANCIAL STATEMENTS OF THE HOLDING COMPANY FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2007

Ladies and Gentlemen,

In accordance with the terms of the assignment with which we were entrusted by your Shareholders' Meeting, we submit to you our report for the financial year ended 31 October 2007 on:

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

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

1 - OPINION ON THE ANNUAL FINANCIAL STATEMENTS

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

In our opinion, the annual financial statements present fairly the results of the company's operations for the financial year ended 31 October 2007 and the financial position and net assets of the company at the financial year-end, in accordance with French accounting principles.

2 - JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we draw to your attention the following issues:

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

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

3 - SPECIFIC VERIFICATIONS AND INFORMATION DISCLOSURES

We have also carried out, in accordance with French professional standards, specific legally required verifications.

We have no comment to make as to:

- the good faith and consistency with the annual financial statements of the information provided in the Executive Board's management report and in the documents addressed to the shareholders in respect of the Company's financial position and annual financial statements;

- the accuracy of information provided in the management report relating to remuneration and benefits in kind paid or granted to the company officers concerned, in addition to commitments granted to them on or after their assumption, cessation or change of function.

As provided by the law, we ensured that the various elements of information related to the acquisition of equity investments and controlling interests and the identity of owners of the share capital have been communicated to you in the management report.

Marseille and Sceaux, 28 February 2008

Fiduciaire MCR **José David**

Jean-Louis Mathieu

20.3.2 Other information verified by the statutory auditors

There is no additional information verified by the Statutory Auditors other than that discussed in their reports presented above (chapter 20.3.1).

20.3.3 Financial information not contained in the financial statements

None.

20.4. Date of latest available financial information

None.

20.5. Dividend distribution policy

Over the past five financial years, net dividends paid, tax credits and the corresponding total dividend income are as follows:

Financial year for which the dividend was paid Year ended 31 October	Net dividend per share (in euros)	Tax credit paid	Total dividend income
2002	-	-	-
2003	-	-	-
2004	-	-	-
2005	-	-	-
2006	-	-	-

During the financial year ended 31 October 2006, no interim dividends were paid.

Any dividend that is not claimed within five years as from its due date will be prescribed by the State, as provided by law (payment to the Service des Domaines).

No dividend was proposed for the financial year ended 31 October 2007.

20.6. Legal and arbitration proceedings

ACCOUNTING OPTIONS FOR CONTINGENCIES AND CLAIMS

A legal claim is only provisioned when the obligation towards a third party is deemed likely to lead to an outflow of resources without consideration.

CLAIMS

- Civil lawsuits brought against Group subsidiaries by gamblers demanding reparations for moral damages as well as the return of gambling losses claiming that the casinos they frequented should be partly responsible for their addiction to gambling were dismissed by the courts of first instance and the Court of Appeal, in decisions calling attention to the fact that programmes are in place to assist problem gamblers so that they may avoid casinos, in particular by means of the voluntary exclusion procedure.
- The jointly interested parties in Raineau, who sold their 49% stake in Sathel to Groupe Partouche in 1991, brought a claim for compensation against the French state in 1998, on the grounds that they had been forced to sell their stake. Their claim was dismissed by the Lyon Administrative Court of Appeal in October 2006, upholding a decision by the Administrative Court. Following this decision, they then brought a lawsuit against Groupe Partouche seeking rescission of the sale agreement, which was dismissed at first instance by the Paris District Court. An appeal by these plaintiffs is pending before the Paris Court of Appeal, which will hear this case in 2008.
- Outstanding tax claims are estimated based on available information at the balance sheet date.

CLAIMS INVOLVING THE COMPANY INDIRECTLY

- On 28 March 2006, Syndicat des Casinos Modernes de France, of which the casinos of Groupe Partouche are members, lodged a complaint with the European Commission's Directorate-General for Competition against the French state and Française des Jeux (FDJ), on grounds of abuse of article 82 of the EC Treaty. Today, FDJ has in fact seen its monopoly in the organisation of lotteries and sports betting extended to the online market, and has expanded its offerings by providing online services, which in the opinion of the Syndicat des Casinos Modernes constitutes an abuse of a dominant position and discrimination against French casino operators, who must contend with unfair competition in the use of modern technologies in their area of activity.

Together with similar complaints lodged by other European casino operators, and supported by the results of investigations of French regulations by European institutions, this claim prompted the French authorities to consider a reform of gaming law in France, which would include improved assurance of equitable and controlled access by the various market participants to gaming over the Internet and via other electronic means that French casino operators have been advocating for more than five years.

- The criminal lawsuit brought against SA Groupe Partouche International (Belgium) in 2006 for having authorised an online gaming site in 2001 to use the brand Groupe Partouche International in all countries where this use would be authorised, also personally accusing Patrick Partouche, Chairman of the Executive Board, of complicity, resulted in a judgement against the defendant in 2007 to be heard under appeal. The reforms currently in preparation are certain to have an impact on this upcoming decision, which we have every confidence will be favourable as Groupe Partouche is convinced that the legality of its actions will be recognised and that it will be found to have acted in utmost good faith.

20.7. Significant changes in the financial or trading position

No significant change in the financial or trading position of the Group has occurred since the end of the financial year for which verified financial statements or interim financial statements have been published.

21. Additional information

21.1. Share capital

21.1.1 Share capital at 31 October 2007

At 31 October 2007, the share capital amounts to €86,194,836 (eighty six million one hundred and ninety four thousand eight hundred and thirty six euros).

It comprises 43,097,418 shares (forty three million ninety seven thousand four hundred and eighteen shares) of 2 (two) 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 of the same type.

21.1.3 Acquisition by the company of its own shares

Purchase transaction by the company of its own shares in respect of financial year 2006-2007

Since the Shareholders' Meeting of 24 April 1998, Groupe Partouche SA has an authorisation relating to the purchase each year of treasury shares in compliance with the provisions of Article L.225-209 of the Code of Commerce.

Existing authorisation

The Extraordinary Shareholders' Meeting of 24 April 2007 renewed its authorisation to the Executive Board to repurchase its own shares on the stock market under the provisions of Article L.225-209 of the Code of Commerce, primarily in order to remit shares in exchange for payment, particularly with respect to external growth transactions, either with a view to awarding share purchase options in favour of the Group's personnel and senior management.

The maximum purchase price has been set at 30 euros per share and the minimum sale price is 10 euros. This authorisation, which is valid for a maximum period of 18 months, will expire on 24 October 2008, and has not been used.

Number of treasury shares held

GROUPE PARTOUCHE holds 19,166 of its own shares at 31 October 2007.

21.1.4 Other securities giving access to the capital

None

21.1.5 Share capital subscribed, but not paid up Capital increase

The Executive Board benefits from the following authorisations granted by the Extraordinary Shareholders' Meeting of 23 April 2004 and 24 April 2007, which may lead to the issue of securities conferring access to the share capital. These authorisations are summarised in the table below:

Nature of transaction authorized	Duration and expiration of authorisation	Maximum amount	Terms
Capital increase • In cash (EGM of 24 April 2007)	26 months 24 June 2009	500 000 000 €	With and without preferential right of subscription
Capital increase • By capitalisation of reserves, Premiums of net profit (EGM of 24 April 2007)	26 months 24 juin 2009	Amount of premiums, reserves and earnings available	
Capital increase • By issue of debt securities (EGM of 24 April 2007)	26 months 24 juin 2009	500 000 000 €	With and without preferential right of subscription
Capital increase • Reserved for employees belonging to a company savings plan (EGM of 23 April 2004)	60 months 23 April 2009	5 860 000 €	

No authorisations were followed by an increase.

21.1.6 Share capital under option

None

21.1.7 History of share capital

Changes in share capital over the five preceding financial years

Year (from 1 November 2003 to 31 October 2007)	Type of operation	Amount of change in share capital	Successive amounts of share capital	Cumulative number of shares
2003	EGM of 10 November 2003 Division by 7 (seven) of the nominal value of shares and the total number of shares was therefore multiplied by 7 (seven)		86 194 836 €	43 097 418
2004			86 194 836 €	43 097 418
2005			86 194 836 €	43 097 418
2006			86 194 836 €	43 097 418
2007			86 194 836 €	43 097 418

21.1.8 Market in the company's financial instruments

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

Share transfers and payments of dividends are handled by CM-CIC Securities 6 rue de Provence 75009 PARIS (la Lyonnaise de Banque - Direction des Traitements Administratifs - Division titres émetteurs, Chemin Antoine Pardon - 69160 Tassin-la-Demi-Lune, France).

The table below shows the change in the share price and transaction volume of GROUPE PARTOUCHE S.A. shares

Period	Period high and low (in euros)		Number of	Capital
	High	Low	shares exchanged	(in €m)
2006				
June	16,40	15,51	978 527	15,49
July	17,00	15,50	140 009	2,28
August	16,45	15,60	95 211	1,53
September	16,35	15,20	106 077	1,68
October	20,19	15,65	3 561 212	66,97
November	19,90	18,05	3 189 834	61,26
December	19,30	18,00	1 553 801	29,02
2007				
January	19,55	18,40	2 062 517	39,34
February	19,09	16,00	2 350 025	41,01
March	19,50	17,16	2 092 011	39,27
April	19,00	18,22	1 657 267	30,82
May	18,83	17,54	1 466 508	26,81
June	18,69	15,36	778 079	13,35
July	15,99	14,11	1 136 580	16,78
August	15,75	12,92	1 142 550	16,17
September	14,48	12,50	1 672 866	22,30
October	15,45	13,72	3 784 002	54,50
November	14,93	12,85	732 822	10,05
December	14,02	11,66	521 570	6,89

21.2. Memorandum and articles of association

21.2.1 Purpose

Pursuant to article 3 of the Articles of Association, the purpose of the company in France and all other countries is:

- the administrative, financial and accounting management of all the present or future companies operating mainly in the entertainment, hotels and gaming sectors;
- the acquisition of equity stakes of all types in such companies;
- assisting these companies in improving their growth by providing all types of services;
- all transactions in shares in French and foreign markets;
- acquisition and sale of real estate fixed assets and current assets.

And in general all types of industrial and commercial operations related to:

- the creation, acquisition, rental, lease or operation of all types of business in any of the abovementioned sectors of activity;
- the acquisition, operation or sale of any process or patent related to these activities;
- the direct or indirect participation in any type of financial, real estate or personal property operations or commercial enterprise transaction related to the abovementioned purpose or any other connected purpose.

21.2.2 Dispositions in the articles of association or elsewhere relating to executive and management bodies

OPERATION OF THE SUPERVISORY BOARD

Members of the Supervisory Board must own one share.

The organisation methods and operation of Supervisory Board are detailed in Articles 21 and 22 of the Articles of Association of Groupe Partouche SA, reproduced below:

ARTICLE 21 - ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD

- The Supervisory Board elects from among its members a Chairman and a Vice-Chairman, natural persons, who are responsible for calling Board meetings and directing its debates. They are appointed for the period of their mandate on the Supervisory Board. The Board determines their remuneration, if any. The Board may appoint a secretary who may be selected from non-shareholders.
- The Board meets as often as the interests of the Company dictate. However, the Chairman must convene a meeting of the Board no more than 15 days after the request date, when at least one member of the Executive Board, or at least one third of the members of the Supervisory Board present him with a substantiated request to do so. Meetings take place at the registered office or at any other place indicated in the notice of meeting. Any member of the Board may, via letter or telegram, mandate another advisor to represent him at a Board meeting. The effective presence of at least half of the members of the Board is required for its operations to be valid. The Executive Board's deliberations shall be valid if at least one-half of its members are present or deemed present; each member present or represented has one vote and each member present only has one vote. The vote of the meeting's chairman is casting in the event of a tie vote.
- A register is kept and signed by the members of the Board who attend the meeting. The Supervisory Board's deliberations are officially established by minutes kept in a special record filed at the Company's registered office. Copies or extracts of minutes presenting the Board's deliberations are provided and certified in accordance with the law.

ARTICLE 22 - POWERS OF THE SUPERVISORY BOARD

The Supervisory Board performs a permanent control of the way in which the Company is managed by the Executive Board.

It appoints the members of the Executive Board and designates its Chairman, and, where applicable, the General Managers; it proposes their revocation to the Shareholders' Meeting and sets the level of their remuneration.

It convenes the Shareholders' Meeting of Shareholders, if convocation is not issued by the Executive Board.

It gives the Executive Board the authorisations required prior to the operations falling within the provisions of Article 17 above.

It authorises agreements governed by Article 24 of the Articles of Association. At any time, it may perform verifications and controls as it sees fit, and may receive any document it deems useful to accomplish its mission. It presents its observations on the Executive Board report and the accounts for the financial year to the Ordinary Annual Shareholders' Meeting.

The Supervisory Board may decide to transfer the registered office within the same département or an adjoining département, subject to such a decision's ratification by the next Ordinary Shareholders' Meeting.

The Supervisory Board may grant one or more of its members any special mandates for one or more pre-determined purposes and set their remuneration for this end."

EXECUTIVE BOARD ORGANISATION AND PROCEDURES

Members of the Executive Board must hold at least one share in the Company.

The organisation and procedures of the Executive Board are stipulated in Article 18 of the Articles of Association of Groupe Partouche SA, which is reproduced below:

ARTICLE 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 one-half of its members, at the registered office or at any other place indicated in the notice of meeting.

The Chairman of the Executive Board presides over its meetings and appoints a secretary, who need not be a member of the Executive Board.

The Executive Board's deliberations are only valid if at least one-half of its members are in attendance.

The Executive Board's decisions are taken based on the majority of the votes of its members. Voting by proxy is prohibited.

In the event of a tie, the Chairman casts the deciding vote.

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.

21.2.3 Rights, preferences and restrictions attaching to shares

These are stipulated in Article 15 of the Articles of Association, which is reproduced below:

ARTICLE 15 – RIGHTS AND OBLIGATIONS ATTACHING TO SHARES

1 - Each share entitles its holder to a share in the Company's profits and assets proportional to the number of shares issued, as stipulated in Articles 40 and 43 hereafter.

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 must refer to the Company's schedules of assets and liabilities and to the resolutions of the Shareholders' Meeting.

3 - Shareholders are only liable for the debts of the Company up to the par value of the shares they hold."

21.2.4 Change in the rights of the shareholders

There were no modifications to the rights of shareholders

21.2.5 Shareholders' meetings

General regulations

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

- Shareholders' Meetings may be convened by the Executive Board, or failing this, by the Supervisory Board or the Statutory Auditors, as provided by Article 194 of the Decree of 23 March 1967, or by a proxy designated by the President of the Commercial Court rendering a decision under a summary procedure, upon the request of one or more shareholders together holding at least one-tenth of the share capital, or by the official liquidator.
- Shareholders' Meetings are held either in the head office or in any other place that should be specified in the notice.
- Notices can be published in the newspapers entitled to receive legal notices in the departmental region of the head office and also in the Bulletin des Annonces Légales Obligatoires. Shareholders holding nominative shares for at least one month from the date of publication of the announcement are convened by an ordinary letter. They may request delivery by a registered letter if they remit to the company the relevant postage costs.
- The period between the last dispatch of these letters or publications and the date of the meeting must be at least fifteen days from the first notice and six days thereafter

The notice of the meeting should indicate the name of the company and if possible its logo, the type of the company, the amount of the share capital, the address of the head office, the registration number, the date, time and place of the meeting as well as the nature of the meeting and its agenda.

The subject of the items comprised in the agenda shall be clearly and exactly described.

Should a meeting be adjourned due to a failure to obtain an adequate quorum, a second meeting is convened in the same form and manner, and notice thereof shall include the date of the first meeting.

Any meeting that has not been convened in the required form and manner can be deemed null and void. However, recourse to such voidability is withdrawn should all shareholders have attended or been represented.

The proxy form addressed by the company to the shareholders shall clearly inform them that should the proxy form omit to designate the name of the nominated representative, their vote will be considered favourable to the resolutions submitted by the Executive Board; the documents listed by Article 133 of the Decree should be enclosed with the proxy form.

Announcements to shareholders, in advance of any meeting, may be made by any of the following means:

- By sending, at their request, the agenda of the meeting, draft resolutions, notices in respect of the members of the Executive and Supervisory Boards and in respect of the candidates to these positions, the report of the Executive Board and the observations of the Supervisory Board and a summary in respect of the company's financial position and net profit for the last five years. Moreover, the following should be enclosed:
    - in advance of an Annual Shareholders' Meetings, the income statement, the balance sheet and the special report of the Statutory Auditors,
    - in advance of an Extraordinary Shareholders' Meeting, the report of the statutory auditors, if applicable
- The abovementioned documents should be made available to the shareholders at the Company's head office, as should the list of companies, the list of shareholders, and the indication of the total compensation paid to the Company's five highest earning individuals, as well as the report of the statutory auditors and if applicable, merger or disposal proposals.
- Voting by correspondence.

Any shareholder may vote by correspondence by completing an official form established in accordance with the law that will be valid only if received at least three days prior to the date of the Shareholders' Meeting. Forms which do not indicate a clear vote or which express an abstention are considered as nay votes.

Admission to shareholders' meetings (article 28 of the articles of association)

All shareholders may attend and vote at Shareholders' Meetings, irrespective of the number of the shares held. Only spouses of shareholders or other shareholders in the Company may serve as proxies.

The right to take part in Shareholders' Meetings is contingent upon being a registered shareholder, or, for owners of shares in bearer form, upon the delivery of a certificate of share ownership to the location indicated on the notice of meeting by the authorised account-holding intermediary, confirming that such shares are not available for sale from the date of this delivery until the date of the meeting. These formalities must be carried out within three days prior to the date of the meeting.

Voting rights (article 31 of the articles of association)

Each shareholder present or represented by proxy at a Shareholders' Meeting has as many votes as the shares held or represented, without limitation.

Multiple voting rights

None

QUORUM (articles 34 and 36 of the articles of association)

By virtue of a decision of the Extraordinary Shareholders' Meeting of 27 April 2006, it was decided to modify articles 34 and 36 of the Articles of Association relating to quorum and majority at Ordinary and Extraordinary Shareholders' Meetings, pursuant to the provisions of article 6 of the law of 26 July 2005.

21.2.6 Clauses delaying, deferring or preventing a change of control

There are no clauses that restrict a change of control.

Article 13 of the Articles of Association stipulates:

ARTICLE 13 - TRANSMISSION OF SHARES

Shares may be freely exchanged subject to legal provisions. Transmission is effected by account transfer under the terms and conditions specified by the texts in force.

21.2.7 Crossing of ownership thresholds

Crossing of statutory thresholds and penalties in the event of non-compliance with disclosure requirements (article 12 of the articles of association)

Pursuant to Article L. 233-7 §5 of the Code of Commerce, and article 12 of the articles of association, shareholders must notify the company of the number of shares held directly or indirectly, alone or in concert, whenever their holding crosses the threshold of 2% of the share capital or a multiple of this percentage. In the event of non-compliance with this disclosure obligation, shares exceeding the non-disclosed fraction will be deprived of their voting rights at the request, recorded in the minutes of the Shareholders' Meeting, of one or more shareholders, holding 5% at least of the capital of the company, when the shares of the company are officially listed on a stock exchange.

21.2.8 Changes in the share capital

Article 8 of the Articles of Association stipulates as follows:

ARTICLE 8 – CHANGES IN THE SHARE CAPITAL

1 - Capital increases

The share capital may be increased either by issuing new shares or by increasing the par value of the existing shares. The new shares shall be paid for either in cash or through compensation with debts in liquid funds due and payable by the Company, through capitalisation of reserves, income or share issue premiums, with assets in kind or through bond conversion.

The new shares are issued either at their par value or at this value increased by an issue premium: they may be ordinary shares or preferred shares enjoying certain advantages over other shares and entitling their holders to preferential rights to income or assets or any other indirect advantage.

Capital increases are decided upon or authorised by the Extraordinary Shareholders' Meeting of shareholders, which may delegate to the Executive Board the necessary powers to carry out capital increases in one or more stages, to set their terms and conditions, to formally record the performance of these increases and to amend the Articles of Association accordingly. A capital increase must be carried out within five years of the date of the Shareholders' Meeting having decided upon or authorised the increase, except in the case of capital increases resulting from the conversion of bonds into shares or additional increases reserved for bondholders who will have opted for conversion, or for capital increases decided pursuant to the provisions of Article L. 225-229-III of the Code of Commerce.

When a capital increase takes place through the capitalisation of reserves, income or share issue premiums, the Shareholders' Meeting deciding upon the increase must meet the quorum and majority requirements for Ordinary Shareholders' Meetings.

In the event of an issue of new shares to be paid for in cash, the share capital of the Company prior to the proposed increase must first be fully paid-up and the shareholders shall be entitled to exercise their pre-emptive right to subscribe to shares as provided by law. The entitlement of usufructuaries and bare owners to the pre-emptive subscription right is governed by the aforementioned Article.

If the new shares are paid for through compensation with debts due and payable by the Company, the latter shall be disclosed in financial statements prepared by the Executive Board, certified as valid by the Statutory Auditors and attached to the statement of subscription and payment.

The minimum subscription period is ten trading days, with the option for early termination of this period once the capital increase is subscribed by shareholders in proportion to their existing holdings.

The Shareholders' Meeting that decides upon the capital increase may elect to exclude the pre-emptive subscription right upon examining the reports of the Executive Board and the Statutory Auditors.

Capital increases shall be carried out notwithstanding the existence of fractional rights. Those shareholders not possessing the number of subscription or share rights exactly required to obtain a whole number of new shares, shall have to personally arrange for the purchase or sale of fractional rights to bring their holdings to a whole number.

In conjunction with any decision to increase the Company's share capital, the Extraordinary Shareholders' Meeting shall also need to consider a draft resolution intended to authorise a capital increase reserved for employees. Moreover, a draft resolution of this kind must be presented, once every five years, for the approval of an Extraordinary Shareholders' Meeting convened for this purpose, as long as the shares held by the employees of the Company and of any affiliated company as defined under Article L. 225-180 of the Code of Commerce represent less than 3% of the total share capital.

2 - 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.

3 - Capital decreases

The share capital may be reduced in one or more stages for any reason, either by reducing the par value of shares or the number of shares. If a capital decrease is not entailed by losses, bondholders and creditors may oppose the decrease.

A decision to reduce the share capital, regardless of its motivation, to a level below the minimum required by law may only be taken if a capital increase can be effected to increase the share capital to a level above said minimum, unless the company is to be transformed into a company of another form not requiring a capital amount greater than its share capital following the decrease.

Should this condition not be met, any interested party may apply for a court order requiring the dissolution of the Company. The dissolution of the Company shall not take effect if, on the date when the court's decision is rendered, the share capital has been brought back up to the legal minimum.

The Company is not authorised to buy back its own shares. However, the Shareholders' Meeting having decided upon a capital decrease not entailed by losses may authorise the Executive Board to buy back a specified number of shares as to cancel them. This buyback shall be proportional to the number of shares held by each shareholder and limited to shares available in the market.

Capital decreases are decided or authorised by the Extraordinary Shareholders' Meeting, which may delegate to the Executive Board the necessary powers to carry them out.

In all cases, the proposal for a reduction in the share capital is communicated to the Statutory Auditors no less than 45 days prior to the Shareholders' Meeting of shareholders convened to decide upon this proposal.

The meeting examines the report of the Statutory Auditors, who present their assessment of the justification and conditions for the capital decrease.

If the capital decrease is carried out by reducing the number of shares, shareholders are required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares can be exchanged for new shares.

4 - Stock splits and reverse stock splits

In the event of a stock split or reverse stock split, shareholders are also required to sell any excess shares or to buy shares to make up any shortage, so that the existing shares can be exchanged for new shares."

21.2.9 Holding company and consolidated financial statements (article 39 and 40 of the articles of association)

ARTICLE 39 – HOLDING COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

1 - Presentation of the accounts

At the end of each financial year, the Executive Board establishes the schedule of the assets and liabilities existing at that date.

It also draws up the income statement and the balance sheet.

The Executive Board prepares a written report on the results for the financial year, the situation of the company and its business activity during the period under review.

These documents are made available to the Statutory Auditors at the company's registered office at least 45 days prior to the Shareholders' Meeting convened to approve the holding company financial statements, with the exception of the report on the results for the financial year and the situation of the company, which may be made available to the Statutory Auditors no less than 20 days prior to the meeting. Copies of these documents must be forwarded to the Statutory Auditors should they request them.

2 - 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.

3 - 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.

Depreciation is recognised for any impairment in the carrying amount of assets, whether due to wearProvisions 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.

4 - Deposits, sureties and guarantees

The amounts of deposits, sureties or guarantees given are mentioned at the foot of the balance sheet.

ARTICLE 40 – APPROPRIATION AND ALLOCATION OF EARNINGS

- Net earnings consist of the net profit for the financial year, less overheads and other company expenditure, as well as the depreciation or amortisation of company assets and all provisions for commercial and industrial contingencies.
- Net earnings are appropriated and allocated as follows:
- A deduction of 5% is taken from net profit for the year after the offset of any prior year losses carried forward, for the purpose of creating the legally required "legal reserves", until these reserves equal one-tenth of the company's share capital.
- Net earnings to be appropriated consist of the net profit for the financial year, less prior-year losses and legally required reserves, plus retained earnings carried forward.
- The Shareholders' Meeting then allocates the amounts it deems appropriate to the optional, ordinary and/or extraordinary reserves, and to retained earnings.

The resulting balance, if any, is allocated among all shareholders proportionately to their paid-up outstanding shareholdings. However, except in the event of a capital decrease, no payment to shareholders is carried out if the resulting amount of net assets is or would otherwise become less than the combined amount of the share capital and reserves that may be distributed as provided by law or by the Articles of Association.

The Shareholders' Meeting may decide to allocate amounts deducted from the optional reserves either in order to provide or supplement a dividend or for the purpose of allocating exceptional provisions; in this case, the resolution shall expressly indicate the reserve categories from which these deductions are to be made.

After the approval of the financial statements by the Shareholders' Meeting, any losses are recorded in a special account for offset against profit of future years until the expiry of their availability for carryforward

- 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

	Fiduciaire MCR		BDO MARQUE GENDROT		José DAVID			
	Amount (€K)	**%**	**Amount (€K)**	**%**	**Amount (€K)**			**%**
At 31 Octobre	**2007**	**2007**	**2006**	**2006**	**2007**	**2006**	**2007**	**2006**
Audit								
Statutory audit, certification audit of the individual company and consolidated financial statements								
Issuer	100	30 %	55	81 %	100	55	18 %	10 %
Fully consolidated subsidiaries	231	70 %	13	19 %	447	409	82 %	77 %
Other work and services performed directly related to the mission of statutory auditor								
Issuer					70			13 %
Fully consolidated subsidiaries								
Subtotal	**331**	**100 %**	**68**	**100 %**	**547**	**534**	**100 %**	**100 %**
Other services rendered by the networks to fully consolidated subsidiaries								
Legal, tax, employee-related								
Other (specify if > 10% of audit fees)								
Subtotal	**0**	**0 %**	**0**	**0 %**	**0**	**0 %**	**0 %**	**0 %**
TOTAL	**331**	**100 %**	**68**	**100 %**	**547**	**534**	**100 %**	**100%**

Following the resignation of BDO Gendrot, the Group's principal auditor, at the conclusion of the general meeting of 24 April 2007 convened to approve the financial statements for the year ended 31 October 2006, the firm of Fiduciaire MCR, who had served as substitute auditors, were appointed as principal auditors.

22. Materiel contracts

In the two years immediately preceding the publication of this Reference Document, the Company signed the following significant contracts (other than those concluded in the normal course of business):

On 30 September 2005, GROUPE PARTOUCHE acquired from the Didot-Bottin group and its partners the entire share capital of SA Groupe de Divonne, which controls the French casinos at Divonne-les-Bains, Annemasse, Saint-Julien en Genevois, Hauteville-Lompnes, and the Swiss casino Crans-Montana.

GROUPE PARTOUCHE made a commitment to the French Economics ministry to maintain the competitive position of casinos in the canton of Geneva.

This is why its Groupe de Divonne subsidiary was obliged to divest the Saint-Julien-en-Genevois casino in March 2007.

Moreover, on 26 April 2006, GROUPE PARTOUCHE sold to the company La Tête Dans Les Nuages the investment that it held in the capital of Société Française de Casinos, i.e. 55.55% of the share capital for a total amount of €17.5m, including current accounts.

Furthermore, a certain number of significant contracts were signed by GROUPE PARTOUCHE and/or its subsidiaries (other than those concluded in the normal course of business) which confer an obligation or significant commitment for the entire Group:

On 27 September 2005, at the same time as the acquisition of Groupe de Divonne, GROUPE PARTOUCHE contracted a new syndicated credit, which constitutes the bulk of the Group's bank debt. This credit is for an initial term of seven years for an amount of €431m.

It bears interest at a variable rate, based on Euribor 3 months, with a decrease in the banking margin (25 basis points) as the ratio detailed in Note 17 of the notes to the consolidated financial statements improves (item 20.3.1).

The guarantees related to this credit are the collateralization of the securities of the Group's main subsidiaries, and the monitoring of financial ratios related to the profitability, financial structure and investments of the Group.

On 26 August 2003, GROUPE PARTOUCHE concluded a shareholder advance agreement granted by SA Financière Partouche, for an amount of €100,000,000 for a duration of 7 years and 3 months as of 29 August 2003. This advance is remunerated at the annual rate of Euribor plus 2%.

The rider to this agreement signed on 30 September 2005 specifies that the shareholder advance will be extended until 30 November 2012.

23. Third party information, statement by experts and declarations of any interest

A summary estimate of the Group's tangible fixed assets was performed by Mr. Gérard Naulet, Previous Government Commissioner at the Chambre des Expropriations du Tribunal de Grande Instance de Paris, of 17 allées des Eiders, Paris (19th arr.). (Chapter 8.1)

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 registration 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 registration document.

The documents above may be consulted at the registered office of the Company - Groupe Partouche SA, 141bis rue de Saussure 75017 Paris, France

24.2. Person responsible for the information

Mr. Alain Cens, Chief Financial Officer

Telephone: +33 (0)1.47.64.33.45

24.3. Financial communication calendar

• 1st Quarter revenue	Week 11
• 2nd Quarter revenue	Week 24
• 1st Half results	Week 26
• 3rd Quarter revenue	Week 37
• 4th Quarter revenue	Week 50
• Results for the financial year	Week 6 2009.

25.Information on investments

Please refer to the table of subsidiaries and affiliates in the Company presented in point 3 of the individual company financial statements in Chapter 20.2.2 above in addition to Note 30 of the consolidated financial statements of the Group for the financial year ended 31 October 2007, presented in Chapter 20.2.1 of this document.

During financial year 2006-07, GROUPE PARTOUCHE did not acquire any significant investments, as defined in article L. 233-6 of the Code of Commerce, in French companies (excluding intra-Group transactions).

26. Table of reconciliation

In order to facilitate the reader's access to information in the annual report, for which the original French version has been registered as a Document de référence, the following table of reconciliation presents the headings relating to the minimum disclosure requirements in this reference document.

1	**Management report of the Board of Directors on the parent company**	**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 & 9**
1.2	Results of the activity for the company, its subsidiaries and the companies controlled by activity	**9 & 20.2**
1.3	Significant events that occurred between the balance sheet date and the date on which the report was prepared	**5.1.5**
1.4	Difficulties encountered and outlook	**9.1 & 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	**4.1.9 & 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 & 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 & 17.2**
1.13	List of mandates and functions carried out at each company by each company officer	**14.1**
1.14	Employee and environmental impacts	**4.1.9 & 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	**20.5**
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	**5.1.5**
3.5	Research and development	**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**
15	**Special report of the statutory auditors on internal control procedures**	**16.5.2**

Le présent document, document de référence, a été déposé auprès de l'Autorité des Marchés Financiers, le 14 mars 2008, conformément à l'article 212-13 du règlement général de l'AMF.

Il pourra être utilisé à l'appui d'une opération financière s'il est complété par une note d'opération visée par l'Autorité des Marchés Financiers.

Conception et réalisation : **artcréation**

Couverture : **Magenta Color**

Impression : **Magenta Color**

Crédit photos : **Jean-Michel SORDELLO - Marcel PARTOUCHE**